

Notes to the group financial statements continued

for the year ended 31 December 2017

4 WORKING CAPITAL (continued)

4.4 Cash and cash equivalents

Cash and cash equivalents are accounted for as loans and receivables and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 7.1.

Cash and cash equivalents comprise cash on hand and deposits held on call, all of which are available for use by the group. Bank overdrafts are included within current liabilities on the statement of financial position, unless the group has a current legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously, in which case it is netted off against cash and cash equivalents on the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2017 Rm	2016 Rm
Cash at bank and on hand	16 009	27 375
Bank overdrafts	(72)	–
Net cash and cash equivalents	15 937	27 375

Scancom Limited (MTN Ghana) has secured facilities through the pledge of its cash and cash equivalents amounting to R542 million (2016: R487 million) (refer to note 6.1).

4.5 Trade and other payables

Trade payables, sundry creditors and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 7.1.

Other payables are stated at their nominal values.

	2017 Rm	2016 Rm
Trade payables	11 126	16 186
Sundry creditors	3 674	3 447
Accrued expenses ¹	21 999	19 866
Nigeria regulatory fine ²	3 481	1 311
Other payables ³	5 438	4 332
	45 718	45 142

¹ Includes accruals for operating expenses, inventories and capital expenditure for which supplier invoices are outstanding at year-end.

² The accrual for the Nigeria regulatory fine comprises N110 billion (2016: N30 billion) discounted at 14,71% per annum and translated at the 31 December 2017 closing rate of R1 = N29,05 (2016: R1 = N22,81). The amount of N110 billion is payable in two instalments of N55 billion on 31 March 2018 and 31 December 2018 (note 1.5.8).

³ Includes dealer commissions, withholding taxes and VAT payable.

MTN Benin frequency fees

On 30 March 2017, the government of Benin issued MTN Benin frequency fees invoices for an amount equivalent to approximately US\$213 million for the period March 2016 to December 2017. MTN Benin's licence agreement provides that frequency fees should take into account regional benchmarks, international practices and the local economy. MTN Benin has contested this amount on the basis that, inter alia, the amount is excessive, which has been confirmed by an independent benchmark report commissioned in terms of MTN Benin's licence. MTN Benin will continue to engage with the regulatory authorities in Benin to find an amicable solution to this matter.

The group has recognised a contractual liability in respect of this matter based on the independent benchmark report commissioned.