Notes to the consolidated financial statements

for the year ended June 30

		2016 R'000	2015 R'000
25.	**POST-RETIREMENT OBLIGATIONS**		
	Post-retirement assets		
	Defined benefit pension assets	**(15 255)**	–
	Post-retirement obligations	**50 836**	189 193
	Defined benefit pension obligations	**36 952**	12 152
	Unfunded defined benefit early retirement plan	**13 884**	177 041
		35 581	189 193

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 subsidiaries 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 in South Africa and Angliss Hong Kong Food Service Limited Retirement Benefit Plan.

Employer contributions to defined contribution funds are set out in note 3.

Summarised details of the defined benefit pension funds

	2016 R'000	2015 R'000
Defined benefit pension obligations (assets) of the various funds		
The Bidvest South Africa Pension Fund in South Africa	**(15 255)**	–
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**36 952**	12 152
	21 697	12 152
Contributions to the funds		
Employer contributions	**58 944**	97 580
Employee contributions	**6 685**	10 377
Total pension fund asset (unfunded pension liability)		
Fair value of plan assets	**133 768**	1 302 426
Actuarial present value of defined benefit obligations	**(154 824)**	(1 290 234)
Net (deficit) surplus in the plans	**(21 056)**	12 192
Amounts not recognised due to ceiling adjustments and other limitations	**(641)**	(24 344)
	(21 697)	(12 152)
Movement in the liability for defined benefit obligations		
Balance at beginning of year	**(1 290 234)**	(1 171 442)
Transfer as a result of unbundling	**(7 843)**	–
Transfer from early retirement fund	**(3 657)**	(5 168)
Benefits	**17 592**	29 332
Risk premiums and expenses	**5**	–
Current service costs	**(46 586)**	(67 719)
Past service costs	**–**	(9 143)
Interest	**(19 175)**	(33 712)
Member contributions	**(6 685)**	(10 377)
Actuarial losses	**(85 679)**	(84 906)
Settlements	**1 523 840**	10 899
Exchange rate adjustments on foreign plans	**(236 402)**	52 002
Balance at end of year	**(154 824)**	(1 290 234)

	2016 R'000	2015 R'000
25. POST-RETIREMENT OBLIGATIONS *(continued)*		
Pension and provident funds *(continued)*		
Summarised details of the defined benefit pension funds *(continued)*		
Movement in the plans' assets		
Balance at beginning of year	**1 302 426**	1 087 111
Transfer as a result of unbundling	**25 128**	–
Transfer from early retirement fund	**3 657**	5 168
Contributions paid into the plans	**65 629**	107 957
Benefits	**(17 592)**	(29 332)
Risk premiums and expenses	**(1 633)**	(2 356)
Interest income	**20 156**	32 252
Return on plan assets in excess of interest	**3 455**	150 961
Settlements	**(1 505 388)**	–
Exchange rate adjustments on foreign plans	**237 930**	(49 335)
Balance at end of year	**133 768**	1 302 426
The plans' assets comprise		
Cash	**14 932**	5 221
Equity securities	**69 161**	46 986
Bills, bonds and securities	**48 889**	1 250 219
Other	**786**	–
	133 768	1 302 426
Amounts recognised in the statement of profit or loss		
Current service costs	**46 586**	67 719
Past service costs	**–**	9 143
Interest on obligations	**19 175**	33 712
Interest on assets	**(20 156)**	(32 252)
Ceiling adjustments and other limitations	**641**	2 493
Risk premiums and expenses	**1 628**	2 356
Gain arising from settlements, plan amendments and curtailments	**(18 452)**	(10 899)
	29 422	72 272
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest income	**(3 455)**	(150 961)
Actuarial losses	**85 679**	84 906
Ceiling adjustments and other limitations	**(28 435)**	24 533
	53 789	(41 522)

