

## 26. Revenue

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 August 2018. The Group elected to apply the standard to all contracts as at 1 August 2018. The adoption of IFRS 15 did not have a material impact on the Group as at 1 August 2018.

### Comparative information under IAS 18

<i>Figures in Rand thousand</i>	Restated 2018
Sale of goods	2 919 279
Rendering of services	12 814 835
Financial element of revenue	137 233
Presented as discontinued operations (note 16)	(3 768 030)
	12 103 317

### Disaggregated revenue

<i>Figures in Rand thousand</i>	2019
<b>Revenue by sector</b>	
Public sector	18%
Private sector	82%
<b>Total</b>	<b>100%</b>
<b>Major revenue types</b>	
Services	8 391 367
Managed services	3 145 623
Hardware sales	2 060 857
Software maintenance	927 938
Software/licence contracts	357 544
Rentals	287 913
Hardware maintenance	91 355
Services – other	57 353
Sale of goods – other	53 449
<b>Total</b>	<b>15 373 399</b>
<b>Timing of revenue recognition</b>	
Goods or services transferred to customers:	
– at a point in time	2 471 849
– over time	12 901 550
<b>Total</b>	<b>15 373 399</b>
Continuing operations	11 791 070
Discontinued operations	3 582 329
<b>Total</b>	<b>15 373 399</b>
<b>Contract balances</b>	
Contract assets (note 13)	644 937
Contract liabilities (notes 23 and 25)	(364 048)
<b>Total</b>	<b>280 889</b>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for mostly service contracts.

The contract assets are transferred to receivables when the rights become unconditional, which usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers and deferred revenue for services and maintenance contracts. Revenue is recognised from the contract liability amounts as and when services are delivered and related performance obligations satisfied.

# Notes to the consolidated Annual Financial Statements (continued)

for the year ended 31 July 2019

## 26. Revenue continued

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

<i>Figures in Rand thousand</i>	2019
<b>Contract assets</b>	
Contract assets at the beginning of the reporting period	799 768
Transfers from contract assets recognised at the beginning of the period to receivables	(271 126)
Increases as a result of changes in the measure of progress	151 618
Impairment allowance (note 44)	(35 323)
Contract assets at the end of the reporting period	644 937
<b>Contract liabilities</b>	
Contract liabilities at the beginning of the reporting period	422 937
Revenue recognised that was included in the contract liability balance at the beginning of the period	(141 841)
Increases due to advance cash received or amount billed, excluding amounts recognised as revenue during the period	152 980
Liabilities directly associated with the assets held for sale (note 15)	(70 028)
Contract liabilities at the end of the reporting period	364 048
<b>Contract assets</b>	
Unbilled revenue	738 773
Allowance for impairment	(93 836)
Total	644 937

### Performance obligations

#### Nature of goods and services

The following table provides an explanation of the entity's performance obligations:

Revenue type	Recognition drive	Transfer of control	Measurement of transaction price	Duration of contract
Software/licence contracts	Agent – upon delivery Principal – monthly	Agent – at a point in time Principal – over time	Contracted amounts	> 1 year
Hardware sales	Upon delivery	At a point in time	Contracted amounts	< 1 year
Maintenance contracts	Monthly	Over time	Contracted amounts	> 1 year
Managed services	Monthly	Over time	Contracted amounts	> 1 year
Other services	Monthly/costs incurred	Over time	Contracted amounts	> 1 year

### Remaining performance obligations

The following table includes revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied) as at 31 July 2019:

<i>Figures in Rand thousand</i>	2019
Within one year	2 049 564
More than one year	73 290
<b>Total</b>	<b>2 122 854</b>

The remaining performance obligations expected to be recognised in more than one year relate to maintenance contracts and service contracts that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

Where revenue is recognised over time on the costs incurred method, estimates are made to the total budgeted cost.

Significant judgement was applied in assessing whether the Group is an agent or principal in the software/licence contracts and this resulted in prior period restatements. Refer to note 3.