

Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
30. Post-retirement obligations		
Post-retirement assets		
Defined benefit pension surplus	(241 390)	(224 577)
Post-retirement obligations		
Post-retirement medical aid obligations	74 317	76 943
	(167 073)	(147 634)
<i>Pension and provident funds</i>		
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories.		
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 Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.		
Employer contributions to defined contribution funds are set out in note 2.		
Summarised details of the defined benefit pension fund		
<i>Defined benefit pension obligations (assets) of the fund</i>		
The Bidvest South Africa Pension Fund	(241 390)	(224 577)
	(241 390)	(224 577)
<i>Contributions to the fund</i>		
Employee contributions	356	337
<i>Total pension fund asset</i>		
Fair value of plan assets	625 295	623 979
Actuarial present value of defined benefit obligations	(381 253)	(390 780)
Net surplus in the plans	244 042	233 199
Amounts not recognised due to ceiling adjustments and other limitations	(2 652)	(8 622)
	241 390	224 577
<i>Movement in the liability for defined benefit obligations</i>		
Balance at beginning of year	(390 780)	(382 356)
Benefits paid	25 496	27 938
Risk premiums and expenses	999	1 042
Current service costs	(2 296)	(2 403)
Interest expense	(37 000)	(36 966)
Member contributions	(356)	(337)
Actuarial gains	22 684	2 302
Balance at end of year	(381 253)	(390 780)
<i>Movement in the plans' assets</i>		
Balance at beginning of year	623 979	601 441
Transfer in to pensioner pool in respect of ex-gratia payments	101	–
Contributions paid into the plans	356	337
Benefits paid	(25 496)	(27 938)
Risk premiums and expenses	(1 986)	(2 052)
Interest income	59 345	58 366
Return on plan assets in excess of interest income	(31 004)	(6 175)
Balance at end of year	625 295	623 979

	2019 R'000	2018 R'000
30. Post-retirement obligations (continued)		
<i>The plans' assets comprise</i>		
Cash	64 405	38 687
Equity securities	310 772	460 497
Bills, bonds and securities	108 801	94 845
Property	18 759	25 583
International	117 555	–
Other	5 003	4 367
	625 295	623 979
<i>Amounts recognised in the income statement</i>		
Current service costs	2 296	2 403
Transfer into pensioner pool in respect of ex-gratia payments	(101)	–
Interest on obligations	37 000	36 966
Interest income on plan assets	(59 345)	(58 366)
Ceiling adjustments and other limitations	836	1 604
Risk premiums and expenses	987	1 010
	(18 327)	(16 383)
<i>Amounts recognised in other comprehensive income</i>		
Return on plan assets in excess of interest income	31 004	6 175
Actuarial (gains) losses	(22 684)	(2 302)
Ceiling adjustments and other limitations	(6 806)	(9 181)
	1 514	(5 308)
<i>Key actuarial assumptions used in the actuarial valuations:</i>		
The Bidvest South Africa Pension Fund		
Number of in service members 30 June	19	20
Number of pensioners 30 June	537	572
Discount rate (%)	9.3	9.7
Inflation rate (%)	5.6	6.2
Salary increase (%)	6.6	7.2
Pension increase allowance (%)	3.9	4.3
Date of valuation of all funds	30 June 2019	30 June 2018

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 plan, while holding all the other assumptions constant.

Notes to the consolidated financial statements (continued)

for the year ended 30 June

	2019 Impact of an increase in assumption R'000	2018 Impact of an increase in assumption R'000
30. Post-retirement obligations (continued)		
The Bidvest South Africa Pension Fund		
Discount rate – 1%	7 497	6 366
Pension increase – 1%	(12 060)	(12 450)
Salary increase –1%	(4 650)	(3 833)
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.		
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.		
Provision for post-retirement medical aid obligations		
Opening provision raised against unfunded obligation	76 943	77 197
Current service costs (relief)	(244)	(2 502)
Interest expense	6 170	6 632
Benefits paid	(7 981)	(6 772)
Actuarial adjustments recognised in other comprehensive income	(571)	2 388
Closing provision raised against unfunded obligation	74 317	76 943
	%	%
Key actuarial assumptions		
Discount rate	8.7	8.7
Inflation rate (CPI)	5.7	5.7
Healthcare cost inflation	7.7	7.7
Date of valuation	30 June 2019	30 June 2018

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

31. Puttable non-controlling interest liabilities

The acquisition of certain subsidiaries in prior years, resulted in put options being agreed with certain of the non-controlling shareholders. The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the Group at contracted dates and amounts.

No new put options were entered into during the period.

	2019 R'000	2018 R'000
The effect of granting these put options on the Group's results can be summarised as follows:		
Balance at beginning of the year	90 530	60 990
Arising on the granting of put options to non-controlling interests during the year	–	22 922
Fair value adjustments recorded directly in retained income	7 115	5 025
Unwinding of present value discount recognised in the income statement	5 013	4 717
Put options settled	(16 500)	–
Dividends paid	(3 841)	(3 124)
	82 317	90 530
Discount rate	6.0% – 7.0% 1 July 2020 –	6.0% – 7.0% 1 July 2019 –
Expected settlement dates	1 July 2022	1 July 2022