

## Notes to the Financial Statements (continued)

### 10. Trade and other receivables (continued)

#### (a) Trade receivables and allowance for doubtful debts (continued)

The movement in the allowance for doubtful debts in respect of trade receivables is detailed below:

	Telstra Group	
	Year ended 2012	30 June 2011
	\$m	\$m
<b>Opening balance</b>	(230)	(231)
- additional allowance	(61)	(84)
- addition due to acquisition	-	(2)
- amount used	4	5
- amount reversed	74	80
- foreign currency exchange differences	(1)	2
- transfer of TelstraClear's balance to assets held for sale	4	-
<b>Closing balance</b>	<b>(210)</b>	<b>(230)</b>

Our policy requires customers to pay us in accordance with agreed payment terms. Depending on the customer segment, our settlement terms are generally 14 to 30 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position.

Our trade receivables include our customer deferred debt and White Pages® directory charges. Our customer deferred debt allows eligible customers the opportunity to repay the cost of their mobile handset, other hardware and approved accessories monthly over 12, 18 or 24 months. The loan is provided interest free to our mobile postpaid customers. Similarly, the White Pages® directory entries can be repaid over 12 months.

Trade receivables have been aged according to their original due date in the above ageing analysis, including where repayment terms for certain long outstanding trade receivables have been renegotiated.

We hold security for a number of trade receivables, including past due or impaired receivables in the form of guarantees, deeds of undertaking, letters of credit and deposits. During fiscal 2012, the securities we called upon were insignificant.

We have used the following basis to assess the allowance loss for trade receivables:

- a statistical approach to apply risk segmentation to the debt, and applying the historical impairment rate to each segment at the end of the reporting period;
- an individual account by account assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

As at 30 June 2012, trade receivables with a carrying amount of \$970 million (2011: \$1,305 million) for the Telstra Group were past due but not impaired.

These trade receivables, along with our trade receivables that are neither past due nor impaired, comprise customers who have a good debt history and are considered recoverable.

#### (b) Finance lease receivable

We enter into finance leasing arrangements predominantly for communication assets dedicated to solutions management and outsourcing services that we provide to our customers. The average term of finance leases entered into is between 2 to 5 years (2011: 2 to 5 years).

	Telstra Group	
	As at 30 June 2012	2011
	\$m	\$m
<b>Amounts receivable under finance leases</b>		
Within 1 year	59	59
Within 1 to 5 years	96	99
After 5 years	5	1
Total minimum lease payments	160	159
Less unearned finance income	(18)	(15)
Present value of minimum lease payments	142	144
<b>Included in the financial statements as:</b>		
Current finance lease receivables	51	52
Non current finance lease receivables	91	92
	142	144

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is 7.8% (2011: 7.5%) per annum.