4.4 Impact of COVID–19 on revenue

There was no significant impact of COVID-19 on Mobile revenue as the telecommunications industry was declared as an essential service in South Africa, which allowed the Group to continue to connect South Africans during the national lockdown period. This contributed to the Group experiencing a surge in fixed and mobile network traffic for telco services from people working from home. There were no significant contract modifications that took place and both new and existing contracts were assessed to be enforceable at the end of the reporting date.

Telkom enhanced broadband-led propositions across customer segments and scaled up digital platforms as the Telkom stores were closed during the early phase of the national lockdown. As a result, the Mobile business sustained its growth trajectory into the first half of the year, driven by data demand.

The Group's fixed and IT services revenue has however been negatively impacted by COVID-19 during the period under review. To curb the revenue decline in fixed line, Telkom has been migrating its fixed line customers to fibre and wireless from copper-based technology.

5. Other income

	Group		Company	
	31 March 2021 Rm	31 March 2020 Rm	31 March 2021 Rm	31 March 2020 Rm
	619	676	1 018	1 577
Interest received from trade receivables[1]	151	128	108	78
Sundry income[2]	401	530	839	1 493
Profit on disposal of assets[3]	67	18	71	6

[1] *Interest received on trade receivables relates to interest on overdue trade receivables accounts. These are financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and effective interest rate.*
[2] *Sundry income for Telkom Company includes income from management fees charged to subsidiaries.*
[3] *Included in the current year profit on disposal of assets for Group and Company is a gain on disposal of contract assets to the amount of R63 million.*

6. Expenses

6.1 Cost of handsets, equipment, software and directories

	Group		Company	
	31 March 2021 Rm	31 March 2020 Rm	31 March 2021 Rm	31 March 2020 Rm
Cost of handsets, equipment, software and directories The decline in cost of handsets, equipment, software and directories is primarily due to the major distribution channels being closed during the COVID-19 national lockdown. This was largely in the first six months of the current financial year.	(4 781)	(5 625)	(2 722)	(3 189)

6.2 Sales commission, incentives and logistical costs

	Group		Company	
	31 March 2021 Rm	31 March 2020 Rm	31 March 2021 Rm	31 March 2020 Rm
Sales commission, incentives and logistical costs This increase is mainly as a result of the year on year growth in mobile revenues.	(2 425)	(2 006)	(2 243)	(1 778)