NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
31. TRADE AND OTHER PAYABLES	**4,661**	4,291	**5,167**	5,005
Trade payables	**2,807**	2,839	**2,750**	2,747
Finance cost accrued	**86**	140	**86**	140
Accruals and other payables	**1,768**	1,312	**2,331**	2,118

The increase in vendors' balances is due to the falling of the Rand against major currencies in the financial year.

Accruals and other payables mainly represent amounts payable for goods received, net of Value Added Tax obligations and licence fees.

Telkom's standard payment terms of trade payables is at the end of the following month following the date of the invoice. This averages to 45 days. Telkom does not allow for interest on late payments, and none has been paid in the 2012 and 2013 financial years.

	Group 2013 Rm	Group 2012 Rm	Company 2013 Rm	Company 2012 Rm
32. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO CASH GENERATED FROM OPERATIONS				
Cash generated from operations	**8,484**	7,723	**7,833**	7,515
Loss for the year	**(11,499)**	(90)	**(11,755)**	(176)
Finance charges and fair value movements	**263**	1,872	**542**	745
Taxation	**490**	595	**326**	766
Investment income	**(301)**	(238)	**(581)**	(367)
Interest received from trade receivables and subsidiaries	**(199)**	(245)	**(212)**	(220)
Non-cash items	**20,361**	6,954	**20,268**	7,868
Depreciation, amortisation, impairment and write-offs	**18,293**	6,138	**18,230**	5,264
Debtor's impairment	**573**	690	**496**	642
Cost of equipment disposed when recognising finance leases	**8**	40	**8**	40
Foreign exchange gain	**–**	–	**–**	(2)
Increase in provisions	**1,969**	50	**1,962**	102
Profit on disposal of property, plant and equipment and intangible assets	**(58)**	(42)	**(28)**	(41)
Cell captive transfer	**–**	–	**40**	–
Interest received from subsidiaries	**–**	–	**–**	7
Loss on disposal of property, plant and equipment and intangible assets	**–**	–	**–**	203
Profit on disposal of subsidiary	**–**	(167)	**–**	–
Donation of property, plant and equipment	**–**	(51)	**–**	–
Deferred revenue	**(424)**	296	**(440)**	296
Impairment of investments and loans	**–**	–	**–**	1,357
Increase in working capital	**(631)**	(1,125)	**(755)**	(1,101)
Inventories	**(173)**	128	**(147)**	127
Accounts receivable	**(515)**	(816)	**(428)**	(902)
Accounts payable	**57**	(437)	**(180)**	(326)