# Notes to the financial statements continued

for the year ended 31 March 2022

## 18. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 Rm | 31 March 2021 Rm | 31 March 2022 Rm | 31 March 2021 Rm |
| **Inventories** | 1 084 | 1 026 | 833 | 779 |
| Gross inventories | 1 244 | 1 180 | 940 | 891 |
| Write-down of inventories to net realisable value | (160) | (154) | (107) | (112) |
| **Inventories consist of the following categories:** | 1 244 | 1 180 | 940 | 890 |
| Installation material, maintenance material and network equipment | 541 | 477 | 540 | 476 |
| Merchandise | 703 | 703 | 400 | 414 |
| **Write-down of inventories to net realisable value** | 160 | 154 | 107 | 112 |
| Opening balance | 154 | 158 | 112 | 124 |
| Charged to selling, general and administrative expenses | 15 | 22 | 15 | 22 |
| Inventories written off | (9) | (26) | (20) | (34) |

In line with the Group strategy, the Group's inventory increased in the current financial period due to the accelerated deployment of fibre which required additional inventory to be purchased.

During the current financial year, R33 million (31 March 2021: R42 million) for Group and R33 million (31 March 2021: R41 million) for Company was transferred from inventories to property, plant and equipment. The transfers only take place from CWIP.

## 19. Trade and other receivables and contract assets

### 19.1 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 Rm | 31 March 2021 Rm | 31 March 2022 Rm | 31 March 2021 Rm |
| **Trade and other receivables** | 7 797 | 7 227 | 6 788 | 6 890 |
| Trade receivables | 5 210 | 5 077 | 4 880 | 4 947 |
| Gross trade receivables | 7 506 | 7 395 | 6 518 | 6 699 |
| Impairment of receivables | (2 296) | (2 318) | (1 638) | (1 752) |
| Other receivables | 1 970 | 1 652 | 1 550 | 1 663 |
| Prepayments | 617 | 498 | 358 | 280 |

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 days and 90 days from date of invoice. Interest charged on overdue accounts varies between the prime rate and a rate of 18%, depending on the contract terms.

Trade receivables are recognised initially at the transaction price, unless they contain significant financing components, in which case they are recognised at fair value.

Other receivables generally arise from transactions outside the usual operating activities of the Group. Other receivables include sundry debtors, staff bursaries and staff loans.

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 Rm | 31 March 2021 Rm | 31 March 2022 Rm | 31 March 2021 Rm |
| **Allowance account for credit losses – trade receivables** | 2 296 | 2 318 | 1 638 | 1 752 |
| Opening balance as previously reported | 2 318 | 1 877 | 1 752 | 1 193 |
| Charged to statement of profit or loss and other comprehensive income | 534 | 1 008 | 421 | 853 |
| Enterprise loss allowance movement | – | – | (54) | (119) |
| Receivables written off | (556) | (567) | (481) | (175) |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments that are based on the agreed arrangement period.

Refer to note 14.3 for a detailed credit risk analysis.