

12 FINANCE INCOME

ACCOUNTING POLICY

Finance income is recognised in profit or loss using the effective interest rate method as the instruments to which this relates are measured at amortised cost.

	2026 R'000	2025 R'000
INTEREST RECEIVED		
Bank	623	214

13 INCOME TAX

ACCOUNTING POLICY

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or different year, to other comprehensive income; or
- a business combination.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of BLU to realise net deferred tax assets recorded at the end of the reporting period could be impacted.

The Directors resolved at the end of the prior and current financial year not to recognise the deferred tax asset. No income tax charge was recognised in the current or prior year.

	2026 R'000	2025 R'000
RECONCILIATION BETWEEN PROFIT AND TAX CHARGE		
Profit before taxation	659 599	367 355
Tax at the applicable tax rate of 27%	178 092	99 186
TAX EFFECT OF ADJUSTMENTS ON TAXABLE PROFIT		
Dividends received not taxable	(16 805)	(29 676)
ECL movement on financial assets and financial guarantees	(165 691)	(73 505)
Expenditure not deductible for tax purposes*	3 012	3 343
Tax effect of losses not recognised	1 392	652
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* Comprises loss on disposal of subsidiary, legal fees and consulting fees.

No provision has been made for current tax as BLU has no taxable income. The estimated tax loss available for set off against future taxable income is R188 545 829 (2025: R183 390 423).