Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
	2022 R '000	2021 R '000	2022 R '000	2021 R '000

9. Inventories

Raw materials	1,065,148	761,803	-	-
Work in progress	10,136	5,720	-	-
Finished goods	1,183,120	793,542	-	-
Consumable stores	114,136	91,113	-	-
	2,372,540	**1,652,178**	**-**	**-**

The cost of inventories recognised as an expense and included in cost of sales amounted to R3 401m (2021: R3 266m) which is an increase from the prior year due to higher cost of production and weaker exchange rates. No inventories were encumbered during the year.

For the year ended 31 December 2022, inventory was written down to its net realisable value due to low commodity prices at reporting date. This resulted in a loss of R1m (2021: R24m).

10. Loan to subsidiary

Loan to subsidiary - Merafe Ferrochrome	-	-	965,184	985,157

The loan is unsecured, interest free, and has no fixed term of repayment. The loan is repayable on demand with less than a year's notice, however it is not expected to be settled within one year from the reporting date. Loss allowances on intercompany loans are measured at an amount equal to lifetime of the ECLs as the loans are repayable on demand discounted by an effective interest rate of 0%. Merafe Ferrochrome has sufficient available cash to repay the loan if it was demanded at the reporting date, no expected credit loss is recognised.

11. Trade and other receivables

Financial instruments:				
Trade receivables	852,531	1,546,833	8,805	11,036
Other receivables	10,393	4,197	1,074	113
Receivable from associate	3,514	3,211	-	-
	866,438	1,554,241	9,879	11,149
Non-financial instruments:				
Prepayments	1,684	379	223	-
Total trade and other receivables	**868,122**	**1,554,620**	**10,102**	**11,149**

Trade receivables is net of a R24m (2021: R34m) commodities weight loss allowance. The commodity weight loss allowance is estimated using an estimated percentage of allowance per category of goods sold and by reference to past exposure experience. Trade receivables relating to local and foreign sales have an average payment term of between 30 and 120 days and are non-interest bearing. The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 27. No ECLs have been incurred and provided for. Refer to note 1.17, Impairment of assets, for further information regarding the accounting policy for ECL on trade receivables.

R233m (2021: R239m) of trade receivables subjected to provisional pricing terms are accounted for at fair value through profit and loss. Level 2 hierarchy per IFRS 13. The fair value at the reporting date is based on the latest available ferrochrome prices and closing foreign exchange rate of R17.

The non-cash movement of the fair value adjustments of R64m (2021: R28m) is relating to trade receivables carried at fair value that has been treated as a non-cash flow in the statement of cash flows.

Refer to note 32 for other trade receivables from related parties.