

35 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 R1,7 million (2018: R2,0 million) and the value amounted to R11,8 million (2018: R14,7 million) at year-end. The 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 2019, which revealed a 134,1% funding level (2018: 129,7%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2019 R'000	2018 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	435 471	423 600
Current service cost	31 377	31 200
Interest cost	42 130	40 435
Actuarial gain — assumptions	(48 512)	(32 743)
Benefits paid	(45 506)	(27 021)
Benefit obligation at end of year	414 960	435 471
Movement in plan assets		
Fair value of plan assets at beginning of year	564 716	516 744
Expected return on plan assets	42 088	44 830
Actuarial loss on plan assets — experience and assumptions	(43 400)	(8 846)
Employer contributions	29 420	30 261
Employee contributions	9 178	8 748
Benefits paid	(45 506)	(27 021)
Fair value of plan assets at end of year	556 496	564 716
Net surplus at year-end per statement of financial position	141 536	129 245
Components of periodic expense		
Current service cost	31 377	31 200
Interest cost	42 130	40 435
Expected return on plan assets	(42 088)	(44 830)
Net pension cost for the year	31 419	26 805
Plan assets invested as follows:	%	%
Equity securities	58	60
Debt securities	35	33
Property	2	2
Other (cash, cash awaiting investment, bank account)	5	5
	100	100

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

35 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

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

	2019 R'000	2018 R'000
Due within one year	31 318	17 170
Due within two years	13 117	25 157
Due within three years	14 709	11 206
Due within four years	28 695	12 624
Due within five years	22 119	26 946
Due between six and 10 years	131 631	161 216
Due thereafter	173 371	181 152
	414 960	435 471
Expected contribution next year	35 503	33 026
Actual return on assets for the year comprises:	5 194	36 967
— expected return on plan assets for the year	47 601	49 843
— actuarial (losses)/gains on plan assets	(42 407)	(12 876)
Actuarial assumptions		
The above valuations are based on the following principal actuarial assumptions:		
	%	%
— Expected return on plan assets	8,58	9,51
— Pre-retirement interest rate	9,56	9,51
— Post-retirement interest rate	4,97	4,48
— Price inflation rate	5,83	6,41
— Salary inflation rate	6,53	7,41
— Pension increases	4,37	4,81

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 5,5% per annum below age 25, and reducing to 0,5% 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, on the principal assumptions referred to above:

2019 Assumptions	Pre-retirement interest		Post-retirement interest		Price inflation		Salary inflation		Pension increases	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Impact on defined benefit obligation (R'000)	(31 688)	38 286	(42 166)	31 340	78 110	(50 183)	38 739	(32 547)	60 242	(30 609)
2018 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)	(34 773)	46 407	(26 689)	54 250	84 753	(53 880)	46 407	(31 047)	63 837	(30 616)