Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.4 Cash and cash equivalents

Summary of material accounting policies
Cash and cash equivalents comprise cash on hand, deposits held on call and short-term deposits with an initial maturity of less than three months when entered into.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Cash and cash equivalents	**11 054**	3 747	**8 989**	1 863
Cash and bank balances	**6 312**	2 687	**4 898**	803
Short-term deposits	**4 742**	1 060	**4 091**	1 060
Undrawn borrowing facilities	**6 546**	5 563	**5 250**	5 250

The undrawn borrowing facilities are unsecured and bear interest at a rate that will be mutually agreed between the borrower and lender at the time of drawdown. These facilities are subject to annual review and are in place to ensure liquidity. At 31 March 2025, R4.8 billion (31 March 2024: R4 billion) of these undrawn facilities were committed by the banks. The uncommitted portion of R1 746 million is subject to bank approval. Cash and cash equivalents increased mainly due to the proceeds received from the disposal of Swiftnet. Refer to note 12.2 for details.

Short-term deposits
Short-term deposits are made mostly for periods ranging from one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Borrowing powers
Telkom's Directors, subject to permitted encumbrance undertakings, as outlined in its financing agreements, may mortgage or encumber Telkom's property, or any part thereof, and issue debt, whether secured or unsecured, either outright or as security for other debt, liability or obligation of Telkom or any third party. For this purpose, the borrowing powers of Telkom are unlimited, but are subject to compliance with the financial covenants set forth in its financing agreements.

4.5 Trade and other payables

Summary of material accounting policies

Supplier finance arrangements (SFAs)

SFAs with no extended payment terms
The Group participates in SFAs. This allow suppliers that decide to participate to trade invoices and receive the funding earlier than the invoice due date from the participating funder. The Group pays the participating funder on behalf of the supplier that traded the invoice, based on the original contractual supplier payment terms, and has no further obligation to the participating funder. The financial liability subject to this arrangement is classified as trade and other payables.

The assessment of SFAs, and whether they result in changes to the trade payable classification, takes into consideration numerous factors. These include the impact of the arrangement on the supplier's payment terms, the nature of the relationships between the Group and the funders, changes in cash flows, whether any guarantees are provided by the Group to the funders, as well as whether the supplier has discharged the Group from its obligation.

Considering the above assessment at reporting date, the Group had invoices subject to the SFAs that met the requirements to remain classified as trade payables.

The arrangement that remained classified as trade payables does not have an impact on the Group's trade payables, net debt and cash flows. Cash paid to these suppliers is recognised as part of cash paid to suppliers and employees in the operating activities in the cash flow statement. Refer to note 7.1.5 for the liquidity risk disclosure.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Trade and other payables	**9 944**	8 996	**9 011**	8 108
Trade and other payables	**5 456**	5 004	**5 974**	5 548
Accruals	**4 488**	3 992	**3 037**	2 560

Trade and other payables and accruals are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accruals and other payables mainly represent licence fees and amounts payable for goods received, net of VAT obligations.

The Group's standard payment terms of trade payables is within 90 days after the date of receipt of the invoice.

R1 532 million (31 March 2024: R1 435 million) of the total trade payables is subject to supplier financing where the suppliers have decided to receive the invoice amounts before the due date from independent external funders (refer to note 7.1.5 for details). Trade and other payables increased mainly as a result of a surge in operational activity in March due to higher sales volumes.