17 Deferred taxation

	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
	303	283	**250**	250
Opening balance	**283**	254	**250**	250
Profit and loss movements	**50**	15	**–**	–
Capital allowances	**(241)**	(77)	**(261)**	(88)
Provisions and other allowances	**307**	92	**261**	88
Tax losses	**(35)**	–	**–**	–
Acquisition of BCX	**19**			
Reclassification of Trudon as held for sale	**–**	–	**–**	–
Business combination	**–**	14	**–**	–
Movement in other comprehensive income	**(30)**	–	**–**	–
The balance comprises:	**303**	283	**250**	250
Capital allowances	**(342)**	(78)	**(317)**	(56)
Provisions and other allowances	**724**	424	**567**	306
Business combination	**(83)**	(102)	**–**	–
Tax losses	**4**	39	**–**	–
Other comprehensive income tax impact	**–**			
Deferred taxation balance is made up as follows:	**303**	283	**250**	250
Deferred taxation assets	**442**	434	**250**	250
Deferred taxation liabilities	**(139)**	(151)	**–**	–

The group did not recognise deferred tax of R400 million (2016: R1.1 billion) in respect of temporary differences amounting to R1.4 billion (2016: R4 billion) that can be carried forward against future taxable income.

18 Inventories

	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
	1 384	971	**859**	506
Gross inventories	**1 522**	1 062	**979**	582
Write-down of inventories to net realisable value	**(138)**	(91)	**(120)**	(76)
Inventories consist of the following categories:	**1 384**	971	**859**	506
Installation material, maintenance material and network equipment	**620**	436	**405**	250
Merchandise	**764**	535	**454**	256
Write-down of inventories to net realisable value	**138**	91	**120**	76
Opening balance	**91**	92	**76**	92
Acquisition of BCX	**–**	21	**–**	–
Charged to selling, general and administrative expenses	**67**	54	**47**	(16)
Inventories written off	**(20)**	(76)	**(3)**	–

An estimated amount of R48 million (2016: R101 million) included in inventories will be used for Telkom's network expansion in the 2018 financial year, of which R48 million (2016: R83 million) was purchased in the current financial year.

The increase in inventories was mainly attributable to the increase in installation and maintenance and network equipment.

The increase in write-down of inventories is mainly due to higher obsolescence and slow moving stock.