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for the year ended June 30

		2016	2015
25.	**POST-RETIREMENT OBLIGATIONS** *(continued)*		
	Pension and provident funds *(continued)*		
	Summarised details of the defined benefit pension funds *(continued)*		
	Key actuarial assumptions used in the actuarial valuations		
	The Bidvest South Africa Pension Fund in South Africa		
	Number of in service members June 30	**2**	–
	Discount rate (%)	**9,6**	–
	Inflation rate (%)	**7,4**	–
	Salary increase (%)	**8,4**	–
	Pension increase allowance (%)	**5,2**	–
	Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
	Number of in service members June 30	**303**	343
	Discount rate (%)	**0,8**	1,4
	Inflation rate (%)	**3,3**	3,3
	Salary increase (%)	**5,0**	5,0
	Date of valuation of all funds	**June 30 2016**	June 30 2015

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 deficit 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
2016		
The Bidvest South Africa Pension Fund in South Africa		
Discount rate – 1%	**2 207**	**(1 413)**
Pension increase – 1%	**(1 663)**	**1 610**
Salary increase – 1%	**(473)**	**1 613**
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	**1 831**	**(1 881)**
Salary increase – 0,25%	**(1 672)**	**1 639**
2015		
Angliss Hong Kong Food Service Limited Retirement Benefit Plan		
Discount rate – 0,25%	1 636	(1 691)
Salary increase – 0,25%	(1 541)	1 501

The sensitivity analyses presented above may not be representative of the actual change in the net deficit 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.

Unfunded defined benefit retirement plans

Subsidiaries in the Netherlands and Italy provide retirement plans for their employees. The Netherlands' unfunded retirement plan was settled during the financial year. The liability recognised is based on the actuarial valuation performed as at June 30.

	2016 Number	2015 Number
Number of members at June 30	**229**	576

	2016 R'000	2015 R'000
25. POST-RETIREMENT OBLIGATIONS *(continued)*		
Unfunded defined benefit retirement plans *(continued)*		
Movement in the liability for unfunded defined benefit early retirement plan		
Balance at beginning of year	**177 041**	155 154
Benefits paid	**–**	(7 092)
Current service costs	**3 335**	5 762
Interest expense	**1 067**	2 976
Transfer to pension fund	**(3 657)**	(648)
Actuarial adjustments recognised in other comprehensive income	**3 454**	17 792
Acquisition of businesses	**–**	12 314
Settlement	**(199 705)**	–
Exchange rate adjustments on foreign plans	**32 349**	(9 217)
Balance at end of year	**13 884**	177 041
	%	%
Key actuarial assumptions		
Discount rate	**0,5 – 1,2**	0,9 – 2,1
Salary increase rate	**1,5 – 2,75**	1,5 – 2,75
Date of valuation	**June 30 2016**	June 30 2015

26. PUTTABLE NON-CONTROLLING INTEREST LIABILITIES

The acquisition of Caterfood during the year resulted in a put option being agreed with the non-controlling shareholder. Certain of the put option arrangements were in existence at June 30 2015. The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the group at contracted dates and amounts.

The group has the following put options:

- The non-controlling shareholders in Distribuzione Alimentari Convivenze SPA (DAC) have the option to put their 40% interest in DAC to the group, using a market valuation formula on or about June 30 2019.
- The non-controlling shareholder in Caterfood has the option to put their 12% interest in Caterfood to the group, using a market valuation formula on or about September 30 2017.

	2016 R'000	2015 R'000
The effect of granting these put options on the group's results can be summarised as follows:		
Balance at beginning of year	**913 638**	–
Arising on the granting of put options to non-controlling interests during the year	**44 700**	902 410
Unwinding of present value discount recognised in the statement of profit or loss	**23 085**	18 363
Exchange rate adjustments	**187 498**	(7 135)
	1 168 921	913 638
DAC		
Discount rate	**1,99%**	1,99%
Expected settlement date	**July 1 2019**	July 1 2019
Caterfood		
Discount rate	**5,00%**	–
Expected settlement date	**September 30 2017**	–