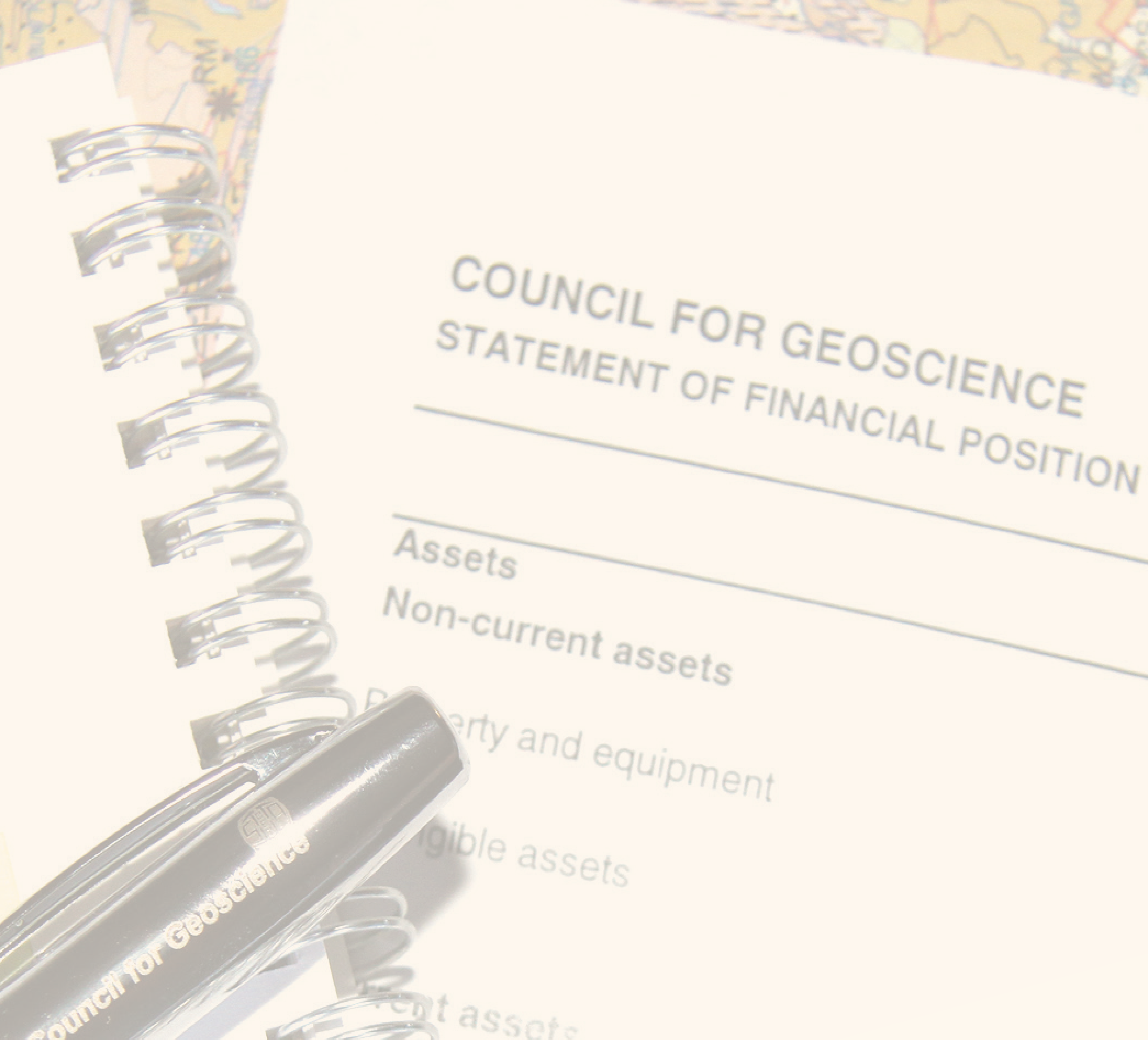


PART E
FINANCIAL INFORMATION

1. STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the Year ended 31 March 2014

The Board is responsible for the preparation of the Annual Financial Statements of the Council for Geoscience and for the judgements made in this information.

It is the responsibility of the Accounting Authority to establish and implement a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements.

In our opinion, the financial statements fairly reflect the operations of the Council for Geoscience for the financial year ended 31 March 2014.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements of the Council for Geoscience.

The Annual Financial Statements of the Council for Geoscience for the year ended 31 March 2014 have been audited by the external auditors and their report is presented on page 171 to page 174.

The Annual Financial Statements of the Council for Geoscience set out on page 175 to page 204 have been approved.

Mr Mxolisi W Kota
CHIEF EXECUTIVE OFFICER
Council for Geoscience
28 July 2014

Prof. P E Ngoepe
CHAIRPERSON OF THE BOARD
Council for Geoscience
28 July 2014

2. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee of the Council for Geoscience is pleased to present its report for the financial year ended 31 March 2014.

Audit and Risk Committee Responsibility

The Board of the Council for Geoscience has the overall responsibility to ensure that the organisation has and maintains effective, efficient and transparent systems of risk management and internal controls. The responsibility to ensure the adequacy and effectiveness of these systems is delegated to the Audit and Risk Committee. The Audit and Risk Committee is an advisory committee of the Board, with an oversight role that is independent and objective.

The Audit and Risk Committee has adopted formal terms of reference, which have been confirmed by the Board through its charter, and is satisfied that it has discharged its duties and responsibilities as set out in the charter. In performing its responsibilities, the Audit and Risk Committee has reviewed the following:

- The functioning of the internal control systems
- The functioning of the internal audit programme
- The risk areas of the operations of the entity to be covered in the scope of the internal and external audits
- The reliability and accuracy of the financial information provided to Management and other users
- The accounting or auditing concerns identified as a result of the internal or external audits
- The compliance by the entity with legal and regulatory provisions.

The Effectiveness of Internal Control

The members of the Audit and Risk Committee are of the opinion that the system of internal controls is adequately designed to cover organisational, financial and operational risks. The control system provides reasonable, but not absolute, assurance that the assets of the organisation are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are either prevented or detected timeously. These controls are monitored throughout the organisation by Management and employees with the necessary segregation of authority and duties.

The Operational Risk Management Committee, which reports to the Audit and Risk Committee on a quarterly basis, continuously evaluates and monitors the effectiveness of all internal control systems in respect of all areas of risk that have been identified.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management letter of the Auditor-General, it was noted that there were some significant noncompliances with regulations that have been reported. These were subsequently addressed in accordance with the Public Finance Management Act. We can report that the system of internal controls was restored to be efficient and effective during the period under review.

