

Notes to the group financial statements continued

for the year ended 31 December 2017

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 South Sudan 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.

	2017 Rm	2016 Rm
Trade receivables (note 7.1.4)	19 402	19 828
Less: Allowance for impairment of trade receivables (note 7.1.4)	(2 753)	(2 538)
Net trade receivables	16 649	17 290
Loan to Irancell Telecommunication Company Services (PJSC) ¹	2 071	1 954
Receivable from Irancell Telecommunication Company Services (PJSC) ²	3 355	9 930
Prepayments and other receivables ³	3 085	4 188
Sundry debtors and advances ⁴	4 862	4 001
	30 022	37 363

¹ This balance relates to a loan receivable from Irancell and attracts interest at 12% per annum. The loan was due in a bullet payment on 30 September 2017 but remains outstanding at year-end, and engagements on repatriation are ongoing with the Organisation for Investment, Economic and Technical Assistance of Iran (OIETAI) and the Central Bank of Iran (CBI).

² With effect from 25 August 2015, MTN Mauritius and Irancell agreed for the unpaid dividends to bear interest at 8% per annum. R6 509 million of the outstanding balance was received during the current financial year.

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 R836 million (2016: R459 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 055 million (2016: R1 047 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.

	2017 Rm	2016 Rm
Restricted cash deposits	2 376	1 020

Restricted cash deposits include amounts of R182 million (2016: R55 million) and R1 427 million (2016: R757 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 deposits required to secure letters of credit. 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 funds placed on deposit to secure letters of credit, which were undrawn and not freely available at the reporting date. Restricted cash balances in MTN Nigeria also consisted of R17 million at 31 December 2017 (2016: R392 million), retained in an escrow account, relating to the acquisition of Visafone Communications Limited in 2015.