7. Taxation continued

7.2 Deferred taxation

Deferred taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

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 (and laws) that have been enacted or substantively enacted by year-end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Critical accounting estimates and assumptions

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	Capital allowances R'000	Fair value gains R'000	Provisions R'000	Tax losses R'000	Prepayments R'000	Unrealised foreign exchange differences R'000	Other R'000	Total R'000
At 31 May 2014	426	37 730	(10 999)	(20 057)	2 330	7 535	(107)	16 858
Charged/(credited) to the income statement	(104)	(6 950)	(8 084)	(1 275)	395	6 875	(1 128)	(10 271)
Disposal of subsidiary	—	—	51	159	(371)	—	161	—
Acquisition of subsidiary	—	17 205	(139)	—	—	—	—	17 066
At 31 May 2015	**322**	**47 985**	**(19 171)**	**(21 173)**	**2 354**	**14 410**	**(1 074)**	**23 653**
Charged/(credited) to the income statement	**(841)**	**(6 270)**	**(359)**	**1 471**	**1 973**	**19 458**	**(2 069)**	**13 363**
Disposal of subsidiary	**61**	**—**	**869**	**3 083**	**(59)**	**—**	**(41)**	**3 913**
At 31 May 2016	**(458)**	**41 715**	**(18 661)**	**(16 619)**	**4 268**	**33 868**	**(3 184)**	**40 929**

7. Taxation continued

7.2 Deferred taxation continued

	2016 R'000	2015 R'000
Capital allowances	**(817)**	(121)
Provisions	**(18 768)**	(19 681)
Tax losses	**(16 619)**	(21 173)
Other	**(3 184)**	(1 967)
Total deferred tax asset	**(39 388)**	(42 942)
Deferred tax liability comprises:		
Capital allowances	**359**	443
Fair value gains	**41 715**	47 985
Provisions	**107**	510
Prepayments	**4 268**	2 354
Unrealised foreign exchange differences	**33 868**	14 410
Other	**—**	893
Total deferred tax liability	**80 317**	66 595
Net deferred tax	**40 929**	23 653
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	**1 713**	(561)
Deferred tax assets to be recovered within 12 months	**(22 925)**	(30 237)
Net deferred tax asset	**(21 212)**	(30 798)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	**68 217**	42 306
Deferred tax liabilities to be recovered within 12 months	**(6 076)**	12 145
Net deferred tax liability	**62 141**	54 451
Net deferred tax	**40 929**	23 653

Where deferred tax assets have been recognised in respect of entities which have incurred losses in the current or prior years, a formal process of assessment of the future profitability of the entity has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within one to five years.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R44.3 million (2015: R42.6 million) in respect of losses amounting to R158.2 million (2015: R152.3 million) that can be carried forward against future taxable income.

There is no withholding tax that would be payable on any dividends received from the Group's associates and joint ventures and therefore no deferred tax has been raised in this regard.

		2016 R'000	2015 R'000
7.3	**Taxation paid**		
	Balance outstanding at the beginning of the year	**36 169**	25 323
	Taxation charge	**305 420**	275 768
	Acquisition of subsidiaries	**—**	(19 403)
	Translation differences	**50**	(24)
	Balance outstanding at the end of the year	**(36 521)**	(36 169)
		305 118	245 495