

Company

	As at 31 March 2019				As at 1 April 2018			
	As previously reported Rm	Reclassification* Rm	Adoption of IFRIC 23 ** Rm	Restated Rm	As previously reported Rm	Reclassification* Rm	Adoption of IFRIC 23 ** Rm	Restated Rm
Equity and liabilities								
Equity attributable to owners of the parent	26 824	–	–	26 824	25 617	–	–	25 617
Share capital	5 050	–	–	5 050	5 050	–	–	5 050
Share-based compensation reserve	487	–	–	487	362	–	–	362
Non-distributable reserves	1 033	–	–	1 033	1 011	–	–	1 011
Retained earnings	20 254	–	–	20 254	19 194	–	–	19 194
Non-controlling interests	–	–	–	–	–	–	–	–
Total equity	26 824	–	–	26 824	25 617	–	–	25 617
Non-current liabilities	6 469	–	–	6 469	9 986	–	–	9 986
Interest-bearing debt	4 824	–	–	4 824	7 109	–	–	7 109
Provisions***	–	1 179	–	1 179	–	2 375	–	2 375
Employee related provisions	1 164	(1 164)	–	–	2 368	(2 368)	–	–
Non-employee related provisions	15	(15)	–	–	7	(7)	–	–
Other financial liabilities	–	–	–	–	–	–	–	–
Deferred revenue	466	–	–	466	502	–	–	502
Deferred taxation	–	–	–	–	–	–	–	–
Current liabilities	22 936	–	–	22 936	17 170	–	–	17 170
Trade and other payables	11 704	–	(763)	10 941	10 494	–	(1 021)	9 473
Shareholders for dividend	29	–	–	29	27	–	–	27
Interest-bearing debt	5 370	–	–	5 370	2 204	–	–	2 204
Provisions***	–	890	–	890	–	1 121	–	1 121
Employee related provisions	860	(860)	–	–	1 069	(1 069)	–	–
Non-employee related provisions	30	(30)	–	–	52	(52)	–	–
Deferred revenue	1 338	–	–	1 338	1 510	–	–	1 510
Income tax payable	568	–	763	1 331	346	–	1 021	1 367
Other financial liabilities	3 037	–	–	3 037	1 467	–	–	1 467
Credit facilities utilised	–	–	–	–	1	–	–	1
Total liabilities	29 405	–	–	29 405	27 156	–	–	27 156
Total equity and liabilities	56 229	–	–	56 229	52 773	–	–	52 773

* Refer to note 2.4.2.

** Refer to note 2.2.2.

*** In the prior year, this line item was split between employee related provisions and non-employee related provisions. This has been aggregated into one line to improve disclosure in the current financial year as the non-employee related provisions are not material.

3. Segment information

The executive Committee (Exco) is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the reports reviewed by Exco that are used to make strategic decisions, allocate resources and assess performance of each reportable segment.

The reportable segments have been determined as Openserve, Consumer, BCX, Gyro and "Other". "Other" includes Yellow Pages and other business units.

The CODM reviews the performance of the operating segments on an EBITDA basis.

The EBITDA is defined as earnings before finance income and finance cost (which includes gains and losses on foreign exchange transactions), tax, depreciation and amortisation, and is also presented inclusive of the following items:

- Interest revenue; and
- Interest on overdue accounts

In the current year, for comparability purposes, the CODM also reviewed EBITDA excluding the IFRS 16 impact on IAS 17 operating leases that are capitalised under IFRS 16. The current year EBITDA has been normalised for voluntary severance, retirement and retrenchment package expenses of R1 186 million and expected credit losses of R626 million arising from the expected impact of COVID-19. The comparative year has been normalised for voluntary severance and retirement expenses of R728 million.

The CODM views this as a normalised EBITDA measure. Adjustments are made for significant non-recurring items such as restructurings, adoption of new accounting statements and, for the current year, the expected impact of COVID-19.

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for the year ended 31 March 2020

3. Segment information continued

March 2020	Openserve Rm	Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	Consolidated Rm
Revenue from external customers*	3 990	21 460	16 462	651	480	–	43 043
Revenue from contracts with customers recognised over time	3 990	19 015	14 111	–	1	–	37 117
Voice	–	6 970	4 749	–	–	–	11 719
Interconnection	537	420	–	–	–	–	957
Data	3 216	11 333	3 490	–	1	–	18 040
Information technology services	–	–	5 823	–	–	–	5 823
Interest revenue	–	279	–	–	–	–	279
Sundry revenue	237	13	49	–	–	–	299
Revenue from contracts with customers recognised at a point in time	–	2 445	2 351	–	479	–	5 275
Customer premises equipment	–	2 445	1 319	–	–	–	3 764
Information technology hardware	–	–	1 032	–	–	–	1 032
Sundry revenue	–	–	–	–	479	–	479
Operating lease revenue	–	–	–	651	–	–	651
Intersegmental operating revenue	11 145	259	2 280	863	1 403	(15 950)	–
Other income	274	550	88	10	772	(1 018)	676
Insurance service result	–	–	–	–	41	–	41
Total expenses	(11 596)	(20 687)	(15 814)	(327)	(1 974)	16 968	(33 430)
Cost of handsets, equipment, software and directories	–	(3 189)	(2 258)	–	(178)	–	(5 625)
Sales commission, incentives and logistical costs	–	(1 778)	(228)	–	–	–	(2 006)
Payments to other operators	(915)	(2 689)	(619)	–	–	540	(3 683)
Employee expenses	(3 858)	(859)	(4 203)	(113)	(499)	5	(9 527)
Selling, general and administrative expenses	(3 929)	(10 493)	(7 802)	(115)	(931)	15 517	(7 753)
Service fees	(1 866)	(583)	(510)	(97)	(314)	96	(3 274)
Lease expenses	(1 028)	(1 096)	(194)	(2)	(52)	810	(1 562)
Earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments including intersegmental transactions**	3 813	1 582	3 016	1 197	722	–	10 330
IFRS 16 impact on lease expenses	731	832	134	–	80	(693)	1 084
Earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments including intersegmental transactions							11 414
Reconciliation of operating profit to profit before tax							
Earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments							11 414
Normalisations							
Voluntary severance, retirement and retrenchment package expenses							(1 186)
Expected credit losses							(626)
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments							9 602
Depreciation, amortisation, impairments and write-offs							(6 915)
Operating profit							2 687
Investment income							79
Income from associates							11
Net finance charges, hedging costs and fair value movements							(1 803)
Profit before taxation							974
Other segment information							
Capital expenditure of property, plant and equipment and intangible assets	2 992	3 742	552	203	266	–	7 755

