

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

30. DEFERRED INCOME TAXES

ACCOUNTING POLICIES

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of **17%** (2021 - 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred taxes relate to the same fiscal authority. The following amounts are shown in the statement of financial position:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
Deferred income tax liabilities	1,841,764	1,359,649
Deferred income tax assets	(350,723)	(419,361)
	1,491,041	940,288

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profit is probable.

Deferred income tax assets arise from the Textile, Healthcare and Hotel segments. The former two segments are profitable and hence the deferred income tax assets are deemed recoverable. The Hotel segment has made an assessment on the recoverability of its deferred income tax assets and concluded that these will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

At the end of the reporting period, the Group had unrecognised deferred tax assets of **MUR 148M** (2021 - MUR 192M).

30. DEFERRED INCOME TAXES (CONT'D)

ACCOUNTING POLICIES (CONT'D)

(a) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2022	2021
	MUR' 000	MUR' 000
At 1 July	940,288	1,060,014
Underprovision/(Overprovision) of deferred tax in previous years (Note 35)	4,621	6,398
Translation difference	4,935	3,575
Charged/(Credited) to profit or loss (Note 35)	124,219	(256,212)
(Credited)/Charged to other comprehensive income	397,157	151,126
Transfer from/(to) assets/liabilities classified as held for sale	19,821	(24,613)
At 30 June	1,491,041	940,288

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

The Group	Accelerated Tax Depreciation	Revaluation of Properties	Total
	MUR '000	MUR '000	MUR '000
Deferred tax liabilities			
At 1 July 2020	867,170	873,909	1,741,079
Under/(Over) provision	1,319	(431)	888
Transfer to Assets classified as held for sale	(44,808)	-	(44,808)
Translation difference	7,972	9,833	17,805
Charged/(Credited) to profit or loss	22,448	(59,535)	(37,087)
Charged to other comprehensive income	-	112,166	112,166
At 1 July 2021	854,101	935,942	1,790,043
Under provision	11	-	11
Transfers	(2,596)	18,357	15,761
Translation difference	(3,482)	6,275	2,793
Charged to profit or loss	99,947	11,485	111,432
Charged to other comprehensive income	-	386,766	386,766
At 30 June 2022	947,981	1,358,825	2,306,806

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022 (CONT'D)

30. DEFERRED INCOME TAXES (CONT'D)

Accounting policies (Cont'd)

	Provisions/ Others	Retirement Benefit Obligation	Tax Losses Carried Forward	Rights of use assets	Total
	MUR '000	MUR '000	MUR '000	MUR '000	MUR '000
Deferred tax assets					
At 01 July 2020	184,015	113,312	314,154	69,585	681,066
(Over)/Under provision	(8,333)	4,455	(1,631)	-	(5,509)
Transfer to Assets classified as held for sale	(17,680)	(2,514)	-	-	(20,194)
Translation difference	9,072	838	4,221	97	14,228
Credited/(charged) to profit or loss	2,923	(10,776)	220,779	6,199	219,125
Charged to other comprehensive income	(1,398)	(37,562)	-	-	(38,960)
At 01 July 2021	168,599	67,753	537,523	75,881	849,756
(Over)/Under provision	-	117	(4,727)	-	(4,610)
Transfers	(2,548)	675	(49)	-	(1,922)
Translation difference	(4,897)	(179)	795	-	(4,281)
Credited/(charged) to profit or loss	78,843	(6,492)	(83,279)	(1,859)	(12,787)
Charged to other comprehensive income	(5,927)	(4,464)	-	-	(10,391)
At 30 June 2022	234,070	57,410	450,263	74,022	815,765
				2022	2021
				MUR' 000	MUR' 000
Net deferred tax liabilities				1,491,041	940,288