In-Year Management and Monthly/ Quarterly Reports

The Audit and Risk Committee met five times during the year under review and submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

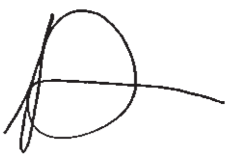
The Audit and Risk Committee has reviewed and discussed the financial statements of the Council for Geoscience for the year ended 31 March 2014 with the Auditor-General. The Audit and Risk Committee has also reviewed the management letter of the Auditor-

General and the responses of Management thereto. The members of the Audit and Risk Committee are of the opinion that the financial statements comply, in all material respects, with the requirements of the Public Finance Management Act (Act No. 1 of 1999, as amended) and the South African Statements of Generally Recognised Accounting Practice (GRAP). The Audit and Risk Committee agrees that the adoption of the going-concern premise is appropriate in preparing the Annual Financial Statements.

Auditor's Report

The Audit and Risk Committee has reviewed the implementation plan of the Council for Geoscience for audit issues raised in the prior year and is satisfied that the matters have been addressed adequately.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the financial statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Mr S M Xulu
Chairperson: Audit and Risk Committee
Council for Geoscience
23 July 2014

3. REPORT OF THE CHIEF EXECUTIVE OFFICER

General Financial Review of the Council for Geoscience

The Council for Geoscience developed a repositioning strategy to optimise the delivery on its mandate. This process involved the determination of the root causes of challenges that hinder the optimal utilisation of human capital, movable and immovable assets, knowledge and information. The repositioning strategy was approved by the Board of the Council for Geoscience in November 2013 and is currently being implemented. The deliverables for the strategic objectives of 2013/14 had to be met concurrently in the process.

The Council for Geoscience received grant transfers in the amount of R271.2m, of which R20.9m was deferred as a conditional grant. Although the contract revenue was lower than expected, delivery on the targets of the annual technical programme and MTEF projects was good. Some key MTEF projects include: Management of Mine Pollution Impact on the Water Resources of South Africa; the Strategic Mine Water Management Plan — Witwatersrand Basin; Management of State Contingent Liabilities with Respect to Derelict and Ownerless Mines in South Africa, and Promotion of Exploration and Mining Investment in the Minerals and Energy Sectors. In total, a revenue of R290.8m was achieved, which is R18.2m more than the previous year, with a net surplus of R1.5m.

During the reporting period, attention was given to asset administration, especially in view of the preparations for full compliance with the Heritage Asset Accounting Standard (GRAP 103). The Council for Geoscience invests its commercial surpluses in replacing aged infrastructure and scientific equipment, and during the year under review an amount of R20.1m was spent in this regard. Other expenditure included R4.4m for vehicles, R7.3m for scientific equipment, R2.5m for computer equipment, R1.6m for aircraft components, R2.9m for computer software, R1.0m for land and buildings, and R0.4m for office furniture. An amount of R45m was sourced from National Treasury through the MTEF process for the installation of a ventilation system in the Silverton office building, particularly in air-controlled environments such as the laboratories. The project is expected to be completed in August 2015. Plans are in place to invest further in the replacement of the aged infrastructure.

New Proposed Activities

The Geoscience Amendment Act (Act No. 16 of 2010) mandates the Council for Geoscience to, among others, be the custodian and curator of all geotechnical information in South Africa. The Council for Geoscience is also the national mandatory authority in respect of geohazards related to infrastructure development. Thus, the Act empowers the Council for Geoscience to be the custodian of all geotechnical data, with the purpose of advising government, state institutions, private organisations and the public on the complete geotechnical risk profile of the country.

Request for Rollover of Funds

Approval was obtained from National Treasury, in terms of section 53(3) of the Public Finance Management Act (Act No. 1 of 1999), as amended by Act No. 29 of 1999, for the Council for Geoscience to retain a surplus to the amount of R1.5m and cash and cash equivalents to the amount of R225.8m.

The retained funds will be used for the maintenance and replacement of and investment in scientific equipment and infrastructure and the implementation of the repositioning strategy over the next five years.

Supply Chain Management

A Supply Chain Management Section is now operational under the division of the Chief Financial Officer. This business unit provides an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective and is established in accordance with section 54 of the PFMA Act of 1999 (as amended by Act No. 29 of 1999).

The repositioning strategy of the Council for Geoscience has indicated certain challenges which are currently receiving attention. These challenges include human capacity shortages and disintegrated manual operating systems.

Audit Report Matters

The Council for Geoscience obtained an unqualified audit opinion from the Auditor-General for the year ended 31 March 2014. A number of issues were raised, but were resolved during the current financial year.

Plans for Future Additional Financial Challenges

The repositioning strategy revealed a need for the alignment of the operations of the Council for Geoscience and a review of the organisational structure. This shortcoming was evident in the increasing deferred income in current liability on the statement of financial position. The Council for Geoscience is focusing on delivering on all contracts in a prescribed period and, to this end, a Project Management Office is being established and equipped with the necessary project management system needed for both statutory and commercial projects. The Council for Geoscience is moving away from the current "silo" approach to a more integrated operational system delivery.

The endeavour to increase the grant allocated to the organisation through the MTEF process will continue, together with an integrated business development strategy to solicit projects from government departments and from other clients. The liquidity ratio (current assets to current liabilities) of the Council for Geoscience as at 31 March 2014 was 2.5:1. This implies that the organisation has enough resources to meet its obligations.

I would like to take this opportunity to thank the loyal and dedicated staff of the Council for Geoscience, our supportive clients and our stakeholders for their support and hard work during the year. In particular, I want to thank the Board of the Council for Geoscience for their guidance and supervision of the organisation.

Mr Mxolisi W Kota
CHIEF EXECUTIVE OFFICER
Council for Geoscience
31 July 2014

4. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE COUNCIL FOR GEOSCIENCE

Report on the financial statements

Introduction

1. I I have audited the financial statements of the Council for Geoscience (council) set out on pages 175 to 204, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the separate financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the South African standards of Generally Recognised Accounting Practice (SA standards of GRAP) and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

5. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council for Geoscience as at 31 March 2014, its financial performance and cash flows for the year then ended, in accordance with SA standards on GRAP and the requirements of the PFMA.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 24 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the Council for Geoscience at, and for the year ended, 31 March 2013.

Report on other legal and regulatory requirements

8. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Council for Geoscience for the year ended 31 March 2014:

- To address stakeholder needs on pages 29–30
- To generate revenue on page 30
- To attract and retain a skilled workforce on page 32
- To enhance present levels of excellence on page 33
- To reflect and embrace the diversity of South Africa on page 33.

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by National Treasury's *Framework for managing programme performance information* (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matter

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on pages 27 to 33 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the objective *To address stakeholder needs*. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

16. I performed procedures to obtain evidence that the Council for Geoscience had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance and annual reports

17. The financial statements submitted for auditing were not prepared in in accordance with the requirements of section 55(1)(a) of the PFMA. Material misstatements in the statements of financial performance, financial position and disclosure notes identified by the auditors were subsequently corrected resulting in the Council for Geoscience receiving an unqualified audit opinion.

Expenditure management

18. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Procurement and contract management

19. Invitations for competitive bidding were not always advertised for a required minimum period of 21 days, as required by Treasury Regulations 16A6.3(c).