Restated March 2019***	Openserve Rm	Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	Consolidated Rm
Revenue from external customers*	4 207	18 866	17 426	609	666	–	41 774
Revenue from contracts with customers recognised over time	4 207	16 219	15 251	–	–	–	35 677
Voice	–	6 845	5 637	–	–	–	12 482
Interconnection	792	270	–	–	–	–	1 062
Data	3 415	8 913	3 685	–	–	–	16 013
Information technology services	–	–	5 889	–	–	–	5 889
Interest revenue	–	191	–	–	–	–	191
Sundry revenue	–	–	40	–	–	–	40
Revenue from contracts with customers recognised at a point in time	–	2 647	2 175	–	666	–	5 488
Customer premises equipment	–	2 635	1 329	–	–	–	3 964
Information technology hardware	–	–	846	–	–	–	846
Sundry revenue	–	12	–	–	666	–	678
Operating lease revenue	–	–	–	609	–	–	609
Intersegmental operating revenue	12 733	348	2 154	560	1 349	(17 144)	–
Other income	378	615	117	–	809	(1 200)	719
Total expenses	(11 026)	(18 799)	(16 457)	(484)	(2 762)	18 344	(31 184)
Cost of handsets, equipment, software and directories	–	(2 959)	(2 136)	–	(244)	119	(5 220)
Sales commission, incentives and logistical costs	(6)	(1 250)	(213)	–	–	12	(1 457)
Payments to other operators	(954)	(1 958)	(729)	–	–	701	(2 940)
Employee expenses	(3 628)	(735)	(4 538)	(104)	(1 032)	(12)	(10 049)
Selling, general and administrative expenses	(4 009)	(10 951)	(8 110)	(88)	(1 083)	16 839	(7 402)
Service fees	(1 721)	(416)	(490)	(185)	(335)	213	(2 934)
Lease expenses	(708)	(530)	(241)	(107)	(68)	472	(1 182)
Earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments including intersegmental transactions	6 292	1 030	3 240	685	62	–	11 309
Reconciliation of operating profit to profit before tax							
Earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments including intersegmental transactions							11 309
Normalisations							
Voluntary severance, retirement and retrenchment package expenses							(728)
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) for reportable segments							10 581
Depreciation, amortisation, impairments/(reversals) and write-offs							(5 814)
Operating profit							4 767
Investment income							185
Income/(loss) from associates							2
Net finance charges, hedging costs and fair value movements							(947)
Profit before taxation							4 007
Other segment information							
Capital expenditure of property, plant and equipment and intangible assets	4 034	3 070	304	60	206	–	7 674

Notes to the financial statements continued

for the year ended 31 March 2020

3. Segment information continued

Entity wide disclosures

All material non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts related to the segments above are located in South Africa. Assets belonging to the subsidiaries of BCX outside of South Africa are not considered material to the Group as a whole.

No single customer contributes more than 10% of the revenue from external customers and thus no specific information relating to major customers is included in the segment information above.

For the purpose of assessing revenue contribution per customer, management does not treat Government as a single customer.

* Revenue includes balances generated by subsidiaries of BCX in countries outside of South Africa. These are however not considered material to the Group and are thus not disclosed separately.

** EBITDA before IFRS 16 has been included for comparability purposes.

*** Subsequent to the publication of the March 2019 annual financial statements, the Group has aligned its revenue streams in the BCX segment. This has resulted in the reallocation of revenue streams and certain expenses. All revenue line items, as well as cost of handsets, equipment, software and directories and selling, general and administrative expenses were impacted. The comparative numbers have been restated.

4. Revenue

4.1 Disaggregation of revenue

	Company	
	31 March 2020 Rm	31 March 2019 Rm
Revenue from contracts with customers	39 251	39 029
Revenue recognised over time	35 030	34 354
Voice	12 850	14 718
Interconnection	956	1 065
Data	18 906	16 217
Information technology	2 039	2 163
Interest revenue	279	191
Revenue recognised at a point in time	4 221	4 675
Customer premises equipment	3 944	4 464
Sundry revenue	277	211

Refer to note 3 for the disaggregated revenue per segment for the Group.

Included in Telkom Company revenue is revenue, to the value of R9 471 million (31 March 2019: R10 658 million), which relates to Enterprise customer contracts which were sold to BCX in previous financial years, which have been retained in the name of Telkom SA SOC Ltd. Refer to note 2.5.6.5 for the significant judgements and estimates considered in determining that Telkom is the principal in relation to these transactions.