3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

3.5 Financial assets

3.5.1 Loans receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. For details related to the ECLs refer to note 3.1.

	2019 R'000	2018 R'000
Interest-free loans	94 929	146 097
Interest-free surety loans	85 003	55 005
Interest-bearing loans receivable	58 603	59 967
Less: Provision for impairment	(6 006)	—
	232 529	261 069
Less: Amounts included in current portion of loans receivable	(190 769)	(207 799)
	41 760	53 270

Surety loans relate to the personal sureties that B Levy and M Levy signed for the loan owed by 2DFine Holdings Mauritius to Gold Label Investments Proprietary Limited. Their liability is limited to the difference between the loan owing to Gold Label Investments Proprietary Limited and the value of 16.95% of the shares in Oxigen Services India Private Limited (Oxigen Services) and 17.29% of the shares in Oxigen Online Services India Private Limited (Oxigen Online). In the current year this loan was impaired due to a decrease in the fair value of Oxigen Services and Oxigen Online resulting in the Group recognising a receivable on the potential surety claim.

All loans receivable are unsecured and repayable within five years. Interest-bearing loans bear interest at a range of between prime and prime plus 2%. The fair value of interest-free loans, which include loans to product distributors, approximates their carrying value. This has been corroborated through discounted cash flow calculations at the effective interest rate the lender would have been able to secure from a financing institution, using an expected payment timeframe.

3.5.2 Trade and other receivables

Trade receivables comprise receivables that are due from customers which arise from transactions for the sale of goods, rendering of services and leasing of equipment in the ordinary course of business. Trade receivables are primarily accounted for at amortised cost, in accordance with the accounting policies of the Group. Sundry receivables are accounted for at amortised cost in accordance with the accounting policies of the Group. For details related to the ECLs refer to note 3.1. Receivables for prepayments and VAT are stated at their nominal values.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

3.5 Financial assets continued

3.5.2 Trade and other receivables continued

The following table provides an analysis of the Group's trade and other receivables, including an analysis of trade receivables by originating transaction type as well as by counterparty:

	Current		Non-current		Total	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Trade receivables arising on revenue from contracts with customers	**2 182 409**	2 966 845	**—**	17 218	**2 182 409**	2 984 063
Banks	**83 480**	80 495	**—**	—	**83 480**	80 495
Independent and informal retail customers	**858 281**	1 146 778	**—**	11 931	**858 281**	1 158 709
Formal market retail customers	**535 871**	544 447	**—**	5 287	**535 871**	549 734
Customers in the petroleum sector	**67 730**	56 339	**—**	—	**67 730**	56 339
Receivables for starter packs	**212 967**	274 750	**—**	—	**212 967**	274 750
Cell C	**27 415**	50 652	**—**	—	**27 415**	50 652
Other cellular networks	**110 373**	102 670	**—**	—	**110 373**	102 670
Municipalities and private utilities	**252 561**	641 356	**—**	—	**252 561**	641 356
Associates, joint ventures and related parties	**33 731**	69 358	**—**	—	**33 731**	69 358
Trade receivables arising on financing transactions	**1 540 045**	1 028 053	**—**	—	**1 540 045**	1 028 053
Cell C	**1 325 303**	1 028 053	**—**	—	**1 325 303**	1 028 053
Other	**214 742**	—	**—**	—	**214 742**	—
Less: Provision for impairment	**(95 984)**	(47 908)		—	**(95 984)**	(47 908)
Net trade receivables	**3 626 470**	3 946 990	**—**	17 218	**3 626 470**	3 964 208
Net sundry debtors	**189 647**	149 163		5 539	**189 647**	154 702
Prepayments	**315 547**	123 403		—	**315 547**	123 403
VAT	**125 602**	73 414		—	**125 602**	73 414
	4 257 266	4 292 970	**—**	22 757	**4 257 266**	4 315 727

Amounts due from customers arising from the provision of financing and not the sale of a product of service have been reclassified to advances to customers as it more appropriately reflects that the end customer. Refer to note 3.5.3.

Included in trade receivables are debtors of R208 million (2018: R271 million) which have a cycle period in excess of 12 months but are considered current.

The Group held guarantees to the value of R30 million in the prior year as security over specific customers included in trade receivables. The Group has further insurance cover to the value of R10 million (2018: R245 million) over trade receivable balances with certain material customers. All insured values exclude VAT.

There is a cession of trade receivables (including intergroup balances) of R3.563 billion (2018: R3.210 billion) in favour of Investec Bank Limited as security for facilities referred to in note 3.2.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

3.5 Financial assets continued

3.5.3 Advances to customers

Advances to customers comprise receivables arising on financing transactions where, in substance, the nature of the business activities undertaken by certain subsidiaries of the Group is to engage in the provision of financing. Refer to note 3.1 for further detail.

Advances to customers are primarily accounted for at amortised cost, in accordance with the accounting policies of the Group.

	2019 R'000	2018 R'000
Advances to customers	**1 619 965**	1 595 010
Less: Provision for impairment	**(2 868)**	—
	1 617 097	1 595 010
Less: Amounts included in current portion of advances to customers	**(1 032 657)**	(1 238 321)
	584 440	356 689

Cell C guarantees bad debts and cancellations of these customers in terms of the "Amended and Restated Product Procurement and Financing Agreement". At 31 May 2019, bad debts and cancellations amount to R210 million (2018: R221 million). In terms of the above agreement, if Cell C is unable or admits inability to make a payment as it falls due, or is deemed to or declared to be unable to pay its debts under the applicable law, suspends or threatens to suspend making payments by reason of actual or anticipated financial difficulties, they would be in breach of their agreement. If not remedied, CEC ultimately has a right to port the Cell C base.

3.5.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

	2019 R'000	2018 R'000
Cash at bank	**1 385 334**	947 546
Cash on hand	**262**	342
	1 385 596	947 888
Bank overdraft	**(7 843)**	—
	1 377 753	947 888

Included in this balance is restricted cash of R16.6 million (2018: R8.4 million), received on behalf of and immediately due to third parties, that may not be utilised in the Group's ordinary course of business.