20. The procurement processes did not comply with the requirements of a fair SCM system as per section 16A6.3(b) of the Treasury Regulations, in that requests for quotations or any other documents made available to bidders did not specify the evaluation and adjudication criteria to be applied.

Other matters

21. The accounting authority did not promptly and in writing inform the relevant treasury of the establishment of a company in terms of section 54(2)(a) of the PFMA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

23. Management has not exercised adequate oversight responsibility regarding financial reporting and compliance within the procurement processes to ensure that expenditure incurred does not result in irregular expenditure.

Financial and performance management

24. The council did not design adequate systems for proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

25. Management did not comply with the PPR and did not follow the guidelines for the procurement process which is that all tenders must be fair, equitable, transparent, competitive and cost-effective.

Other reports

Investigations

26. An independent consulting firm performed an investigation at the request of the council, which began in the previous financial year. The investigation was initiated based on an allegation of possible conflict of interest by an employee of the entity, in the awarding of a tender. The investigation was concluded and resulted in the dismissal of the employee.

Auditor-General

Pretoria
31 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

5. ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

1 STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 R'000	2013 R'000
Assets			
Non-current assets			
Property and equipment	3	189 800	194 541
Intangible assets	4	4 363	2 634
Current assets		242 040	255 238
Inventories	5	5	5
Trade and other receivables	7	16 190	47 815
Cash and cash equivalents	8	225 845	207 418
Total assets		**436 203**	**452 413**
Net assets and liabilities			
Net assets			
Accumulated surplus		334 726	333 276
Non-current liabilities			
Post-employment benefit liabilities	6	5 357	14 382
Current liabilities		96 120	104 755
Trade and other payables	9	11 493	9 709
Deferred income	10	74 589	86 076
Accruals	11	10 038	8 970
Total net assets and liabilities		**436 203**	**452 413**

2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2014

	Notes	2014 R'000	2013 R'000
Revenue	12	290 798	272 581
Cost of commercial projects	12	(25 203)	(55 517)
Cost of statutory projects	12	(114 759)	(56 092)
Gross surplus		150 836	160 972
Other operating income	12	9 295	6 310
Administrative expenses		(167 019)	(159 961)
Other operating expenses	12	(5 348)	(748)
Interest received	13	14 182	9 255
Surplus from operations		1 946	15 828
Finance cost	14	(496)	(12)
Net surplus for the year		**1 450**	**15 816**

3 STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 31 MARCH 2014

	Notes	Accumulated surplus R'000	Total R'000
Balance at 31 March 2012		227 595	227 595
Effect of adjustment - building	24.3	83 009	83 009
		310 604	310 604
Net surplus for the period as restated		15 816	15 816
Balance at 31 March 2013		326 420	326 420
Effect of correction of error	24.1	6 856	6 856
Balance at 31 March 2013 as restated		333 276	333 276
Net surplus for the period		1 450	1 450
Balance at 31 March 2014		334 726	334 726

4 CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

	Notes	2014 R'000	2013 R'000
Cash inflow from operating activities		38 158	52 809
Cash receipts from customers		322 425	259 866
Cash paid to suppliers and employees		(297 953)	(216 300)
Cash generated from operations	15	24 472	43 566
Interest received	13	14 182	9 255
Finance cost	14	(496)	(12)
Cash outflow from investing activities		(19 731)	(18 784)
Acquisition of:			
Property and equipment	16.1	(16 843)	(18 325)
Intangible assets	16.2	(2 898)	(473)
Proceeds on disposal of property and equipment		10	14
Net increase in cash and cash equivalents		18 427	34 025
Cash and cash equivalents at beginning of period	8	207 418	173 393
Cash and cash equivalents at end of period	8	225 845	207 418

5 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

1 Accounting policies

1.1 Basis of preparation

Statement of compliance

1. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

   The financial statements have been prepared on a historic cost basis and accounting policies are consistent with prior years.

   These annual financial statements have been prepared on a going-concern basis, i.e. the assumption that the Council for Geoscience will continue to operate as a going concern for at least the next twelve months.

2. The cash flow statement has been prepared in accordance with the direct method.

3. Specific information has been presented separately on the statement of financial position as is required by the SA standards of GRAP.

1.2 Revenue recognition

Revenue comprises the revenue from non-exchange transactions recognised as income in the current year, contract income and sales of publications.

1.2.1 Recognition of income

The Council for Geoscience measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Council for Geoscience, and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

1.2.2 Revenue from non-exchange transactions

The Council for Geoscience received grants in the form of assets and a baseline allocation from the Department of Mineral Resources.

1.2.3 Revenue from exchange transactions

Revenue from exchange transactions comprises sales and contract revenue as follows:

Sales revenue

Sales revenue represents the invoiced value of goods and services supplied by the Council for Geoscience. This revenue is recognised when the revenue recognition criteria are met.

Contract revenue

Revenue from contracts is recognised by means of progress payments over the duration of the contracts. Revenue from contracts in progress is recognised when the revenue criteria are met. When the outcome of a contract can be estimated reliably, revenue is recognised by referring to the stage of completion of the contract outcome.

1.3 Interest received

Interest is recognised on a time-proportionate basis with reference to the principal amount receivable and the effective interest rate applicable.

1.4 Property and equipment

The cost of an item of fixed assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Council for Geoscience; and
- the cost of the item can be measured reliably.

Property and equipment are deemed to be cash-generating assets.

Land and buildings were valued at initial recognition and subsequently only the buildings are depreciated on a straight-line method.

Costs include costs incurred initially to acquire or construct an item of fixed assets and costs incurred subsequently to add to, replace part of, or service it. If the cost of a replacement part is recognised in the carrying amount of an item of fixed assets, the carrying amount of the replaced part is derecognised. Fixed assets are carried at cost less accumulated depreciation and any impairment losses.

Day to day expenses incurred on property and equipment are expensed directly to surplus and deficit for the period. Where an asset is acquired at no cost, or at a nominal cost, its cost is its fair value as at the date of acquisition. Major maintenance that meets the recognition criteria of an asset is capitalised.

Depreciation is provided on all fixed assets other than freehold land, to write down the cost, less residual value, by equal instalments over their average useful lives, as follows:

Land	Not depreciable
Buildings	30 years
Motor vehicles	5 to 8 years
Equipment	5 to 7 years
Aircraft and helicopter - Body	15 years
Aircraft and helicopter - Components	Useful hours per Civil Aviation Authority
Boat	10 years
Office furniture	20 years
Computer equipment	6 years
Specialised equipment	15 years

The depreciation charges for each period are recognised in the statement of financial performance, unless they are included in the carrying amount of another asset.
The average useful lives and residual values are reviewed on an annual basis and changes are reflected as change in accounting estimates on a prospective basis.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are deemed to be cash-generating assets.
Capitalised computer software is carried at cost less accumulated amortisation and less accumulated impairment losses. Computer software is tested annually for impairment or changes in estimated future benefits. Amortisation is provided to write down the intangible assets to their residual, on a straight-line basis, being two to five years.

