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	Purchase price allocations and fair value gains R'000	Provisions R'000	Tax losses R'000	Prepay-ments R'000	Unrealised foreign exchange differences R'000	Other R'000	Total R'000
At 31 May 2017 as previously stated	7 370	36 304	(22 381)	(16 290)	2 802	17 734	(2 845)	22 694
Charged/(credited) to the income statement	1 126	(11 973)	(5 267)	(7 366)	2 473	(2 683)	23 839	149
Acquisition of subsidiaries	1 946	183 852	(4 341)	(353)	13	–	(20 083)	161 034
At 31 May 2018	**10 442**	**208 183**	**(31 989)**	**(24 009)**	**5 288**	**15 051**	**911**	**183 877**
Adjustment on the initial application of IFRS 9	–	–	(10 067)	(378)	–	–	(276)	(10 721)
Adjustment on the initial application of IFRS 15	–	–	–	–	–	–	(11 816)	(11 816)
Charged/(credited) to the income statement to the income statement	3 622	(28 506)	(6 188)	(8 146)	1 145	6 181	7 344	(24 548)
Acquisition of subsidiaries (refer to note 2.4)	(82)	39 302	–	(18 067)	–	–	–	21 153
Foreign currency translation reserve	–	2 407	–	–	–	–	–	2 407
At 31 May 2019	**13 982**	**221 386**	**(48 244)**	**(50 600)**	**6 433**	**21 232**	**(3 837)**	**160 352**

7. TAXATION continued

7.2 Deferred taxation continued

	2019 R'000	2018 R'000
Deferred tax asset comprises:		
Purchase price allocations and fair value gains	–	(280)
Provisions	**(48 244)**	(31 989)
Tax losses	**(50 600)**	(24 009)
Other	**(8 760)**	(10 822)
Total deferred tax asset	**(107 604)**	(67 100)
Deferred tax liability comprises:		
Capital allowances	**13 982**	10 442
Purchase price allocations and fair value gains	**221 386**	208 463
Prepayments	**6 433**	5 288
Unrealised foreign exchange differences	**21 232**	15 051
Other	**4 923**	11 733
Total deferred tax liability	**267 956**	250 977
Net deferred tax	**160 352**	183 877
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	**(3 532)**	(8 205)
Deferred tax assets to be recovered within 12 months	**(72 516)**	(37 018)
Net deferred tax asset	**(76 048)**	(45 223)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	**197 710**	192 077
Deferred tax liabilities to be recovered within 12 months	**38 690**	37 023
Net deferred tax liability	**236 400**	229 100
Net deferred tax	**160 352**	183 877

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 R139.2 million (2018: R16.7 million) in respect of losses amounting to R557.5 million (2018: R59.8 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 equity accounted associates and joint ventures and therefore no deferred tax has been raised in this regard.