

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

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 (2017: R2,0 million) and the value amounted to R14,7 million (2017: R12,6 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 2017 and revealed a 121,4% funding level. An interim check was performed for funding purposes as at 1 July 2018, which revealed a 129,1% funding level (2017: 122%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2018 R'000	2017 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	423 600	484 098
Current service cost	31 200	33 881
Interest cost	40 435	43 735
Actuarial gain – assumptions	(32 743)	(55 126)
Benefits paid	(27 021)	(82 988)
Benefit obligation at end of year	435 471	423 600
Movement in plan assets		
Fair value of plan assets at beginning of year	516 744	552 168
Expected return on plan assets	44 830	27 632
Actuarial loss on plan assets – experience and assumptions	(8 846)	(17 682)
Employer contributions	30 261	28 768
Employee contributions	8 748	8 846
Benefits paid	(27 021)	(82 988)
Fair value of plan assets at end of year	564 716	516 744
Net surplus at year-end per statement of financial position	129 245	93 144
Components of periodic expense		
Current service cost	31 200	33 881
Interest cost	40 435	43 735
Expected return on plan assets	(44 830)	(27 632)
Net pension cost for the year	26 805	49 984
Plan assets invested as follows:	%	%
Equity securities	60	60
Debt securities	33	33
Property	2	2
Other (cash, cash awaiting investment, bank account)	5	5
	100	100

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34 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

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

	2018 R'000	2017 R'000
Due within one year	17 170	22 371
Due within two years	25 157	22 227
Due within three years	11 206	23 871
Due within four years	12 624	15 534
Due within five years	26 946	13 812
Due between six and 10 years	161 216	141 663
Due thereafter	181 152	184 122
	435 471	423 600
Expected contribution next year	33 026	28 579
Actual return on assets for the year comprises:	36 967	35 312
– expected return on plan assets for the year	49 843	32 188
– actuarial (losses)/gains on plan assets	(12 876)	3 124
	%	%
Expected return on plan assets	9,51	9,59
Post-retirement interest rate	4,48	4,22
Price inflation rate	6,41	6,87
Salary inflation rate	7,41	7,87
Pension increases	4,81	5,15

Actuarial assumptions

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

Expected return on plan assets
Post-retirement interest rate
Price inflation rate
Salary inflation rate
Pension increases

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, based on a 1% movement (increase/decrease), on the principal assumptions referred to above:

2018 Assumptions	Interest		Post-retirement		Price inflation		Salary inflation		Pension increases	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Impact on defined benefit obligation (R'000)	(34 773)	46 407	(26 689)	54 250	84 753	(53 880)	46 407	(31 047)	63 837	(30 616)
2017 Assumptions	Interest		Post-retirement		Price inflation		Salary escalation		Pension increases	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Impact on defined benefit obligation (R'000)	(36 941)	50 611	(27 514)	54 822	86 274	(49 955)	43 990	(32 182)	57 637	(28 170)