1.6 Heritage assets

Heritage assets are assets held for their cultural, environmental or historical significance. Heritage assets are initially recognised at cost and where heritage assets were received as donation or acquired at nominal value, the cost is recorded as nil. The Council for Geoscience has taken advantage of the transitional provisions of GRAP 103 as it is in the process of measuring all its heritage asset classes and will comply fully with the requirements of the standards as at 31 March 2015. Heritage assets will be reflected at fair value and are not depreciated as they have an infinite useful life.

1.7 Inventories

The Council for Geoscience is a custodian of scientific information and produces publications in the form of books, maps and map explanations, etc. These publications are distributed to the public for free or at a nominal charge.

Inventories are recorded at lower of cost and net realisable value.

1.8 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the Rand and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in the statement of financial performance in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.9 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from research and development is recognised as part of intangible assets only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- It is technically feasible to complete the intangible asset so that it will be available for use or sale;

- The ability to use or sell the intangible asset; and
- It is the intention to complete the intangible asset so that it will be available for use or sale.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally generated assets are amortised on a straight-line basis over their useful lives.

1.10 Deferred income

Deferred income is recognised using the accrual basis and accounted for in the statement of financial position in the period in which it satisfies the revenue recognition criteria.

1.11 Retirement benefit costs

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as bonuses, paid vacation leave and sick leave) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution and defined benefit plans

The Council for Geoscience operates both a defined contribution pension and provident fund and a defined benefit plan in respect of post-retirement medical aid contributions. For the defined benefit plan, the defined benefit obligation and the related current service cost is determined by using the projected unit credit method. The defined benefit plan is subject to an annual actuarial valuation. The qualifying plan asset of this scheme is held and administered by Momentum Group Limited.

The actuarial gains or losses are further limited to the extent that the net cumulative unrecognised actuarial gains or losses (before recognition of that actuarial gain or loss) exceed the unrecognised part of the transactional liability. Payments to defined contribution retirement benefit plans are charged to the statement of financial performance in the year to which they relate.

1.12 Provisions and contingent liabilities

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Commitments

The Council for Geoscience classifies commitments as contracted future transactions that are non-cancellable or only cancellable at significant cost, and that will normally result in the outflow of cash. This excludes steady routine transactions such as salary commitments relating to employment contracts or social security benefits.

A distinction is made between operational and capital commitments.

Disclosure is made of the aggregate amount of operational and capital expenditure contracted

for at the reporting date, to the extent that the amount has not been recorded in the financial statements.
If a commitment is for a period longer than a year, it is stated in the note to the commitments.
No disclosure of expenditure that has been approved, but that has not yet been contracted for, is made.

1.13 Financial instruments

Initial recognition
The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and liabilities are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value.

Derecognition of financial instruments
The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The entity derecognises financial liabilities when the entity's obligations are discharged, cancelled or they expire.

Impairment of loans and receivables
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of trade receivables is reduced through the use of an allowance account (bad debt provision). When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Fair values of trade and other payables are determined at a price charged at transaction date and impaired when indicators of impairment are present. At period end there were no differences between the book value and the fair values of trade and other payables.

Fair value of trade and other receivables
Fair values of trade and other receivables are determined at a price charged at transaction date and impaired when indicators of impairment are present. At period end there were no differences between the book value and the fair values of trade and other receivables because of the short-term maturity.

Financial assets carried at amortised cost
Loans and receivables are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts. Impairment is determined on a specific basis, whereby each asset is individually evaluated for impairment indicators. Write-offs of these assets are expensed in surplus or deficit.

Cash and cash equivalents
Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

Financial liabilities carried at amortised cost
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost.

1.14 Operating leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.15 Impairment

The entity assesses at each balance sheet date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss recognised immediately in surplus or deficit.

At each reporting date, the entity assesses impairment losses recognised in prior years for continued existence or decreases. If such indication exists, the recoverable amounts of those assets are estimated. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.16 Critical accounting estimates and judgements

Provision for bad debts
Past experience indicates a reduced prospect of collecting debts over the age of four months. Debtors balances are regularly assessed by management and provided for in line with the policy.

Provisions
Provisions were raised and management determined an estimate based on the information available and in line with the policy.

Property and equipment
Management has made certain estimations with regard to the determination of estimated useful lives and residual values of items of property and equipment.

Leases
Management has applied its judgement to classify all lease agreements that the entity is party to as operating leases, as they do not transfer substantially all risks and ownership to the entity. Furthermore, as the operating lease in respect of premises is only for a relatively short period of time, management has made a judgement that it would not be meaningful to classify the lease into separate components for the land and for the buildings for the Polokwane office current lease, and the agreement will be classified in its entirety as an operating lease.

1.17 Sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Council for Geoscience has not applied the following standards and interpretations, which have been approved, but are not yet effective for accounting periods beginning on or after 1 March 2014 or later periods:

GRAP statement	Description	Impact	Effective date
GRAP 18	Segment reporting	None	No effective date
GRAP 20	Related-party disclosure	None	No effective date
GRAP 105	Transfer of functions between entities under common control	None	No effective date
GRAP 106	Transfer of functions between entities not under common control	None	No effective date
GRAP 107	Mergers	None	No effective date

3 Property and equipment

2014	Land R'000	Buildings and fixtures R'000	Equipment R'000	Office furniture R'000	Aircraft and boat R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
Gross carrying amount	18 231	138 069	116 929	15 174	21 687	16 150	25 581	351 821
Accumulated depreciation at the beginning of the period	-	(31 066)	(83 418)	(7 372)	(8 501)	(8 085)	(18 838)	(157 280)
Opening net carrying amount at 31 March 2013	18 231	107 003	33 511	7 802	13 186	8 065	6 743	194 541
Movements during the period:								
Work in progress prior year	-	-	(367)	-	-	-	-	(367)
Acquisitions	-	1 011	7 318	389	1 562	4 369	2 561	17 210
Disposals	-	-	(3 737)	(667)	-	(109)	(450)	(4 963)
Disposals - Cost	-	-	(16 706)	(1 686)	-	(680)	(6 124)	(25 196)
Disposals - Depreciation	-	-	12 969	1 019	-	571	5 674	20 233
Depreciation	-	(4 646)	(7 102)	(725)	(751)	(1 614)	(1 783)	(16 621)
Closing net carrying amount at 31 March 2014	18 231	103 368	29 623	6 799	13 997	10 711	7 071	189 800
Gross carrying amount	18 231	139 080	107 174	13 877	23 249	19 839	22 018	343 468
Accumulated depreciation	-	(35 712)	(77 551)	(7 078)	(9 252)	(9 128)	(14 947)	(153 668)

Property and equipment (continued)

