

Notes to the consolidated annual financial statements *continued*

Rm	2017	2016
5. Finance costs		
Interest expense		
Borrowings	(2 576)	(2 027)
Tax authorities	(25)	–
Other	(217)	(169)
	(2 818)	(2 196)

Interest expense on financial liabilities not at fair value through profit or loss amounted to R2 696 million (2016: R2 082 million).

Rm	2017	2016
6. Net loss on remeasurement and disposal of financial instruments		
Net gain/(loss) on derivatives	166	(361)
Net loss on translation of foreign denominated assets and liabilities	(657)	(302)
Remeasurement of loans receivable	11	(70)
Financial liabilities held at amortised cost	(1)	(2)
	(481)	(735)

Rm	2017	2016
7. Taxation		
7.1 Income tax expense		
South African current tax	(5 000)	(5 045)
Current year	(5 176)	(5 038)
Adjustments in respect of prior years	176	(7)
Foreign current tax	(827)	(634)
Current year	(483)	(716)
Adjustments in respect of prior years	(143)	138
Withholding tax	(201)	(56)
Current year	(192)	(61)
Adjustments in respect of prior years	(9)	5
Total current tax	(5 827)	(5 679)
Deferred tax on origination and reversal of temporary differences:		
South African deferred tax	(264)	(100)
Current year	(93)	(98)
Adjustments in respect of prior years	(171)	(2)
Foreign deferred tax	(11)	(155)
Current year	113	(12)
Adjustments in respect of prior years	(124)	(143)
Total deferred tax	(275)	(255)
Total income tax expense	(6 102)	(5 934)
Components of deferred tax charged to profit or loss		
Capital allowances	(325)	(311)
Foreign exchange	102	61
Tax losses	169	–
Provisions and deferred income	(85)	106
Other	(136)	(111)
	(275)	(255)

Rm	2017	2016
7. Taxation continued		
7.1 Income tax expense <i>continued</i>		
Factors affecting tax expense for the year		
The table below discloses the differences between the expected income tax expense at the South African statutory tax rate and the Group's total income tax expense:		
Expected income tax expense on profit before tax at the South African statutory tax rate	(5 384)	(5 276)
Adjusted for:		
Non-deductible operating expenditure	(119)	(229)
Non-deductible finance costs	(33)	(106)
Non-deductible depreciation and amortisation	(25)	(46)
Unrecognised tax asset	(171)	(187)
Irrecoverable foreign taxes	(124)	(13)
Effect of taxation of associate and joint venture reported within operating profit	–	(70)
Minimum alternative taxes	(58)	(59)
Adjustments in respect of prior years	(271)	(9)
Effect of different statutory tax rates of jurisdictions other than South Africa	80	49
Non-taxable income	3	12
Total income tax expense	(6 102)	(5 934)

The South African statutory tax rate is 28.0% for all reporting periods. The Group's effective tax rate is 31.7% (2016: 31.5%).

Rm	2017	2016
7.2 Other comprehensive income, net of tax		
Foreign currency translation differences, net of tax	(1 633)	260
Foreign currency translation differences	(1 737)	418
Taxation	104	(158)
Gain on hedging instruments in cash flow hedges, net of tax	–	4
Gain on hedging instruments in cash flow hedges	–	3
Taxation	–	1
Other comprehensive income, net of tax	(1 633)	264
7.3 Tax credited charged directly to other comprehensive income		
Current tax	8	–
Deferred tax	96	(157)
	104	(157)

Notes to the consolidated annual financial statements *continued*

Rm	2017	2016
7. Taxation continued		
7.4 Deferred tax		
Analysed in the statement of financial position, after offset of balances within companies, as follows:		
Deferred tax assets	199	25
Deferred tax liabilities	(2 635)	(2 272)
	(2 436)	(2 247)
Components		
Gross deferred tax assets and liabilities, before offset of balances within companies, are as follows:		
Capital allowances	(3 447)	(3 071)
Deferred tax liabilities	(3 447)	(3 071)
Foreign exchange	(293)	(235)
Deferred tax assets	93	107
Deferred tax liabilities	(386)	(342)
Tax losses	174	2
Deferred tax assets	174	2
Provisions and deferred income	1 169	1 264
Deferred tax assets	1 169	1 266
Deferred tax liabilities	–	(2)
Other	(39)	(207)
Deferred taxation assets	12	17
Deferred taxation liabilities	(51)	(224)
	(2 436)	(2 247)
Reconciliation of net deferred tax balance		
1 April	(2 247)	(1 740)
Foreign currency translation differences	91	27
Charged to profit or loss	(275)	(255)
Credited/(charged) directly to other comprehensive income	96	(157)
(Charged)/credited directly to equity	(54)	14
Business combinations and disposal of subsidiaries	(47)	(136)
31 March	(2 436)	(2 247)

	Rm	2017	2016
7. Taxation continued			
7.5 Factors affecting the tax charge in future years			
Total estimated tax losses		4 189	3 169
Utilised to reduce net temporary differences		(588)	(6)
Estimated unused tax losses		3 601	3 163

If the estimated unused tax losses are applied, the available R1 155 million (2016: R1 002 million) would result in the current year's R2 436 million net deferred tax liability reducing to R1 282 million (2016: R2 247 million net deferred tax liability reducing to R1 245 million), if sufficient future taxable profits will be available against which the unused tax losses can be utilised.

The gross amounts and expiry dates of deductible temporary differences, estimated unused tax losses and unused tax credits, for which no deferred tax asset is recognised, are as follows:

Rm	2 – 5 years	Unlimited	Total
2017			
Deductible temporary differences	–	5 396	5 396
Estimated unused tax losses	–	3 601	3 601
2016			
Deductible temporary differences	2	3 650	3 652
Estimated unused tax losses	211	2 952	3 163

	Cents	2017	2016
8. Earnings and dividends per share			
Basic earnings per share		915	881
Diluted earnings per share		886	857
Headline earnings per share		923	883
Diluted headline earnings per share		894	860
Dividends per share ¹		795	795

Note:

1. The 31 March 2017 dividend per share includes dividends of 400 cents per share and 395 cents per share, declared on 13 May 2016 and 11 November 2016, respectively. The 31 March 2016 dividend per share includes dividends of 400 cents per share and 395 cents per share, declared on 14 May 2015 and 6 November 2015, respectively. The Group declared a final dividend of 435 cents per share in respect of the year ended 31 March 2017 after the reporting period (Note 27).