3.3.1 Loans receivable

	2024 R'000	2023 R'000
Interest-free loans	**55 565**	64 421
Interest-bearing loans receivable	**32 413**	56 728
Less: Provision for impairment	**(12 719)**	(16 959)
	75 259	104 190
Amounts included in non-current portion of loans receivable	**38 753**	65 386
Amounts included in current portion of loans receivable	**36 506**	38 804

All loans receivable are unsecured and repayable within five years. Interest-bearing loans bear interest at a range of between prime and prime plus three percent. The fair value of the 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.

3.3.2 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. For details related to the ECLs, refer to note 3.2.1. Receivables for prepayments and VAT are stated at their nominal values.

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:

	2024 R'000	2023 R'000
Trade receivables arising on revenue from contracts with customers	**1 716 590**	1 668 845
Banks	**118 412**	110 134
Independent and informal retail customers	**820 568**	286 166
Formal market retail customers	**379 705**	315 657
Customers in the petroleum sector	**69 906**	83 441
Receivables for starter packs	**63 868**	74 680
Cell C	**1 494**	13 275
Other cellular networks	**55 712**	531 142
Municipalities and private utilities	**206 925**	254 350
Trade receivables arising on financing transactions	**463 785**	341 843
Cell C	**291 107**	248 524
Other	**172 678**	93 319
Less: Provision for impairment	**(28 429)**	(26 818)
Net trade receivables[#]	**2 151 946**	1 983 870
Receivables from revenue recognised on fixed term contracts[##]	**169 304**	130 339
Prepayments[###]	**637 416**	714 477
Net sundry debtors	**207 982**	162 206
VAT	**70 321**	69 618
	3 236 969	3 060 510

The fair value of the trade and other receivables approximates their carrying amounts.

[#] Included in net trade receivables are debtors of R42 million (2023: R53 million) which have a cycle period in excess of 12 months but are considered current due to management expecting to realise the assets in their normal operating cycle.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.3 Financial assets

3.3.2 Trade and other receivables continued

The Group's receivables from revenue recognised on fixed term contracts comprise the following movements for the year:

	2024 R'000	2023 R'000
Balance at the beginning of the year	**130 339**	134 036
Revenue recognised – handsets, tablets and other devices	**216 356**	156 455
Revenue recognised – finance revenue	**24 241**	20 715
Amounts becoming due in the year	**(201 632)**	(180 867)
Loss allowance*	**—**	—
	169 304	130 339

* The loss allowance was deemed to be insignificant.

Included in receivables from revenue recognised on fixed term contracts are amounts of R40 million (2023: R27 million) which have a cycle period in excess of 12 months but are considered current due to management expecting to realise the assets in their normal operating cycle of 24 months.

Included in prepayments is an amount of R176 million (2023: R140 million). The amount paid to Cell C has been accounted for as a prepayment as opposed to prepaid airtime inventory due to the fact that TPC does not bear the risks and rewards of ownership until it is able to freely sell the prepaid airtime. The prepayment will be tested for impairment at each reporting date and written down accordingly.

3.3.3 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.

Critical accounting estimates and assumptions

Management has conducted an assessment of the retained credit risk following the transfer of customer advances related to the three book sales. After comparing the retained credit risk before and after the transfer, and evaluating it against management's internal threshold for retained credit risk, it was determined that for Book Sale One, substantially all credit risk has been transferred. However, for Book Sale Two, the transaction resulted in the derecognition of the book as the transfer qualifies for derecognition, except for a contractually specified portion of the book, referred to as the holdback debtor, for which CEC retained the risks and rewards associated of ownership. This transaction also resulted in CEC obtaining a new financial asset, referred to as the Escrow debtor for which a risk margin is held in an Escrow account. CEC has a contractual right to the remaining balance in the Escrow account at the end of a specified period. The Escrow debtor was recognised at fair value and is measured at fair value through profit or loss. Book Sale Three consisted of fully written-off advances to customers; therefore, the proceeds are considered a recovery of bad debts.

	2024 R'000	2023 R'000
Handset financing and subscription income-sharing receivables	**1 435 817**	2 839 181
Less: Provision for impairment	**(199 458)**	(581 979)
	1 236 359	2 257 202
Amounts included in non-current portion of advances to customers	**485 323**	810 252
Amounts included in current portion of advances to customers	**751 036**	1 446 950

The fair value of the advances to customers approximates their carrying amounts due to the market related discount factor that has been applied to the balances.

