Notes to the Consolidated and Separate Annual Financial Statements

9. Inventories

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Raw materials	793,058	1,065,148	-	-
Work in progress	-	10,136	-	-
Finished goods	995,104	1,183,120	-	-
Consumable stores	128,314	114,136	-	-
	1,916,476	**2,372,540**	**-**	**-**

The cost of inventories recognised as an expense and included in the cost of sales amounted to R3 973m (2022: R3 401m) which is an increase from the prior year due to the higher cost of production and weaker exchange rates. Refer to note 20. No inventories were encumbered during the year.

For the year ended 31 December 2023, inventory was written down to its net realisable value due to low commodity prices at the reporting date, resulting in a loss of R2m (2022: R1m). Refer to note 20.

10. Loan to subsidiary

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Loan to subsidiary - Merafe Ferrochrome	-	-	942,612	965,184

The loan is unsecured, interest-free, and has no fixed repayment term. 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 the lifetime of the ECLs, as the loans are repayable on demand and discounted by an effective interest rate of 0%. Merafe Ferrochrome has sufficient cash to repay the loan if it was demanded at the reporting date and no expected credit loss is recognised.

11. Trade and other receivables

	Group 2023 R '000	Group 2022 R '000	Company 2023 R '000	Company 2022 R '000
Financial instruments:				
Trade receivables	1,354,882	852,531	12,862	8,805
Other receivables	11,184	10,393	2,608	1,074
Related party receivable: GOSA	177,119	-	-	-
Receivable from associate	-	3,514	-	-
	1,543,185	866,438	15,470	9,879
Non-financial instruments:				
Prepayments	852	1,684	371	223
Total trade and other receivables	**1,544,037**	**868,122**	**15,841**	**10,102**

Trade receivables are net of a R36m (2022: R24m) 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.

R67m (2022: R233m) 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 a closing foreign exchange rate of R18,27.

The non-cash movement of the fair value adjustments of R0.78m (2022: R64m) is related to trade receivables carried at fair value that have been treated as a non-cash flow in the statement of cash flows. Refer to note 26.

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