NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

		2014 R'000	2013 R'000
9.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**2 152 107**	1 427 759
	Less: Provision for impairment	**(15 665)**	(7 639)
		2 136 442	1 420 120
	Sundry debtors	**22 456**	14 609
	Prepayments	**12 544**	9 197
	VAT	**55 255**	81 003
	Receivables from related parties (refer to note 28)	**6 880**	14 436
		2 233 577	1 539 365
	Less: Amounts included in current portion of trade and other receivables	**(2 181 973)**	(1 539 365)
		51 604	—

The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in note 3.

9. TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade receivables at the reporting date is as follows:

	Gross R'000	Impairment R'000	Net R'000
31 May 2014			
Fully performing	**2 127 087**	**—**	**2 127 087**
Past due by one to 30 days	**18 045**	**166**	**17 879**
Past due by 31 to 60 days	**4 349**	**601**	**3 748**
Past due by 61 to 90 days	**3 010**	**406**	**2 604**
Past due by more than 90 days	**13 961**	**8 030**	**5 931**
	2 166 452	**9 203**	**2 157 249**
Portfolio impairment		**6 462**	**(6 462)**
	2 166 452	**15 665**	**2 150 787**
31 May 2013			
Fully performing	1 381 922	—	1 381 922
Past due by one to 30 days	27 992	543	27 449
Past due by 31 to 60 days	7 969	281	7 688
Past due by 61 to 90 days	5 551	749	4 802
Past due by more than 90 days	22 463	6 066	16 397
	1 445 897	7 639	1 438 258

Receivables in respect of starter packs are included in fully performing debtors above.

Trade receivables are discounted at a discount rate of 9% per annum (2013: 8% per annum) based on average debtors' days outstanding. The effect of discounting of the trade receivables balance which amounts to R7.465 million (2013: R3.702 million) is not taken into account in the above table.

The trade receivables that are neither past due nor impaired relate to a number of independent customers for whom there is no recent history of default.

Sundry debtors are considered to be fully performing.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

		2014 R'000	2013 R'000
9.	**TRADE AND OTHER RECEIVABLES (continued)**		
	Provision for impairment of receivables		
	Balance at the beginning of the year	**7 639**	12 025
	Allowances made during the year	**5 097**	3 796
	Acquisition/(disposal) of subsidiaries	**6 462**	(2 335)
	Amounts utilised and reversal of unutilised amounts	**(3 533)**	(5 847)
	At 31 May	**15 665**	7 639

Impairment of receivables is determined after assessing the nature of the customer, their geographic location and specific circumstances.

The Group believes that the above provision for impairment of receivables sufficiently covers the risk of default.

There is a cession of trade receivables of R2.011 billion (2013: R1.352 billion) in favour of Investec Bank Limited as security for facilities referred to in note 3.