Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.3 Trade and other receivables

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Trade and other receivables	**7 740**	8 215	**5 636**	6 165
Trade receivables	**5 913**	6 174	**3 902**	3 874
Gross trade receivables	**9 431**	9 369	**7 046**	6 698
Impairment of trade receivables	**(3 518)**	(3 195)	**(3 144)**	(2 824)
Other receivables	**1 110**	1 079	**1 417**	1 878
Gross other receivables[1]	**1 132**	1 101	**1 439**	1 900
Impairment of other receivables[1]	**(22)**	(22)	**(22)**	(22)
Prepayments	**717**	962	**317**	413

[1] *In the current year, the net amount of other receivables has been disaggregated to separately disclose the gross other receivables and impairment of other receivables.The comparative disclosure has been re-presented for comparability purposes.*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 and 120 days from date of invoice. Interest charged on overdue accounts varies between the prime rate and a rate of 18%, depending on the contract terms.

Trade receivables are initially recognised at the transaction price, unless they contain significant financing components, in which case they are recognised at fair value. The increase in the impairment of receivables is driven by an increase in the gross trade receivables balance.

Other receivables generally arise from transactions not directly relating to customers. Other receivables mainly include municipal deposits, staff bursaries, staff loans and intercompany management fees charged to Group entities (at a Telkom Company level). Other receivables decreased at Company level mainly due to a decrease in intercompany trading balances between Telkom and Openserve.

The Group uses the general expected credit loss methodology to calculate the expected credit loss rate using available historical information, and forward-looking information where relevant. The balances included in other receivables have low credit risk due to their nature as well as the structured collections arrangements with counterparties.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Allowance account for expected credit losses - trade receivables	**3 518**	3 195	**3 144**	2 824
Opening balance	**3 195**	2 908	**2 824**	2 238
Charged to statement of profit or loss and other comprehensive income	**838**	1 285	**849**	1 048
Enterprise loss allowance movement	**—**	—	**(45)**	(40)
Receivables written off	**(515)**	(998)	**(484)**	(422)

In the prior year, some BCX customers were undergoing business rescue, which resulted in increased write-offs in the 2024 financial year. As these balances were fully written off in the prior year, no balances remain outstanding in the current year, contributing to a reduction in write-offs for the current year. Although the gross carrying amount increased, the expected credit loss charged to statement of profit or loss and other comprehensive income decreased due to the alleviation of customer distress and initiatives that have been put in place to improve collections and recoveries.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include sending payment reminders, pinging the accounts for additional debit order collections, suspending the services, handing over the debt to external debt collectors and not receiving the debtors' positive feedback that confirms the amounts as collectable, failure of a debtor to engage in a repayment plan with the Group, blacklisting the customer, and failure to make contractual payments.

Refer to note 7.1.4 for a detailed credit risk analysis.