Under the Supply, Sale and Financing of Products Agreement effective 1 November 2020, Cell C no longer guarantees bad debts and cancellations and this now exposes the Group to the credit risk of the population of the underlying subscribers who are all customers of Cell C.

In terms of the above agreement, if Cell C is unable or admits inability to make a payment as they fall 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 the Group ultimately has a right to port the Cell C base.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

3.3 Financial assets continued

3.3.3 Advances to customers continued

Transferred financial assets

2024	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/ fair value R'000
Not derecognised			
Advances to customers*	**66 645**	**(14 987)**	**51 658**
Financial asset recognised			
Escrow receivable at fair value through profit or loss (refer to note 3.5)	**25 063**	**—**	**25 063**
	91 708	**(14 987)**	**76 721**

* This relates to the hold back receivable amount.

	Net carrying amount R'000	Proceeds R'000
2024		
Book Sale One	**469 249**	**437 775**
Book Sale Two	**760 550**	**618 811**
Book Sale Three	**—**	**94 432**
	1 229 799	**1 151 018**

Book Sale One

In September 2023 a financial institution entered into an agreement with CEC, whereby CEC agreed to sell and transfer receivables (all rights, title and interest with respect to the remaining handset fee payable by a subscriber under a subscriber agreement) to the financial institution. The purchase price of the receivable was equal to the outstanding handset fee for such receivable (i.e. no discount). CEC paid the financial institution a monthly facility fee for all debtors sold, calculated by applying the facility fee rate to the outstanding handset receivable balance on the last business day of the month.

The proceeds in respect of book sale one have been reduced by a facility fee of R68 million included in finance costs. Refer to note 1.4.

Book Sale Two

In March 2024, a financial institution and CEC agreed to the following amendments to the original agreement as it relates to book sale two.

The purchase price paid at the date of sale is equal to 90% of the present value of expected contractual cash flows due over the remainder of the subscription term.

CEC agreed that the financial institution may transfer back to CEC, at the end of 4 months, specified non-performing advances referred to as the holdback receivable. Based on the nature of the contractually specified advances, it is virtually certain at the transaction date that CEC will retain ownership of these advances to customers, and therefore at the transaction date, it was determined that CEC retained the risks and rewards associated of ownership relating to the specified advances. Contractually, the advances subject to the holdback arrangement is capped at maximum of 10% of the present value of the expected cash flows of the book sold to the financial institution.

This transaction also resulted in CEC obtaining a new financial asset, referred to as the Escrow debtor for which a risk margin is held in an Escrow account. CEC has a contractual right to the remaining balance in the Escrow account at the end of a specified period. The Escrow debtor was recognised at fair value and is measured at fair value through profit or loss. Included in the financial assets at fair value through profit or loss.

Included in the current portion of advances to customers is R51.6 million relating to the 10% hold back on the book sales that have not been derecognised.

A finance cost of R93 million in respect of book sale two is included in finance costs. Refer to note 1.4.

Book Sale Three

CEC sold receivables which had been written off as irrecoverable to two independent financial institutions for which CEC retained no involvement post the sale.

3.3.4 Cash and cash equivalents

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

	2024 R'000	2023 R'000
Cash at bank	**895 640**	1 302 546
Cash on hand	**600**	224
	896 240	1 302 770
Bank overdraft	**(93)**	(3)
	896 147	1 302 767

Included in this balance is restricted cash of R36.7 million (2023: R41.3 million), received on behalf of and immediately due to third parties, which may not be utilised in the Group's ordinary course of business. There is further restricted cash of R84.1 million (2023: R71.1 million) relating to collateral for guarantees issued by insurers on the Group's behalf.

3.4 Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Refer to accounting policies on borrowings and trade and other payables for financial liabilities (which exclude employee-related liabilities and VAT), and share capital for equity instruments issued by the Group.

3.4.1 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

	2024 R'000	2023 R'000
Trade payables	**4 547 103**	4 649 631
Accruals	**205 217**	163 242
Employee benefits	**153 494**	125 516
Sundry creditors	**379 472**	674 342
VAT	**49 772**	23 539
	5 335 058	5 636 270

The fair value of the trade and other payables approximates their carrying amounts due to being payable in the short term.