

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

4 WORKING CAPITAL (continued)

4.2 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business; and are accounted for as loans and receivables in accordance with the accounting policy disclosed in note 7.1.

Prepayments and other receivables are stated at their nominal values.

As the functional currencies of MTN Sudan Company Limited and MTN Syria (JSC) are currencies of hyperinflationary economies, prepayments relating to these subsidiaries are restated by applying the change in the general price indices from the date of payment to the current reporting date.

	2015 Rm	2014 Rm
Trade receivables	22 764	17 253
Less: Allowance for impairment of trade receivables (note 7.1.4)	(3 459)	(2 514)
Net trade receivables	19 305	14 739
Loan to Irancell Telecommunication Company Services (PJSC) ¹	7 042	5 120
Receivable from Irancell Telecommunication Company Services (PJSC) ²	8 158	5 640
Prepayments and other receivables ³	4 484	2 961
Sundry debtors and advances ⁴	4 581	4 358
	43 570	32 818

¹ The loan to Irancell Telecommunication Company Services (PJSC) attracts interest at LIBOR +4% per annum which is capitalised against the loan. The loan and capitalised interest were payable in 2015. In January 2016 financial sanctions were lifted and payment is expected in the foreseeable future. The recoverability of the loan was assessed at the reporting date and was found not to be impaired.

² With effect from 25 August 2015, MTN Mauritius and Irancell agreed for the unpaid dividends to bear interest at 8% per annum.

In addition and with effect from 1 October 2015, MTN Mauritius and Irancell converted R2 078 million of the unpaid dividend into a loan to provide short-term funding to Irancell. This loan is repayable on 30 September 2017 and bears interest at 12% per annum.

³ Prepayments and other receivables include prepayments for Base Transceiver Station (BTS) sites and other property leases.

⁴ Sundry debtors and advances include advances to suppliers.

An impairment loss of R1 151 million (2014: R286 million) was incurred in the current year. This amount is included in other operating expenses in profit or loss (note 2.4).

Scancom Limited (MTN Ghana) has secured facilities through the pledge of its trade and other receivables amounting to R1 672 million (2014: R1 427 million) (note 6.1).

The Group does not hold any collateral for trade and other receivables.

The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in note 7.1.

4.3 Restricted cash

Restricted cash comprises short-term deposits that are not highly liquid and are accounted for as loans and receivables in accordance with the accounting policy disclosed in note 7.1.

	2015 Rm	2014 Rm
Restricted cash deposits	1 735	893

Restricted cash deposits includes amounts of R271 million (2014: R331 million) and R1 259 million (2014: R257 million) relating to the Syrian and Nigerian operations respectively, which are not available for use by the Group. In respect of Syria, this was due to exchange control regulations and a lack of foreign currency in the country. The restricted cash balance is considered to represent excess cash not required for payment of Syrian pound denominated liabilities.

Other restricted cash deposits (mainly relating to MTN Nigeria) consist of monies placed on deposit with banks to secure letters of credit, which were undrawn and not freely available at the reporting date.