

Notes to the consolidated financial statements (continued)

for the year ended 30 June

5. Operational performance (continued)

5.6. Cash generated by operations

	2022 R'000	2021 R'000
Profit before taxation	7 779 555	5 789 702
Costs incurred in respect of acquisitions	58 517	33 509
Net finance charges	1 592 489	1 470 534
Share of current year earnings of associates and joint ventures	(101 101)	(100 095)
Depreciation and amortisation	3 590 848	3 639 342
Share-based payment expense	288 460	224 666
Shares acquired by staff in settlement of share incentive scheme obligations	(215 104)	(128 732)
Impairment of property, plant and equipment, right-of-use and intangible assets	17 345	80 421
Impairment of associates	–	77 448
(Profit) loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	(172 750)	64 722
Other non-cash items	13 149	10 587
Fair value of investments through profit or loss	(37 627)	(96 582)
Loss on disposal of investments	3 499	164 965
Remeasurement of post-retirement obligations	(7 002)	(6 938)
Decrease in life assurance fund	(62 300)	(70 584)
Working capital changes	(1 369 047)	2 394 336
(Increase) decrease in inventories	(1 215 160)	918 157
Increase in trade and other receivables	(2 390 372)	(436 213)
Decrease in banking and other advances	431 477	198 852
Increase in trade and other payables and provisions	2 137 895	1 373 632
(Decrease) increase in amounts owed to bank depositors	(332 887)	339 908
Cash generated by operations	11 378 931	13 547 301

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.

6.1. Income tax expense

	2022 R'000	2021 R'000
Current taxation	2 137 277	1 840 111
Current year	2 117 841	1 832 217
Prior years' under (overprovision)	19 436	7 894
Deferred taxation	187 079	(271 727)
Current year	(27 037)	(306 979)
Prior years' under (overprovision) provision	(41 521)	35 252
Change in rate of taxation	255 637	–
Foreign withholding taxation	7 892	102 390
Total taxation per consolidated income statement	2 332 248	1 670 774

Notes to the consolidated financial statements (continued)

for the year ended 30 June

6. Taxation (continued)

6.1. Income tax expense (continued)

	2022 R'000	2021 R'000
Comprising		
South African taxation	1 878 641	1 464 070
Foreign taxation	453 607	206 704
	2 332 248	1 670 774

The following changes in taxation rates have been substantially enacted during the year: The South African corporate tax has changed from 28% to 27% for years of assessment ending on or after 31 March 2023 (R48 million change in rate of taxation credit); and from 1 April 2023, a change in the United Kingdom main rate of corporate tax from 19% to 25% (R304 million change in rate of taxation charge).

6.2. Taxation paid

	2022 R'000	2021 R'000
Net amounts receivable at beginning of year	(114 544)	(112 988)
Current taxation charge	(2 145 169)	(1 942 501)
Businesses acquired and subsidiary recognised	(6 649)	(37 044)
Businesses disposed of	591	4 258
Transfer from discontinued operations	–	144 257
Exchange rate adjustments	(1 879)	15 200
Amounts payable at end of year	661 467	482 485
Amounts receivable at end of year	(383 325)	(367 941)
Taxation paid	(1 989 508)	(1 814 274)

The reconciliation of the effective taxation rate with the South African company taxation rate is:

	2022 %	2021 %
Taxation for the year as a percentage of profit before taxation	30.0	28.9
Withholding tax	(0.1)	(1.8)
Change in tax rate	(3.6)	–
Net change in impairment of associates	–	(0.4)
Associates	0.4	0.5
Effective rate excluding associate income and tax rate changes	26.7	27.2
Dividend and exempt income	0.6	1.2
Foreign taxation rate differential	2.7	0.9
Preference share funding	(0.6)	(0.8)
Other non-deductible expenses	(1.1)	(0.6)
Changes in recognition of deferred tax assets	(0.3)	1.0
Capital gains rate differential	(0.1)	–
Changes in prior years' estimation	0.3	(0.7)
Acquisition costs	(0.2)	(0.2)
Rate of South African company taxation	28.0	28.0

Notes to the consolidated financial statements (continued)

for the year ended 30 June

6. Taxation (continued)

6.3. Deferred taxation

	2022 R'000	2021 R'000
Deferred taxation assets	1 518 704	1 538 254
Deferred taxation liabilities	(4 092 040)	(3 907 936)
Net deferred taxation liability	(2 573 336)	(2 369 682)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	(2 369 682)	(2 343 865)
Per consolidated income statement	(187 079)	271 727
Items recognised directly in equity, other comprehensive income	16 416	11 382
Movement in discontinued operations	–	(205 910)
On acquisition of businesses and recognition of subsidiary	(6 722)	(195 096)
On disposal of businesses	(27 216)	(1 595)
Exchange rate adjustments	947	93 675
Balance at end of year	(2 573 336)	(2 369 682)
Estimated tax losses available for offset against future taxable income	2 739 107	3 008 279
Utilised in the computation of deferred taxation	(1 627 538)	(1 803 827)
Not accounted for in deferred taxation	1 111 569	1 204 452

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.

	2022		
	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
Differential between carrying values and tax values of property, plant and equipment	22 094	(923 089)	(900 995)
Differential between carrying values and tax values of intangible assets	(25 351)	(3 178 550)	(3 203 901)
Right-of-use assets	(968 795)	(263 956)	(1 232 751)
Lease liabilities	1 118 581	284 972	1 403 553
Estimated taxation losses	350 110	(7 514)	342 596
Staff related allowances and liabilities	541 271	(29 888)	511 383
Inventories	110 710	(284)	110 426
Investments	21 652	(159 242)	(137 590)
Trade and other receivables	13 670	2 793	16 463
Trade, other payables and provisions	334 762	182 718	517 480
	1 518 704	(4 092 040)	(2 573 336)

	2021		
	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
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	1 135 263	304 821	1 440 084
Estimated taxation losses	414 539	(6 396)	408 143
Staff related allowances and liabilities	494 971	(34 065)	460 906
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)

Deferred taxation has been provided at rates ranging between 10% and 45% (2021: 10% and 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.