NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE

5. Operational performance (continued)

5.6. Cash generated by operations (continued)

	R'000	R'000
Working capital changes	**2 394 336**	874 428
Decrease (increase) in inventories	**918 157**	(740 413)
(Increase) decrease in trade and other receivables	**(436 213)**	2 623 679
Decrease (increase) in banking and other advances	**198 852**	(449 541)
Increase (decrease) in trade and other payables and provisions	**1 373 632**	(1 438 571)
Increase in amounts owed to bank depositors	**339 908**	879 274
Cash generated by operations	**13 547 301**	9 055 797

6. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated based on the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2021 R'000	2020 R'000
6.1 Income tax expense		
Current taxation	**1 840 111**	1 303 136
Current year	**1 832 217**	1 303 348
Prior years' under (overprovision)	**7 894**	(212)
Deferred taxation	**(271 727)**	(463 323)
Current year	**(306 979)**	(442 566)
Prior years' under (overprovision) provision	**35 252**	(20 757)
Foreign withholding taxation	**102 390**	11 776
Total taxation per consolidated income statement	**1 670 774**	851 589
Comprising		
South African taxation	**1 464 070**	770 611
Foreign taxation	**206 704**	80 978
	1 670 774	851 589
6.2 Taxation paid		
Net amounts receivable at beginning of year	**(112 988)**	(8 195)
Current taxation charge	**(1 942 501)**	(1 314 912)
Businesses acquired and subsidiary recognised	**(37 044)**	(189 652)
Businesses disposed of	**4 258**	(12 580)
Transfer from (to) discontinued operations	**144 257**	(58 441)
Exchange rate adjustments	**15 200**	16 674
Amounts payable at end of year	**482 485**	438 105
Amounts receivable at end of year	**(367 941)**	(325 117)
Taxation paid	**(1 814 274)**	(1 454 118)

6. Taxation (continued)

6.2 Taxation paid (continued)

The reconciliation of the effective taxation rate with the South African company taxation rate is:	2021 %	2020 %
Taxation for the year as a percentage of profit before taxation	**28.9**	65.7
Withholding tax	**(1.8)**	(0.9)
Net change in impairment of associates	**(0.4)**	(8.4)
Associates	**0.5**	(2.0)
Effective rate excluding associate income	**27.2**	54.4
Dividend and exempt income	**1.2**	5.7
Foreign taxation rate differential	**0.9**	2.2
Impairment of goodwill	**–**	(10.7)
Preference share funding	**(0.8)**	(4.1)
Other non-deductible expenses	**(0.6)**	(9.8)
Changes in recognition of deferred tax assets	**1.0**	(7.5)
Changes in prior years' estimation	**(0.7)**	1.6
Acquisition costs	**(0.2)**	(3.8)
Rate of South African company taxation	**28.0**	28.0

6.3 Deferred taxation

	2021 R'000	2020 R'000
Deferred taxation assets	**1 538 254**	1 588 036
Deferred taxation liabilities	**(3 907 936)**	(3 931 901)
Net deferred taxation liability	**(2 369 682)**	(2 343 865)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**(2 343 865)**	(617 705)
Per consolidated income statement	**271 727**	463 323
Items recognised directly in equity, other comprehensive income	**11 382**	(162 796)
Movement in discontinued operations	**(205 910)**	207 064
On acquisition of businesses and recognition of subsidiary	**(195 096)**	(2 241 570)
On disposal of businesses	**(1 595)**	(852)
Exchange rate adjustments	**93 675**	8 671
Balance at end of year	**(2 369 682)**	(2 343 865)
Estimated tax losses available for offset against future taxable income	**3 008 279**	2 165 831
Utilised in the computation of deferred taxation	**(1 803 827)**	(1 315 440)
Not accounted for in deferred taxation	**1 204 452**	850 391

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

6. Taxation (continued)

6.3 Deferred taxation (continued)

Temporary differences	Assets R'000	2021 Liabilities R'000	Net R'000
Differential between carrying values and tax values of property, plant and equipment	**77 459**	**(943 557)**	**(866 098)**
Differential between carrying values and tax values of intangible assets	**(18 878)**	**(2 947 451)**	**(2 966 329)**
Right-of-use assets	**(999 970)**	**(284 425)**	**(1 284 395)**
Lease liabilities	**1 138 622**	**320 388**	**1 459 010**
Estimated taxation losses	**414 539**	**(6 396)**	**408 143**
Staff related allowances and liabilities	**494 971**	**(34 065)**	**460 906**
Operating lease liabilities	**(3 359)**	**(15 567)**	**(18 926)**
Inventories	**98 820**	**(799)**	**98 021**
Investments	**18 926**	**(169 901)**	**(150 975)**
Trade and other receivables	**25 450**	**1 895**	**27 345**
Trade, other payables and provisions	**291 674**	**171 942**	**463 616**
	1 538 254	**(3 907 936)**	**(2 369 682)**

Differential between carrying values and tax values of property, plant and equipment	191 640	(889 275)	(697 635)
Differential between carrying values and tax values of intangible assets	31 995	(2 960 465)	(2 928 470)
Right-of-use assets	(967 185)	(443 595)	(1 410 780)
Lease liabilities	1 104 533	482 482	1 587 015
Estimated taxation losses	349 179	(56 139)	293 039
Staff related allowances and liabilities	344 303	2 923	347 227
Operating lease liabilities	(364)	(11 720)	(12 084)
Inventories	116 419	(7 837)	108 582
Investments	21 267	(234 211)	(212 944)
Trade and other receivables	52 236	(1 676)	50 560
Trade, other payables and provisions	344 013	187 612	531 625
	1 588 036	(3 931 901)	(2 343 865)

Deferred taxation has been provided at rates ranging between 10% – 45% (2020: 10% – 45%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the Group operates.

7. Basic, headline and normalised earnings per share

7.1 Weighted average number of shares in issue

The following weighted averages used for basic earnings per share and headline earnings per share calculations:

	2021	2020
Weighted average number of shares in issue ('000)	**339 847**	339 264
Potential dilutive impact of outstanding staff share appreciation rights and conditional awards ('000)	**249**	464
Number of outstanding staff share appreciation right equivalent shares ('000)	**1 183**	2 326
Number of shares deemed to be issued at fair value ('000)	**(983)**	(1 892)
Contingent issuable shares in terms of conditional share plan to be issued at fair value ('000)	**49**	30
Diluted weighted average number of shares in issue ('000)	**340 096**	339 728