31. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be a member of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R98 million were expensed during the year (2014: R94 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2015 amount to R185 million (2014: R186 million), including the post-retirement medical aid and the retirement gratuity provisions.

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa, which previously covered the old Tongaat-Hulett Group, was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a defined contribution arrangement, with the existing pensioner liabilities being outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2015 (Rmillion)**	2014 (Rmillion)
Fair value of fund assets		
Balance at beginning of year	**751**	737
Expected return on scheme assets	**38**	34
Settlements/conversion	**4**	(20)
Balance at end of year	**793**	751
Comprises:		
Employer surplus account (note 3)	**588**	552
Provisions and reserves	**205**	199
	793	751

31. RETIREMENT BENEFITS (Rmillion) continued

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Consolidated		Company	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**487**	448	396	383
Actuarial loss/(gain):	**25**	10	20	4
From changes in financial assumptions	**11**	1	15	1
From changes in demographic assumptions	**8**	6		(4)
From changes in experience items during the year	**6**	3	5	7
Net expense recognised in income statement	**49**	48	38	33
Employer contributions	**(33)**	(29)	(27)	(24)
Currency alignment	**14**	10		
Net liability at end of year	**542**	487	427	396
Amounts recognised in profit or loss:				
Current service costs	**8**	6	3	3
Past service costs		7		
Interest costs	**41**	35	35	30
	49	48	38	33
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**8,10%**	9,00%	8,10%	9,00%
Mozambique	**7,34%**	6,75%		
Zimbabwe	**5,00%**	7,00%		
Health care cost inflation rate				
South Africa	**7,20%**	7,75%	7,20%	7,75%
Mozambique	**6,51%**	6,00%		
Zimbabwe	**3,50%**	5,75%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(56)**	(53)	(41)	(38)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**69**	65	49	45
On health care cost inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% increase in trend rate - increase in the obligation	**69**	65	49	45
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(57)**	(54)	(42)	(38)
Estimated contributions payable in the next financial year	**34**	30	28	26

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
Weighted average duration of the obligation				
South Africa	**11,3 years**	11,3 years	11,3 years	11,3 years
Mozambique	**6,1 years**	4,9 years		
Zimbabwe	**17,0 years**	17,8 years		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).
"Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.
Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.
Longevity – pensioners (and their dependants) living longer than expected in retirement.
Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations. The unfunded liability for retirement gratuities, which is determined actuarially each year, comprises:

	Consolidated		Company	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**176**	152	112	102
Actuarial (gain)/loss:	**(2)**	7	5	8
From changes in financial assumptions	**1**		4	
From changes in demographic assumptions		2		2
From changes in experience items during the year	**(3)**	5	1	6
Net expense recognised in income statement	**25**	22	16	14
Payments made by the employer	**(12)**	(13)	(11)	(12)
Currency alignment	**11**	8		
Net liability at end of year	**198**	176	122	112
Amounts recognised in profit or loss:				
Service costs	**10**	9	6	6
Interest costs	**15**	13	10	8
	25	22	16	14

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**8,10%**	9,00%	8,10%	9,00%
Zimbabwe	**5,00%**	7,00%		
Salary inflation rate				
South Africa	**6,95%**	7,50%	6,95%	7,50%
Zimbabwe	**2,75%**	5,00%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(18)**	(16)	(10)	(9)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**21**	18	12	11
On salary inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**3**	3	2	2
1% increase in trend rate - increase in the obligation	**21**	18	12	11
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(18)**	(16)	(10)	(9)
Estimated contributions payable in the next financial year	**18**	15	11	11
Weighted average duration of the obligation				
South Africa	**9,9 years**	9,8 years	9,9 years	9,8 years
Zimbabwe	**11,0 years**	11,4 years		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).

"Real" salary increases (i.e. above price inflation) turn out higher than allowed for.

Large number of early retirements (normal or ill health) bringing forward gratuity payments.

Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	69
Non-executive directors' remuneration	70
Declaration of full disclosure	70
Interest of directors of the company in share capital	70

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 71 to 74 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 75 to 76.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013. The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components, namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries made contributions to the MSOP Trust and the ESOP Trust (refer note 3). Due to these shares having specific repurchase rights at maturity (five years from grant date), they were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Forfeited / adjustments	Balance time constrained
1 August 2009	20 330	(19 734)	(596)	
1 February 2010	23 622	(22 836)	(786)	
1 August 2010	13 022	(125)	(250)	12 647
1 February 2011	12 310	(93)	(93)	12 124
1 August 2011	11 668		(200)	11 468
Unallocated	28 034		1 925	29 959
	108 986	(42 788)		66 198

Management Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Awarded during 2014/15	Forfeited / adjustments	Balance time constrained
1 August 2009	36 876	(36 876)			
1 February 2010	72 619	(72 619)			
1 August 2010	49 749				49 749
1 February 2011	19 576				19 576
1 August 2011	77 998				77 998
1 February 2012	93 737				93 737
1 June 2012	43 885				43 885
1 July 2012	41 935				41 935
1 August 2012	2 782			(2 782)	
1 November 2012	250 638				250 638
7 January 2013	5 000				5 000
1 March 2013	4 855				4 855
15 April 2013 *				1 552	1 552
1 July 2013	25 000				25 000
1 August 2014			48 393	(788)	47 605
1 September 2014			1 928		1 928
Unallocated	247 302		(50 321)	2 018	198 999
	971 952	(109 495)			862 457

* Adjustment made for award on 15 April 2013 that had previously been omitted.

35. CHANGE IN ACCOUNTING POLICY IN THE PRIOR YEAR (Rmillion)

During the year ended 31 March 2014, the company adopted the revised IAS 19 Employee Benefits. The adoption of this standard resulted in actuarial gains and losses being recognised immediately in other comprehensive income and no longer being amortised via profit or loss. The effect of the change in accounting policy on the 2012/13 financial statements is disclosed below.

	Consolidated	Company
Effect on the statements of financial position at 31 March 2013		
Equity at 31 March 2013 as previously reported	9 752	2 922
Effect of change in accounting policy	(47)	(75)
Actuarial losses recognised	(74)	(104)
Foreign currency translation	6	
Increase in provision for retirement benefits	(68)	(104)
Deferred tax	21	29
Equity at 31 March 2013 restated	9 705	2 847