NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2024

7. TAXATION

7.1 Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year-end in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Uncertain tax positions are considered by the Group at the level of the individual uncertainty or group of related uncertainties.

Critical accounting estimates and assumptions

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised, Future taxable income is estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

	2024 R'000	2023 R'000
Current tax	**133 696**	253 506
Current year	**123 128**	255 701
Adjustment in respect of prior years	**10 568**	(2 195)
Deferred tax	**61 922**	(57 238)
Current year	**69 894**	(60 358)
Adjustment in respect of prior years	**(7 972)**	3 120
Transfer from other comprehensive income	**2 337**	3 770
Income tax expense	**197 955**	200 038

	2024 R'000	%	2023 R'000	%
Profit before tax	**857 540**		488 211	
Tax at 27%	**231 536**	**27.0**	131 817	27.0
Tax arising from the Cell C Recapitalisation transaction	**17 466**	**2.0**	58 939	12.1
Reversal of impairment of investment in associate	**—**	**—**	(259 883)	(53.2)
(Gain)/loss on modification of financial asset	**(5 584)**	**(0.7)**	15 512	3.2
Loss on derecognition of financial asset	**14 380**	**1.7**	—	0.0
ECL movement on loans receivable	**33 168**	**3.9**	16 465	3.4
Fair value adjustments to derivative liability	**—**	**—**	(5 940)	(1.2)
Learnership allowances	**(66 951)**	**(7.8)**	(93 949)	(19.2)
Employment tax incentive	**(12 924)**	**(1.5)**	(20 427)	(4.2)
Surety loan fair value adjustment	**(690)**	**(0.1)**	(8 841)	(1.8)
Other income not subject to tax	**(21 290)**	**(2.5)**	(19 233)	(3.9)
Other expenses not deductible for tax purposes	**7 933**	**0.9**	21 046	4.3
Tax effect of assessed losses not recognised	**420**	**0.0**	1 716	0.4
Utilisation of previously unrecognised assessed losses	**(280)**	**(0.0)**	(799)	(0.2)
Share of (profits)/losses from associates and joint ventures (refer to note 2.1.2)	**(4 162)**	**(0.5)**	359 031	73.5
Adjustment in respect of prior years	**2 596**	**0.3**	925	0.2
Effect of tax rate changes	**—**	**—**	(111)	0.0
Transfer from other comprehensive income	**2 337**	**0.3**	3 770	0.8
Tax charge	**197 955**	**23.1**	200 038	41.2
Effective tax rate	**23.1%**		41.2%	