

34 RETIREMENT BENEFIT INFORMATION**Pensions**

Assore Limited is a holding company which operates through its joint-venture entities and various subsidiary and associate companies and, as such, does not have any employees.

All subsidiary companies provide retirement benefits through either a defined contribution fund (termed "umbrella fund") or a defined benefit fund.

Defined contribution fund

The group and employees contribute 10% and 5% of pensionable salary to the umbrella fund respectively. Contributions to the fund amounted to R2,0 million (2016: R4,7 million) and the value amounted to R12,6 million (2016: R16,8 million) at year-end. Decrease in the value of the fund is due to the retrenchments which occurred at Rustenburg Minerals during the year.

Defined benefit – Assore Pension Fund

In terms of the Pension Funds Act, the Assore Pension Fund is actuarially valued every three years. The most recently completed statutory actuarial valuation was performed as at 1 July 2014 and revealed a 111,8% funding level. An interim check was performed for funding purposes as at 1 July 2017, which revealed a 122% funding level (2016: 114,1%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2017 R'000	2016 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	484 098	476 302
Current service cost	33 881	36 490
Interest cost	43 735	41 165
Actuarial gain – assumptions	(55 126)	(2 259)
Benefits paid	(82 988)	(67 600)
Benefit obligation at end of year	423 600	484 098
Change in plan assets		
Fair value of plan assets at beginning of year	552 168	533 776
Expected return on plan assets	27 632	47 721
Actuarial loss on plan assets – experience and assumptions	(17 682)	(890)
Employer contributions	28 768	30 475
Employee contributions	8 846	8 686
Benefits paid	(82 988)	(67 600)
Fair value of plan assets at end of year	516 744	552 168
Net surplus at year-end per statement of financial position	93 144	68 070
Components of periodic expense		
Current service cost	33 881	36 490
Interest cost	43 735	41 165
Expected return on plan assets	(27 632)	(47 721)
Net pension cost for the year	49 984	29 934
Plan assets invested as follows:	%	%
Equity securities	60	71
Debt securities	33	22
Property	2	1
Other (cash, cash awaiting investment, bank account)	5	6
	100	100

Notes to consolidated financial statements continued

for the year ended 30 June 2017

34 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

The maturity profile of the benefit obligation at the end of the year is as follows:

	2017 R'000	2016 R'000
Due within one year	22 371	68 429
Due within two years	22 227	20 286
Due within three years	23 871	19 263
Due within four years	15 534	20 027
Due within five years	13 812	11 385
Due between six and 10 years	141 663	126 230
Due thereafter	184 122	218 478
	423 600	484 098
Expected contribution next year	28 579	26 462
Actual return on assets for the year comprises:	35 312	46 831
– expected return on plan assets for the year	32 188	47 721
– actuarial gains on plan assets	3 124	(890)

Actuarial assumptions

The above valuations are based on the following principal actuarial assumptions:

	%	%
Expected return on plan assets	9,59	9,30
Post-retirement interest rate	4,22	3,60
Price inflation rate	6,87	7,40
Salary inflation rate	7,87	8,40
Pension increases	5,15	5,50

Other assumptions

Mortality rate for members still in service assumed at zero.

Pension mortality PA (90) – ultimate table, adjusted for two years' additional longevity since the previous year-end.

Merit salary increases per sliding scale depending on age starting at 5% per annum below age 25, and reducing to zero above age 50.

Spouse's benefits for active members – on average, husbands are assumed to be two years older than their wives, and married at date of retirement.

For current pensioners, their actual marital status and, where applicable, the exact age of their spouse has been taken into account.

Set out below is a quantitative sensitivity analysis on the principal assumptions referred to above:

2017	Interest		Post-retirement		Price inflation		Salary inflation		Pension increases	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(36 941)	50 611	(27 514)	54 822	86 274	(49 955)	43 990	(32 182)	57 637	(28 170)
2016	Interest		Post-retirement		Price inflation		Salary escalation		Pension increases	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(42 217)	57 839	(31 444)	62 652	98 595	(57 089)	50 273	(36 778)	65 869	(32 193)