

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19. LEASES (continued)

(c) The following are the amounts recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2022 MUR '000	2021 MUR '000	2022 MUR '000	2021 MUR '000
Depreciation expense of right-of-use assets	98 203	102 917	61 584	54 436
Interest expense on lease liabilities	15 213	17 444	13 411	15 081
Total amount recognised in profit or loss	113 416	120 361	74 995	69 517

During the year under review, the Group and the Company have taken exemption for short-term leases amounting to MUR 37.8m (2021: MUR 37.1m). These leases were taken for a period of 6-12 months (2021: 6-12 months).

In 2022, total cash outflows for leases (including short term lease) amounted to MUR 151m (2021: MUR 155m) for the Group and MUR 112m (2021: MUR 104m) for the Company. Non-cash additions to right-of-use assets and lease liabilities amounted to MUR 29.4m (2021: MUR 57.5m) for the Group and MUR 29.4m (2021: MUR 38.8m) for the Company.

The following provides information on the Group's and the Company's lease payments, including the magnitude in relation to fixed payments:

	THE GROUP		THE COMPANY	
	2022 Fixed payments MUR '000	2021 Fixed payments MUR '000	2022 Fixed payments MUR '000	2021 Fixed payments MUR '000
Fixed rent	113 372	118 209	74 482	66 581

- (d) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	THE GROUP		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not expected to be exercised			
At 30 June 2022	215 120	25 029	240 149
At 30 June 2021	290 616	27 061	317 677

	THE COMPANY		
	Within five years MUR '000	More than five years MUR '000	Total MUR '000
Termination options not expected to be exercised			
At 30 June 2022	138 363	25 029	163 392
At 30 June 2021	167 971	27 061	195 032

Maturity Analysis

	THE GROUP		THE COMPANY	
	2022 MUR '000	2021 MUR '000	2022 MUR '000	2021 MUR '000
Year 1	127 190	82 465	95 808	45 397
Year 2	57 268	125 689	32 041	94 308
Year 3	41 499	55 768	21 289	30 541
Year 4	13 979	45 231	12 063	19 589
Year 5	4 176	15 359	4 176	11 361
Onwards	76 881	83 976	76 881	81 056
	320 993	408 488	242 258	282 252
Less: unearned interest	(15 810)	(21 745)	(15 473)	(21 008)
	305 183	386 743	226 785	261 244

20. TAXATION

(a) Income tax

Income tax is calculated at 15% (2021: 15%) on the profit for the year as adjusted for income tax purposes. Tax rate in Réunion Island is at 26.5% (2021: 28%).

Corporate Social Responsibility

The Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.