4. NON-FINANCIAL INSTRUMENTS continued

4.4 Right-of-use assets

Right-of-use assets are stated at cost less accumulated depreciation. Right-of-use assets are recognised at the date at which the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of restoration costs, less any lease incentives received.

	Office space R'000	Warehouse space R'000	Total R'000
Lease assets			
Year ended 31 May 2024			
Opening balance	**24 126**	**451**	**24 577**
Additions	**28 873**	**4 301**	**33 174**
Depreciation	**(12 176)**	**(929)**	**(13 105)**
Termination of leases	**(2 154)**	**—**	**(2 154)**
Closing balance	**38 669**	**3 823**	**42 492**
Year ended 31 May 2023			
Opening balance	34 400	1 866	36 266
Additions	19 391	—	19 391
Depreciation	(29 378)	(1 415)	(30 793)
Lease modifications	(287)	—	(287)
Closing balance	24 126	451	24 577

4.5 Inventories

Inventories comprise prepaid airtime, handsets and other related products.

Inventories are stated at the lower of cost (net of rebates and discounts) or net realisable value. The cost of inventory is based on the weighted average cost basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale. Where unused PINs have been recycled and included in inventory for resale, the Group recognises the inventory at no value.

	2024 R'000	2023 R'000
Finished goods		
Prepaid airtime	**4 003 623**	2 279 104
Handsets	**262 883**	396 472
Other*	**142 505**	159 338
	4 409 011	2 834 914

* Other inventory mainly consists of accessories, starter packs, consumables and gym equipment.

Inventories with a cost of R11.0 billion (2023: R15.1 billion) were sold during the year and have been included in direct operating costs.

Included in the above balances are provisions for obsolete, unusable and unsalable inventory and for latent damage to the value of Rnil (2023: R0.3 million).

Restricted inventory

Refer to note 2.4 for the details of restricted inventory.