2013	Land R'000	Buildings and fixtures R'000	Equipment R'000	Office furniture R'000	Aircraft and boat R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
Gross carrying amount	18 231	135 348	108 374	2 048	22 662	12 140	20 008	318 811
Accumulated depreciation at the beginning of the period	-	(26 392)	(74 726)	(512)	(7 947)	(7 597)	(15 675)	(132 849)
Accumulated impairment at the beginning of the period	-	(629)	(160)	-	-	-	-	(789)
Opening net carrying amount at 31 March 2012	18 231	108 327	33 488	1 536	14 715	4 543	4 333	185 173
Movements during the period:								
Adjustments - Low value	-	-	433.00	6 012.00	2.00	-	361.00	6 808
Cost	-	-	3 355	12 164	46	-	2 615	18 180
Accumulated depreciation	-	-	(2 922)	(6 152)	(44)	-	(2 254)	(11 372)
Acquisitions	-	-	9 617	976	100	4 057	3 575	18 325
Disposals	-	(629)	(456)	19	(182)	(5)	(82)	(1 335)
Disposals - Cost	-	(629)	(1 067)	(14)	(1 121)	(47)	(617)	(3 495)
Disposals - Depreciation	-	-	611	33	939	42	535	2 160
Adjustments	-	3 350	(3 350)	-	-	-	-	-
Depreciation	-	(4 674)	(6 381)	(741)	(627)	(1 352)	(1 444)	(15 219)
Closing net carrying amount at 31 March 2013	18 231	107 003	33 511	7 802	14 008	7 243	6 743	194 541
Gross carrying amount	18 231	138 069	116 929	15 174	21 687	16 150	25 581	351 821
Accumulated depreciation	-	(31 066)	(83 418)	(7 372)	(7 679)	(8 907)	(18 838)	(157 280)

The transfer of the following land and buildings as stipulated under section 26 of the Geoscience Act (Act No. 100 of 1993) has not yet been completed.

Location	**Fair value**
474 Carl Street, Town Lands 351 JR, Pretoria West	R2 800 000
280 Pretoria Street, Silverton, Pretoria	R94 000 000

The value of these properties has been included in the carrying amount of land and buildings as at 31 March 2014 and was determined by an independent valuator.

Details regarding land and buildings are kept at the Council for Geoscience head office and will be supplied upon written request.

4 Intangible assets

	2014 R'000	2013 R'000
Computer software		
Gross carrying amount	14 083	16 014
Accumulated amortisation	(11 449)	(13 048)
Opening net carrying amount at 31 March	2 634	2 966
Movements during the period:		
Adjustments - Low value	-	47
Cost	-	852
Accumulated depreciation	-	(805)
Acquisitions	2 898	473
Disposals	(303)	(3 256)
Disposals - Cost	(6 031)	-
Disposals - Amortisation	5 728	278
Impairment	-	2 965
Amortisation	(866)	(839)
Closing net carrying amount at 31 March	4 363	2 634
Gross carrying amount	10 950	14 083
Accumulated amortisation	(6 587)	(11 449)

5 Inventories

Publication inventories	5	5

6 Retirement benefit

	2014 R'000	2013 R'000

6.1 Post-retirement medical aid fund

The Council for Geoscience has made provision for the medical aid fund covering substantially all its employees. All eligible employees are members of the defined benefit scheme. To improve management of this defined benefit scheme, the Council for Geoscience established a qualifying plan asset in October 2010 which is held and administered by Momentum Group Limited and evaluated annually as at 31 March.

	2014 R'000	2013 R'000
The amount recognised in the statement of financial performance is determined as follows:		
Current service costs	360	256
Interest charge	2 144	1 777
Expected return on planned assets	(1 100)	(943)
Actuarial (gain)/loss recognised	(8 628)	6 027
Recognition of loss on asset realisation	(1 800)	(2 801)
	(9 024)	4 316

	2014	2013	2012	2011
The amount included in the statement of financial position arising from Council for Geoscience obligation in respect of post-retirement medical aid contributions is as follows:				
Present value of fund obligations	19 504	26 226	21 155	19 775
Fair value of planned assets	(14 147)	(11 844)	(11 090)	(10 449)
Liability recognised in statement of financial position	5 357	14 382	10 065	9 326

Movement in net liability during the period is as follows:	2014			2013		
	Liability	Planned asset	Net	Liability	Planned asset	Net
Liability at beginning of period	26 226	-	26 226	21 155	-	21 155
Value of planned assets at beginning of period	-	(11 845)	(11 845)	-	(11 089)	(11 089)
	26 226	(11 845)	14 381	21 155	(11 089)	10 066
Interest charge/expected return of planned asset	2 144	(1 100)	1 044	1 777	(943)	834
Contributions received	-	(1 800)	(1 800)	-	(2 801)	(2 801)
Current service costs	360	-	360	256	-	256
Benefits paid	(1 281)	1 281	-	(1 399)	1 399	-
Loss/(gain) recognised on realisation of planned asset	(4 800)	-	(4 800)	-	-	-
Actuarial loss/(gain)	-	(683)	(683)	-	-	-
Actuarial loss/(gain) recognised on curtailment	(3 145)	-	(3 145)	4 437	1 590	6 027
Closing balance	19 504	(14 147)	5 357	26 226	(11 844)	14 382

Retirement benefit (continued)

Contributions expected to be paid

No top-up payments are expected to be made during the 2015 year.

Expected rate of return on assets		8.62%
Assumptions		
Discount rates		8.62%
Basis of discount rates	JSE zero coupon bond yield after the market closed on 31 March 2014	
Return on assets		8.62%
Expected salary increases		7.50%
Health care cost inflation rate		7.58%

Sensitivity Analysis-on accrued liability (R Millions)

Sensitivity analysis

	Change	In service	Continuation	Total	Change
Central assumptions	-	4.192	15.311	19.504	-
Health care inflation	1%	4.912	16.706	21.619	11%
	-1%	3.603	14.085	17.687	-9%
Discount rate	1%	3.604	14.073	17.677	-9%
	-1%	4.924	16.745	21.669	11%
Post-retirement mortality	-1 year	4.334	15.962	20.297	4%
Average retirement date	-1 year	4.502	15.311	19.814	2%
Continuation of membership at retirement	-10%	3.787	15.311	19.098	-2%

Current service and interest cost - 2014

Sensitivity analysis

	Change	Current service	Interest cost	Total	Change
Central assumptions	-	359 876	2 144 087	2 503 963	-
Health care inflation	1%	413 682	2 388 334	2 802 016	12%
	-1%	315 462	1 935 999	2 250 749	-10%
Discount rate	1%	315 193	1 932 999	2 248 192	-10%
	-1%	415 063	2 395 785	2 810 848	12%
Average retirement age (60)	-1 year	424 150	2 232 129	2 656 279	6%

Retirement benefit (continued)

6.2 Pension and provident fund benefits

The Council for Geoscience and its employees contribute to a defined contribution plan. The assets of the scheme are held separately from the Council for Geoscience in funds under the control of trustees. The total cost charged to income of R8 047 015 (2013: R7 140 361) represents equal contributions of 7.5% by the employer and employee.

