

Notes to the consolidated financial statements

for the year ended June 30

	2014 R'000	2013 R'000
29. Post-retirement obligations		
Post-retirement assets		
Defined-benefit pension assets	(124 767)	(101 794)
Post-retirement obligations	345 253	312 739
Defined-benefit pension obligations	84 331	–
Post-retirement medical aid obligations	105 768	124 825
Unfunded defined-benefit early retirement plan	155 154	187 914
	220 486	210 945
Pension and provident funds		
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or appropriate industry funds.		
There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.		
The defined-benefit funds operated by the Group are The Bidvest South Africa Pension Fund, the Zwitserleven Pension Plan in the Netherlands and Angliss Hong Kong Food Service Limited Retirement Benefit Plan.		
Employer contributions to defined-contribution funds are set out in note 2.		
Defined-benefit pension funds		
Defined-benefit pension obligations (assets) of the various funds		
The Bidvest South Africa Pension Fund	(124 767)	(94 673)
Zwitserleven Pension Plan	79 972	–
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	4 359	(7 121)
	(40 436)	(101 794)
Contributions to the funds		
Employer contribution	88 309	78 617
Employee contribution	10 084	935
Total pension fund asset (unfunded pension liability)		
Fair value of plan assets	1 697 479	1 306 321
Actuarial present value of defined-benefit obligations	(1 628 385)	(1 197 304)
Net surplus in the plans	69 094	109 017
Amounts not recognised due to ceiling adjustments and other limitations	(28 658)	(7 223)
	40 436	101 794
Movement in the liability for defined-benefit obligations		
Balance at beginning of year	(1 197 304)	(847 436)
Transfer from early retirement fund	(33 808)	–
Benefits	47 199	41 210
Risk premiums and expenses	1 299	–
Current service costs	(75 255)	(68 949)
Interest	(66 060)	(52 062)
Member contributions	(10 084)	(935)
Actuarial losses	(236 834)	(128 548)
Settlements	27 557	–
Exchange rate adjustments on foreign plans	(85 095)	(140 584)
Balance at end of year	(1 628 385)	(1 197 304)

	2014 R'000	2013 R'000
29. Post-retirement obligations <i>(continued)</i>		
Defined-benefit pension funds <i>(continued)</i>		
Movement in the plans' assets		
Balance at beginning of year	1 306 321	1 010 886
Transfer from early retirement fund	33 808	–
Contributions paid into the plans	98 393	79 552
Benefits	(47 199)	(41 210)
Risk premiums and expenses	(6 142)	(2 837)
Interest income	76 069	*
Return on plan assets in excess of interest	153 297	*
Expected return on plan assets		65 607*
Actuarial gains		56 677*
Exchange rate adjustments on foreign plans	82 932	137 646
Balance at end of year	1 697 479	1 306 321
The plans' assets comprise		
Cash	70 238	20 929
Equity securities	455 003	306 076
Bills, bonds and securities	1 128 291	898 155
Property	29 298	20 044
Other	14 649	61 117
	1 697 479	1 306 321
Amounts recognised in the income statement		
Current service costs	75 255	68 949
Interest on obligations	66 060	52 062
Interest on assets	(76 069)	*
Expected return on plan assets		(65 607)*
Ceiling adjustments and other limitations	1 835	21 539
Risk premiums and expenses	4 843	2 837
Net actuarial gain recognised		(1 528)*
Gain arising from settlements, plan amendments and curtailments	(27 557)	–
	44 367	78 252
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest	(153 297)	*
Actuarial losses	236 834	*
Ceiling adjustments and other limitations	13 174	*
	96 711	–

Notes to the consolidated financial statements

for the year ended June 30

	2014 '000	2013 '000
29. Post-retirement obligations <i>(continued)</i>		
Defined-benefit pension fund <i>(continued)</i>		
Key actuarial assumptions used in the actuarial valuations:		
The Bidvest South Africa Pension Fund		
Number of in-service members June 30	73	51
Number of pensioners June 30	637	646
Discount rate (%)	8,7	8,2
Inflation rate (%)	6,4	5,7
Salary increase (%)	7,4	6,7
Pension increase allowance (%)	4,5	4,0
Zwitserleven Pension Plan		
Number of in-service members June 30	888	929
Number of pensioners June 30	624	582
Discount rate (%)	3,1	3,5
Inflation rate (%)	2,0	1,9
Salary increase (%)	2,0	1,9
Pension increase allowance (%)	0,7	0,7
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Number of in-service members June 30	302	294
Number of pensioners June 30	–	–
Discount rate (%)	1,9	2,2
Inflation rate (%)	3,3	3,3
Salary increase (%)	5,0	5,0
Date of valuation of all funds	June 30 2014	June 30 2013

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plans, while holding all the other assumptions constant.

	Impact of an increase in assumption R'000	Impact of a decrease in assumption R'000
The Bidvest South Africa Pension Fund		
Discount rate – 1%	19 214	(24 649)
Pension increase – 1%	16 091	(31 210)
Salary increase – 1%	7 473	(8 889)
Zwitserleven Pension Plan		
Discount rate – 0,25%	54 332	(73 977)
Pension increase – 0,25%	65 445	(23 517)
Salary increase – 0,25%	12 115	(10 765)
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	1 514	(1 564)
Salary increase – 0,25%	1 426	(1 389)

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	2014 R'000	2013 R'000
29. Post-retirement obligations <i>(continued)</i>		
Post-retirement medical aid obligations		
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.		
Movement in liability for post-retirement medical aid obligations		
Opening provision raised against unfunded obligation	124 825	185 203
Current service costs (relief)	(4 229)	649
Interest	8 637	14 664
Actuarial gain recognised in the income statement		(45 955)
Payments charged against provisions	(21 680)	(29 736)
Actuarial adjustments recognised in other comprehensive income	(3 561)	
Acquisition of businesses	1 776	–
Closing provision raised against unfunded obligation	105 768	124 825
Key actuarial assumptions	%	%
Discount rate	8,6	8,2
Inflation rate	6,2	5,7
Healthcare cost inflation	8,2	8,1
Date of valuation	June 30 2014	June 30 2013
A reasonably possible change in the key actuarial assumptions will not have a significant impact on the post-retirement medical aid cost and relating obligations.		
Unfunded defined-benefit early retirement plan		
A subsidiary provides an early retirement plan for its employees. The liability recognised is based on the actuarial valuation performed as at June 30.		
Number of members at June 30	428	423
	R'000	R'000
Movement in the liability for unfunded defined-benefit early retirement plan		
Balance at beginning of year	187 914	195 466
Benefits paid by employer	(46 663)	(48 374)
Current service costs	5 376	4 413
Interest	3 161	5 628
Transfer to pension fund	(24 989)	–
Actuarial gain recognised in the income statement		(6 254)*
Actuarial adjustments recognised in other comprehensive income	12 389	*
Exchange rate adjustments on foreign plans	17 966	37 035
Balance at end of year	155 154	187 914
Key actuarial assumptions	%	%
Discount rate	1,9	3,5
Salary increase rate	1,5	1,9
Date of valuation	June 30 2014	June 30 2013

A reasonably possible change in the key actuarial assumptions will not have a significant impact on the liability for the unfunded defined-benefit early retirement plan cost and relating obligations.

* As a result of the Group adopting the revised IAS19 Employee Benefits, on a prospective basis, based on materiality (see note 2 of accounting policies), certain information is not relevant in the current period based on the prior period's treatment or in the prior year based on the current year's treatment. Information has been re-presented, where possible, to provide more meaningful disclosure.