Notes to the Consolidated Financial Statements (continued)

3.6 Working Capital (continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables are included in "Trade and other Receivables" in the Balance sheet.

Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other receivables are non-interest bearing and are recognised initially at fair value, and subsequently at amortised cost, reduced by appropriate allowances for estimated irrecoverable amounts.

Provision for Impairment of Trade Receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Any provision made against an impaired receivable is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against this same financial statement caption.

The outcome of an impaired receivable depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short-term deposits with a maturity of three months or less at the date of acquisition. Cash at bank and in hand and short-term deposits are shown under current assets on the consolidated balance sheet. The carrying amount of these assets approximates to their fair value. They are therefore included as a component of cash and cash equivalents.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the Group after deducting all of its liabilities.

Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method.

3.7 Inventories

	29 November 2015 £m	30 November 2014 £m
Goods for resale	29.4	27.1
Consumables	0.5	0.5
	29.9	27.6

Write-back of inventories recognised as a credit amounted to £0.2 million (2014: expense of £0.2 million) in the consolidated income statement.

3.8 Trade and Other Receivables

	29 November 2015 £m	30 November 2014* £m
Trade receivables	31.0	12.6
Less: provision for impairment of trade receivables	(1.7)	(3.0)
Net trade receivables	29.3	9.6
Other receivables	4.8	7.3
Prepayments	10.7	6.6
Accrued income	16.0	19.6
	60.8	43.1

* Accrued income with a value of £14.4 million as at 30 November 2014 has been reclassified from other receivables to accrued income.

Included within trade receivables is a balance of £5.6 million (2014: £0.8 million) owed by MHE JV Co.

Included in trade receivables is £4.3 million (2014: £5.0 million) due from suppliers in relation to commercial and media income. As at 22 January 2016 £3.8 million has been received. Included in accrued income is £9.5 million (2014; £8.9 million) to be invoiced to suppliers in relation to supplier funded promotional activity and £5.5 million (2014: £7.9 million) to be invoiced to suppliers in relation to volume-related rebate amounts. As at 22 January 2016 £12.9 million of accrued income has been invoiced.

3.8 Trade and Other Receivables (continued)

The ageing analysis of trade and other receivables (excluding prepayments), including the provision for impairment, is set out below:

	29 November 2015		30 November 2014	
	Gross £m	Impairment £m	Gross £m	Impairment £m
Not past due	43.8	—	30.9	(2.0)
Past due 0–3 months	8.0	(1.7)	6.7	(0.3)
Past due 3–6 months	—	—	1.3	(0.2)
Past due over 6 months	—	—	0.6	(0.5)
	51.8	(1.7)	39.5	(3.0)

The provisions account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts considered irrecoverable are written off against trade receivables directly. Impairment losses are included within administrative expenses in the Income statement.

Trade receivables that are past due but not impaired amount to £6.3 million (2014: £7.6 million) and relate to a number of suppliers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	29 November 2015 £m	30 November 2014 £m
Past due 0–3 months	6.3	6.4
Past due 3–6 months	—	1.1
Past due over 6 months	—	0.1
	6.3	7.6

3.9 Cash and Cash Equivalents

	29 November 2015 £m	30 November 2014 £m
Cash at bank and in hand	45.8	76.3

£4.7 million (2014: £2.3 million) of the Group’s cash and cash equivalents are held by the Group’s captive insurance company to maintain its solvency requirements. A further £0.1 million (2014: £nil) is held by the trustee of the Group’s employee benefit trust in relation to the Ocado Group Sharesave Scheme for employees in Poland. Therefore, these funds are restricted and are not available to circulate within the Group on demand.

3.10 Trade and Other Payables

	29 November 2015 £m	30 November 2014 £m
Trade payables	63.6	61.3
Taxation and social security	5.8	4.8
Accruals and other payables	74.8	46.6
Deferred income	20.2	23.8
	164.4	136.5

Deferred income represents the value of delivery income received under the Ocado Smart Pass scheme allocated to future periods, upfront licence fees from the Morrisons strategic operating agreement, lease incentives, and media income from suppliers which relate to future periods.

3.11 Provisions

Accounting Policies

Provisions are recognised in line with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Provisions can be distinguished from other types of liability by considering the events that give rise to the obligation and the degree of uncertainty as to the amount or timing of the liability. These are recognised in the Consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amounts recognised as a provision are management’s best estimates of the expenditure to settle present obligations as at balance sheet date. The outcome depends on future events, which are by their nature uncertain. Any difference between expectations and the actual future liability will be accounted for in the period when this is determined. In assessing the likely outcome, management base their assessment on historical experience and other factors that are believed to be reasonable in the circumstances.