	2014 R'000	2013 R'000
7 Trade and other receivables for exchange revenue		
Trade receivables	5 055	20 254
Trade receivables - Retention	2 571	2 571
Contract customers	4 778	23 717
Other receivables	3 568	3 052
Prepaid expenses	386	228
Personnel debt	50	51
	16 408	49 873
Less - Provision for bad debts	(218)	(2 058)
	16 190	47 815
Provision for bad debts		
Opening balance	2 058	1 735
Movement	(1 840)	323
Closing balance	218	2 058
Analysis of ageing of receivables past due but not impaired		
Retention on foreign project - Over 120 days	2 571	2 571
Analysis of impairment		
Debtors liquidated	27	-
Long overdue debtors considered impaired	191	2 058
	218	2 058

There is no difference between the fair value of trade and other receivables and their book value.

8 Cash and cash equivalents

	2014 R'000	2013 R'000
Cash and cash equivalents at the end of the period are represented by the following balances:		
Cash at bank	14 021	10 189
Call accounts	211 824	197 229
Cash and cash equivalents at the end of the period are represented by the following balances:	225 845	207 418
Certain foreign funds are considered not available for use	10 333	8 204

There is no difference between the fair value of cash and cash equivalents and their book value.

9 Trade and other payables

Trade payables	7 959	9 107
Other payables	3 534	602
	11 493	9 709

There is no difference between the fair value of trade payables and their book value.

10 Deferred income

Exchange revenue

10.1 Contamination of the groundwater in the Witwatersrand area

Deferred income arising as a result of an agreement entered into with the Department of Mineral Resources to develop and implement various measures to mitigate the effect of mining-induced contamination of the groundwater in the Witwatersrand area.

10.1.1 Nedbank Investment Acc. 03/7881543469/001

Carrying amount at the beginning of the period	1 044	1 009
Interest earned	34	35
Amounts used during the period	(1 078)	-
Carrying amount at the end of the period	-	1 044

10.1.2 Nedbank Investment Acc. 03/7881543469/006

Carrying amount at the beginning of the period	10 024	14 149
Amounts used during the period	(10 111)	(4 490)
Interest earned	87	365
Carrying amount at the end of the period	-	10 024

Deferred income (continued)

		2014 R'000	2013 R'000
10.1.3	*Nedbank Investment Acc. 03/7881543469/007*		
	Carrying amount at the beginning of the period	20 254	29 242
	Amounts used during the period	(20 567)	(9 692)
	Interest earned	313	704
	Carrying amount at the end of the period	-	20 254

		2014 R'000	2013 R'000
10.2	**Deferred income arising as a result of an agreement entered into with the Department of Mineral Resources to develop and implement the closing of mine holes.**		
	Carrying amount at the beginning of the period	68	66
	Amounts used during the period	(70)	-
	Interest earned	2	2
	Carrying amount at the end of the period	-	68

		2014 R'000	2013 R'000
10.3	**Deferred income arising as a result of an agreement with the Department of Mineral Resources in terms of the Sustainable Development Through Mining project.**		
	Carrying amount at the beginning of the period	887	858
	Amounts used during the period	(916)	-
	Interest earned	29	29
	Carrying amount at the end of the period	-	887

		2014 R'000	2013 R'000
10.4	**Deferred income arising as a result of a contract entered into with the European Commission for Earth Observation and Observing Environmental and Societal Impacts of Mineral Resources Exploration and Exploitation.**		
	Carrying amount at the beginning of the period	1 371	660
	Amounts received	-	711
	Carrying amount at the end of the period	1 371	1 371

		2014 R'000	2013 R'000
10.5	**Deferred income arising as a result of an agreement with the Department of Cooperative Governance and Traditional Affairs for establishing a South Africa Tsunami Early Warning System.**		
	Carrying amount at the beginning of the period	-	171
	Amounts used during the period	-	(171)
	Carrying amount at the end of the period	-	-

Deferred income (continued)

		2014 R'000	2013 R'000
10.6	**Deferred income arising as a result of an agreement with the Department of Science and Technology in terms of the Earth Observation and Geohazards Assessment.**		
	Carrying amount at the beginning of the period	3 500	982
	Amounts received	3 500	3 500
	Amounts used during the period	(4 078)	(982)
	Carrying amount at the end of the period	2 922	3 500

10.7	**Deferred income arising as a result of an agreement with the Department of Science and Technology to study the Witwatersrand Central Basin Mine Water Apportionment.**		
	Carrying amount at the beginning of the period	1 386	1 386
	Amounts received	481	-
	Carrying amount at the end of the period	1 867	1 386

10.8	**Deferred income arising as a result of an agreement entered into with the National Research Foundation.**		
	Carrying amount at the beginning of the period	110	60
	Amounts received	-	50
	Carrying amount at the end of the period	110	110

10.9	**Deferred income arising as a result of prefunding for the Uganda Project.**		
	Carrying amount at the beginning of the period	-	24
	Amounts used during the period	-	(24)
	Carrying amount at the end of the period	-	-

10.10	**Deferred income arising as a result of an agreement entered into with the Department of Mineral Resources to develop and implement various measures to mitigate the effect of mining-induced contamination.**		
	Carrying amount at the beginning of the period	47 432	9 667
	Amounts received	116 521	78 381
	Amounts used during the period	(95 634)	(40 616)
	Carrying amount at the end of the period	68 319	47 432
		74 589	86 076

Deferred income (continued)

		2014 R'000	2013 R'000
11	**Accruals**		
	Accruals for leave pay		
	Carrying amount at the beginning of the period	8 970	7 450
	Provision current period	1 703	1 958
	Amounts used during the current period	(635)	(438)
	Carrying amount at the end of the period	10 038	8 970

The leave pay provision relates to the estimated liabilities as a result of leave days due to employees.

12 Deficit/surplus from operations

Operating deficit/surplus is arrived at after taking the following items into account:

Revenue

	2014 R'000	2013 R'000
Non-exchange revenue		
Total grant received	271 232	223 006
Project-related revenue	(116 521)	(78 381)
	154 711	144 625
Exchange revenue		
Department of Mineral Resources project-related revenue	95 634	40 616
Contracting revenue	40 209	87 034
Publication revenue	244	306
	136 087	127 956
	290 798	272 581

Contract revenue for work in progress is included in the contracting revenue at an amount of R5 758m (2013: R24 307m).

Contract cost for work in progress is included in the cost of contracts and amounts to R5 529m (2013: R23 818m).

The net surplus included in the net surplus for the year amounts to R0,229m (2013: R0,489m).

