3. Investment in subsidiaries *(continued)*

Structured entities

Refer to the related parties note 22 for further details on investments in subsidiaries and structured entities. There has been no significant changes in the nature and risks associated with these structured entities.

There are no contractual arrangements that require the company to provide financial support to any of the above entities nor are there any events or circumstances that could expose the company to a loss.

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
4. Inventories				
Consumables stores	**77 390**	81 354	-	-
Raw materials	**613 728**	443 772	-	-
Work in progress	**43 239**	1 149	-	-
Finished goods	**763 441**	579 162	-	-
	1 497 798	1 105 437	-	-

The cost of inventories recognised as an expense and included in cost of sales amounted to R3.1bn (2016: R3.5bn). No inventories were encumbered during the year. No inventory was written down at 31 December 2017.

	Group		Company	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
5. Trade and other receivables				
Trade receivables[1]	**781 766**	1 335 041	**-**	-
Pre-payments	**12 240**	5 676	**38**	-
Embedded derivative recognised on sales contracts[2]	**(35 175)**	116 675	**-**	-
GOSA receivable[3]	**29 947**	34 955	**-**	-
Other receivables[4]	**94 471**	94 933	**852**	1 769
	883 249	1 587 280	**890**	1 769

[1]Trade receivables discounting (working capital loan) was previously disclosed as part of trade and other receivables and has now been reclassified to current liabilities in order to reflect the nature of the facility accurately.

[2] Level 2 hierarchy per IFRS 13. The embedded derivative is included in trade and other receivables at fair value. The fair value of the embedded derivative is based on the latest available ferrochrome prices and closing foreign exchange rate.

[3] Related party balance.

[4] This total consists mainly of VAT receivable.