

6. Income tax continued

	2013 \$'000	2012 \$'000
c) Tax recognised in other comprehensive income		
Available-for-sale investment revaluation reserve	(39)	(300)
Foreign exchange losses recognised directly in foreign currency translation reserves	566	103
Total tax recognised in other comprehensive income	527	(197)
d) Deferred tax liabilities offset		
Deferred tax liabilities amounting to \$853,000 (2012: \$774,000) have been offset against deferred tax asset.		
e) Unrecognised deferred tax assets		
Tax losses – Australian entities	211,548	5,627
Tax losses – other entities	9,237	2,185
Temporary difference	130,113	–
Subtotal	350,898	7,812
Unrecognised deferred tax assets	104,345	2,344

f) Tax consolidation group

Kingsgate Consolidated Limited and its wholly-owned Australian subsidiary have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 2d.

On adoption of the tax consolidation legislation, the entities in the tax-consolidation group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in

the case of default by the head entity, Kingsgate Consolidated Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kingsgate for any current tax payable assumed and are compensated for any current tax receivable and deferred assets relating to the unused tax losses or unused tax credits that are transferred to Kingsgate under the tax legislation. The funding

amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

	Assets		Liabilities		Net	
g) Recognised deferred tax assets and liabilities	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Deferred tax assets / liabilities:						
Derivatives	384	808	–	–	384	808
Employee benefits	1,789	1,571	–	–	1,789	1,571
Provision for restoration and rehabilitation	5,167	3,390	–	–	5,167	3,390
Provision for obsolescence	309	278	–	–	309	278
Unrealised exchange (gains) / losses	1,265	2,990	(2,020)	(200)	(755)	2,790
Other items	1,147	1,096	(467)	–	680	1,096
Tax losses	–	36,334	–	–	–	36,334
Available-for-sale financial assets	334	78	–	(39)	334	39
Mine properties and exploration	3,706	–	(11,447)	(65,205)	(7,741)	(65,205)
Total deferred tax assets / (liabilities)	14,101	46,545	(13,934)	(65,444)	167	(18,899)
Set off tax	(3,706)	(36,334)	3,706	36,334	–	–
Net deferred tax assets (liabilities)	10,395	10,211	(10,228)	(29,110)	167	(18,899)