Cost of contracts

	2014 R'000	2013 R'000
Direct cost	13 469	34 744
Personnel expenditure	11 734	20 773
	25 203	55 517

Cost of statutory projects

	2014 R'000	2013 R'000
Direct cost	64 549	24 016
Personnel expenditure	50 210	32 076
	114 759	56 092

Deficit/surplus from operations (continued)

	2014 R'000	2013 R'000
Other operating income		
Foreign currency gains	2 606	1 799
Profit on disposal of fixed assets	10	14
Recovery of asset losses	226	-
Recovery of bad debts	103	-
Provision for bad debts	1 839	-
Sundry income	4 511	4 497
	9 295	6 310
Administrative expenses include		
Audit fees	2 970	1 484
- Current period	734	284
- Prior period	1 226	784
- Internal audit	547	114
- Fee for other services	463	302
Bad debts written off	1 602	11
Provision for bad debts	-	323
Depreciation - on owned assets	16 621	15 219
- Buildings	4 646	4 674
- Equipment	7 102	6 381
- Office furniture	725	741
- Motor vehicles	1 614	1 352
- Aircraft	751	627
- Computer equipment	1 783	1 444
Amortisation - intangible assets		
- Computer software	866	839
Rentals in respect of operating leases		
- Land and buildings	447	435
- Photocopying machines	1 767	1 605
Other operating expenses		
Net loss on disposal of equipment	5 265	559
Foreign currency losses	83	189
	5 348	748
Staff costs	160 392	159 972
Included in staff costs are:		
Defined benefit plan expense for the post-retirement medical aid fund	(9 024)	4 316
- Current service cost	360	256
- Interest cost	2 144	1 777
- Expected return on plan assets	(1 100)	(943)

Deficit/surplus from operations (continued)

	2014 R'000	2013 R'000
Other operating income		
- Recognised actuarial loss	(10 428)	3 226
Defined contribution plan expenses for the pension and provident funds	8 047	7 140

Emoluments

Senior management	2013/2014				
	Pensionable salary R	Provident/ Pension fund contributions R	Performance bonus R	Other contributions R	Total R
Mr Kota M W (CEO)	2 092 076	136 325	54 878	297 623	**2 580 902**
Mr Matsepe L D	1 375 664	83 655	130 152	80 947	**1 670 418**
Mr Ramagwede L F	1 390 496	90 684	111 535	81 216	**1 673 931**
Dr Graham G	1 396 273	84 909	118 654	79 710	**1 679 546**

	2012/2013			
	Pensionable salary R	Provident fund contributions R	Other contributions R	Total R
Dr Ramontja T	-	-	334 317	**334 317**
Mr Kota M W (CEO)	701 258	42 075	36 852	**780 185**
Mr Matsepe L D	1 206 210	73 053	191 166	**1 470 429**
Mr Ramagwede L F	1 287 496	83 967	179 512	**1 550 975**
Dr Graham G	1 292 845	78 619	487 313	**1 858 777**
Ms Mabuza M	975 445	56 034	545 590	**1 577 069**

Board emoluments		
Non-executive Board Members		
	2014 R	2013 R
Prof. Ngoepe P E	198 188	232 501
Prof. Barton J M (Jr)	-	131 824
Mr Smith M	-	29 862
Ms Mthimunye K R	129 538	108 316
Dr Mathe H	85 766	16 838
Mr Sibiya D	24 049	9 678
Prof. Hermanus M A	61 104	22 971
Dr McGill J E	100 766	29 267
	599 411	**581 257**

Details regarding Board Members' service contracts:
Board Members representing government departments are not included above as they received no emoluments.
The current term of office of the non-executive Board Members expires on 30 September 2015.

		2014 R'000	2013 R'000
13	**Interest received**		
	- Interest income on call accounts	13 419	8 254
	- Interest income on current accounts	763	1 001
		14 182	9 255

		2014 R'000	2013 R'000
14	**Finance cost**		
	Interest	496	12

		2014 R'000	2013 R'000
15	**Reconciliation of net surplus for the period to cash generated from operations**		
	Net surplus for the period	1 450	15 816
	Adjustments for -		
	Interest	496	12
	Depreciation on property and equipment	16 621	15 219
	Amortisation - intangible assets	866	839
	(Net proceeds) on disposal of fixed assets	(10)	(14)
	Net loss on disposal of fixed assets	5 265	559
	Increase in provision for bad debts	-	323
	Interest earned	(14 182)	(9 255)
	Provision for post-retirement medical aid benefits	(9 024)	4 317
	Operating cash flows before working capital changes	1 482	27 816
	Working capital changes -		
	Increase in provision for accumulated leave pay	1 068	1 520
	Decrease/(increase) in trade and other receivables	31 625	(14 158)
	Increase in trade and other payables	1 784	586
	(Decrease)/increase in deferred income	(11 487)	27 801
	Cash generated from operations	24 472	43 565

		2014 R'000	2013 R'000
16	**Acquisitions**		
16.1	**Property and equipment**		
	Land and buildings	1 011	-
	Equipment	6 951	9 617
	Office furniture	389	976
	Aircraft and boat	1 562	100
	Motor vehicles	4 369	4 057
	Computer equipment	2 561	3 575
		16 843	18 325

Acquisitions (continued)

		2014 R'000	2013 R'000
16.2	**Intangible assets**		
	Computer software	2 898	473

17	**Contingent liability**		
17.1	**Bank guarantees**		
	Performance bonds and bid bonds issued for contract work to various financial institutions. All bank guarantees expired this year.	-	578
		-	578

17.2	**Pending legal action**		
	A court case between the Council for Geoscience and the responsible officer is still underway. A contingent liability exists in relation to the court case on the maintenance of the helicopter.	100	-

18	**Taxation**
	No provision for income tax was made as the Council for Geoscience is exempted in terms of section 10(1)(Ca)(i) of the Income Tax Act.

19	**Operating lease commitments**		
19.1	**Lease of office space**		
	At the reporting date, the outstanding commitments under non-cancellable operating leases which fall due are as follows:		
	Up to 1 year	447	425
	Total lease commitments	447	425

19.2	**Lease of office printing equipment**		
	The operating lease between a supplier and the Council for Geoscience entered on 1 July 2012 to 30 June 2015. At the reporting date, the outstanding commitments under non-cancellable operating leases which fall due are as follows:		
	Up to 1 year	1 495	1 495
	2 to 5 years	374	1 495
	Total lease commitments	1 869	2 990

Operating lease commitments (continued)

		2014 R'000	2013 R'000
19.3	**Commitments**		
	Operating expenditure		
	Approved and contracted	45 983	84 530
	Capital expenditure		
	Approved and contracted: Property and equipment	4 094	-
	Total commitments	50 077	84 530

	Commitments		
	Up to I year	26 808	25 358
	2 to 5 years	23 269	59 172
	Total commitments	50 077	84 530

The Council for Geoscience has usage-based contracts for the provision of the following services:

- Sampling services - Geophysics
- Accommodation and travel
- Courier services

20 Financial instruments

Financial instruments consist of cash and cash equivalents, investments with financial institutions, trade and other receivables and trade and other payables.

20.1 Credit risk

Financial assets, which potentially subject the Council for Geoscience to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Council for Geoscience's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful debts. Credit risk with respect to trade receivables is limited due to the large number of customers being dispersed across different industries and geographical areas. Accordingly, the Council for Geoscience has no significant concentration of credit risk.

The carrying amounts of financial assets included in the statement of financial position represent the Council for Geoscience's exposure to credit risk in relation to those assets.

Trade and other receivables are controlled by well-established policies and procedures which are reviewed and updated on an ongoing basis. The Council for Geoscience does not have any significant exposure to any individual customer or counterparty.

The maximum exposure to credit risk amounts to R16 365 (2013: R46 696).

20.2 Interest rate risk

The entity's exposure to interest rate risk and the effective interest rates on the financial instruments at reporting date are:

31 March 2014

Financial instruments (continued)

		2014 R'000	2013 R'000
20.2	**Interest rate risk**		
		Weighted average effective interest rate %	Weighted average effective interest rate %
	Assets		
	Cash	3.28%	3.20%
	Call accounts	5.21%	5.26%
	Investments		
	The risk is perceived to be low due to the following factors:		
	- Funds are only invested with approved financial institutions according to the policy of the Council for Geoscience, as was approved by the Board.		
	- Investments are only reinvested or invested with Executive Management approval.		

20.3 Foreign currency risk

The Council for Geoscience undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. It is not policy for the Council for Geoscience to take out cover on these outstanding foreign currency transactions due to the fact that these transactions take place on an ad-hoc basis. Exposure of the Council for Geoscience at 31 March 2014 is disclosed in note 21.

20.4 Airborne operations risk

Risk in respect of the airborne operations of the Council for Geoscience has been identified and transferred to third parties, namely insurance and an external operator.

21 Foreign currency exposure

		2014 R'000			2013 R'000		
		Exchange rate	Foreign amount	R-value	Exchange rate	Foreign amount	R-value
21.1	**Trade receivables**						
	Foreign currency						
	Euro	R 14.31590	€ 257	R 3 684	R 11.58079	€ 215	R 2 487
	US$	R 10.37850	$ 26	R 271	-	-	-
21.2	**Banks**						
	Foreign funds						
	Moroccan Dirham	R 1.28766	DH 8 025	R 10 333	R 1.05737	DH 7 760	R 8 204
	Euro	R 14.31590	€ 30	R 425	R 11.58079	€ 29	R 344

		2014 R'000	2013 R'000
22	**Related-party transactions**		
	During the period, the following related-party transactions took place between the Council for Geoscience and the Department of Mineral Resources:		
	Total grant received	271 232	223 006
	Refer to note 10 for further details regarding transactions with the Department of Mineral Resources.		
	All other related-party transactions were concluded at arm's length.		
	Relationships:		
	Parent National Department:		Department of Mineral Resources
	Other government departments and entities:		Mine Health and Safety Council

23	**Irregular expenditure**		
	Irregular expenditure current year		
	Demolition of a damaged building	1 897	-
	Consulting services earth observation	670	-
	Helicopter maintenance	2 325	-
	Irregular expenses awaiting condonation	4 892	-
	Analysis of expenditure awaiting condonation per age classification		
	Current year	4 892	-

	Incident	**Disciplinary step taken**
	Tender erroneously awarded	An investigation was conducted and a disciplinary hearing held as a result of which the responsible officer was dismissed for irregular practice.
	Deviation not approved by delegated official	Ratification to be applied for.

24	**Correction of prior year errors**		
24.1	**Correction of prior year cost and accumulated depreciation**		
	Nature Capitalisation of small assets to comply with GRAP 17		
	Effect Statement of financial position as at 31 March 2014		
	Property and equipment		

Correction of prior year errors (continued)

		2014 R'000	2013 R'000
24.1	**Correction of prior year cost and accumulated depreciation** *(continued)*		
	Cost	19 379	19 032
	Accumulated depreciation	(13 614)	(12 934)
		5 765	6 098
	Statement of financial performance for the period ended 31 March 2014		
	Administration expenses		
	Depreciation	680	758
		680	758
	Statement of net assets for the period ended 31 March 2014		
	Accumulated surplus	-	-
	Effect of the error	-	6 856
		-	6 856

24.2	**Correction of prior year unrecorded revenue**		
	Nature Revenue recorded in the incorrect period		
	Effect		
	Statement of financial position as at 31 March 2014		
	Deferred income	-	24
	Trade and other receivables	-	849
		-	873
	Statement of financial performance for the period ended 31 March 2014		
	Revenue	(849)	-
	Statement of net assets for the period ended 31 March 2014		
	Accumulated surplus	-	873

Correction of prior year errors (continued)

		2014 R'000	2013 R'000
24.3	**Correction of prior year building**		
	Nature Correction of deferred grant to comply with GRAP 23		
	Effect		
	Statement of financial position as at 31 March 2014		
	Deferred grant - Long-term liability	-	80 343
	Short-term portion of deferred grant	-	2 666
		-	83 009
	Statement of financial performance for the period ended 31 March 2014		
	Effect of error on prior year revenue is as follows:		
	Net surplus	-	(2 666)
		-	(2 666)
	Statement of net assets for the period ended 31 March 2014		
	Effect of the prior year error on accumulated surplus is as follows:		
	Accumulated surplus	-	83 009
		-	83 009

24.4	**Correction of prior year depreciation error**		
	Nature Depreciation calculation error		
	Effect		
	Effect of error on current year depreciation and prior year accumulated surplus is as follows:		
	Correction of error	-	(266)

24.5	**Correction of prior year staff debt error**		
	Nature Staff debt raised in the incorrect period		
	Effect		
	Effect of the prior year error on accumulated surplus is as follows:		
	Correction of error	-	61

Correction of prior year errors (continued)

		2014 R'000	2013 R'000
24.6	**Correction of prior year closing balance of fixed assets**		
	Nature Incorrect allocation of fixtures to buildings, included in equipment		
	Effect		
	Increase in buildings	-	3 350
	Decrease in equipment	-	(3 350)
		-	-

24.7	**Correction of prior year addition to fixed assets**		
	Nature Gearbox for helicopter incorrectly stated as an addition instead of a debt		
	Effect		
	Decrease in aircraft components	-	(2 240)
	Increase in debt	-	1 120
	Decrease in accounts payable	-	1 120
		-	-

25 Heritage assets disclosure

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items, thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

Nature

The Council for Geoscience has the following different classes of heritage assets not yet disclosed in the financials:

- Fossil collections
- Library books, maps and publications
- Old scientific equipment
- Mineral collections
- Meteorite collections
- Gemstone collections

Effect

These collections have the potential of becoming heritage assets, however, they have not yet been recognised in the reported year as management is still in the process of consulting with geological experts concerning measurement criteria for these collections.