

PART B

**Financial Statements
of the
SAS Trustee Corporation**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the SAS Trustee Corporation (STC) and the STC and controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the STC and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the STC and the consolidated entity as of 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Board's Responsibility for the Financial Report

The Board of the STC is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the STC's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of the STC, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the STC or Consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

26 September 2007
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2007

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we declare on behalf of the Board that in our opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation at 30 June 2007 and transactions for the year then ended, and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 26th day of September 2007.



Michael Cole
Chairperson
SAS Trustee Corporation



Ian Blair
Board Member and Chairperson of the
Audit and Compliance Committee
SAS Trustee Corporation

SAS TRUSTEE CORPORATION

Income Statement

for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Revenue from Continuing Operations	2	33,595	34,025	32,939	34,025
Expenses from Continuing Operations	2	(33,595)	(34,025)	(32,939)	(34,025)
Result for the year		-	-	-	-

The accompanying notes form an integral part of the above Income Statement.

SAS TRUSTEE CORPORATION

Balance Sheet as at 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current Assets					
Cash and cash equivalents	9(a)	1,586	2,213	1,586	2,213
Receivables	3	3,039	4,880	2,760	4,772
Other Current Assets		43	22	43	22
Total Current Assets		4,668	7,115	4,389	7,007
Total Assets					
		4,668	7,115	4,389	7,007
Current Liabilities					
Payables	4	3,849	5,408	4,389	7,007
Provisions	5	672	1,403	-	-
Total Current Liabilities		4,521	6,811	4,389	7,007
Non-Current Liabilities					
Provisions	5	147	304	-	-
Total Non-current Liabilities		147	304	-	-
Total Liabilities					
		4,668	7,115	4,389	7,007
Net Assets					
		-	-	-	-
Total Equity					
		-	-	-	-

The accompanying notes form an integral part of the above Balance Sheet.

SAS TRUSTEE CORPORATION

Cash Flow Statement

for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Cash Flows from Operating Activities					
Receipts from Associated Schemes		35,359	30,951	34,702	30,951
Interest Received		198	198	198	198
Payments to Suppliers and Employees		(36,184)	(32,517)	(35,527)	(32,517)
Net Operating Cash Flows	9(b)	(627)	(1,368)	(627)	(1,368)
Net Increase/(Decrease) in Cash & Cash Equivalents					
		(627)	(1,368)	(627)	(1,368)
Cash & Cash Equivalents at the Beginning of the Financial Year		2,213	3,581	2,213	3,581
Cash & Cash Equivalents at the End of the Financial Year	9(a)	1,586	2,213	1,586	2,213

The accompanying notes form an integral part of the above Cash Flow Statement.

SAS TRUSTEE CORPORATION

Statement of Recognised Income and Expense for the year ended 30 June 2007

	NOTE	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Net Income recognised directly in equity		-	-	-	-
Result for Year	2	-	-	-	-
Total recognised income and expense		-	-	-	-
Effect of change in accounting policies		-	-	-	-

The accompanying notes form an integral part of the above Statement of Recognised Income and Expense.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) acts as trustee and holds in trust all assets of the Pooled Fund. STC is economically dependent on the Pooled Fund.

STC is, for the purpose of any Acts, a statutory body. It is domiciled in NSW Australia. Its registered address is Level 17, 83 Clarence Street, Sydney, NSW, 2000.

Scheme administration services for the Pooled Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). Pillar charges fees for the services it provides.

Custodial activities for the Pooled Fund are performed by JPMorgan Investor Services.

The Pooled Fund is a separate reporting entity for accounting and taxation purposes.

The SAS Trustee Corporation is the parent entity of an Economic Entity comprising –

- SAS Trustee Corporation (referred to as the “Statutory Corporation” in the above statements) and,
- SAS Trustee Corporation Division of the Government Service of NSW. The principles of consolidation of these entities is described at note 1(b) below.

(a) General System of Accounting Underlying the Financial Statements

The financial statements form a general purpose financial report and are prepared in accordance with –

- the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2005*
- the Treasurer’s Directions
- applicable Australian Accounting Standards and other professional reporting requirements including Australian Accounting Interpretations.

The financial statements comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). Both the Economic Entity and the Parent Entity are not-for-profit entities and A-IFRS have been applied as applicable to not-for-profit entities.

The financial statements have been prepared on an historical cost basis using the accrual method of accounting and do not reflect the changing money values of assets. Interest and fee income is accounted for on an accrual basis.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year, unless otherwise stated.

All amounts are expressed in Australian dollars.

The financial statements were authorised for issue by the Trustee Board on 26 September 2007.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The consolidated financial report incorporates the assets and liabilities of STC (the "Statutory Corporation") and its controlled entity as at 30 June 2007 and the results of the Statutory Corporation and the controlled entity for the year then ended. The Statutory Corporation and its controlled entity is referred to in this financial report as the "Economic Entity". The effects of all transactions within the Economic Entity are eliminated in full. There are no outside equity interests.

As the controlled entity was created and control commenced during 2005-06, its results are included in the consolidated Income Statement, Balance Sheet, Cash Flow Statement and Statement of Recognised Income & Expense from the date of creation (17 March 2006).

The accounting policies adopted in preparing the financial reports are consistently applied by the Statutory Corporation, the Economic Entity and the controlled entity.

The controlled entity also prepares a separate financial report. This financial report is audited by the Auditor-General of NSW.

(c) Administration Expenses and Revenue

All costs relating to scheme administration and executive management of the Pooled Fund are incurred by Statutory Corporation and comprise the direct expenses of Statutory Corporation and administration fees from Pillar.

Under the terms of the Act, the Statutory Corporation must recover the costs it incurs from the Pooled Fund. Consequently it recognises an amount equal to the costs incurred at the time the services are delivered.

Lease expenses are recognised on a straight line basis over the lease term, including incentives and contingent rentals.

(d) Employee Benefits

Wages, salaries and annual leave

The provision for employee benefits relating to wages, salaries and annual leave represents the amount which the Economic Entity has a present obligation to pay resulting from employees' services provided up to the balance date. These provisions are expected to be settled within 12 months and are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Such measurement provides a reliable estimate of the liability.

Long service leave

The liability for employee benefits relating to long service leave is measured at their discounted value using the risk free rate mandated by NSW Treasury. Such measurement provides a reliable estimate of the liability.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

(d) Employee Benefits (Continued)

Superannuation

Any unfunded superannuation liability is recognised as a liability in the Balance Sheet and amounts representing pre-paid superannuation contributions are recognised as an asset. The Economic Entity is meeting in full the total superannuation liabilities for its employees. The contributions made to superannuation funds are charged against the operating result. Any actuarial gains and losses are recognised immediately in the result in the year in which the gain or loss occurs.

(e) Roundings

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

(f) Cash Flows

Under current funding arrangements all cash payments to external parties with the exception of Investment Management and Custody fees incurred on behalf of the Statutory Corporation are transacted through the Statutory Corporation's bank account and recovered from the Pooled Fund. Investment Management and Custody fees are disbursed directly by the Custodian from the Fund's pool of assets.

All transactions of the SAS Trustee Corporation Division of the Government Service of NSW are conducted through Statutory Corporation's bank account.

(g) Financial Instruments

Financial Instruments give rise to positions that are financial assets or liabilities. These include Cash at Bank, Receivables and Payables. All classes of instruments are initially recorded at cost and are subsequently carried at amortised cost. Such measurement provides a reliable estimate of liability. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

(h) Accounting standards issued but not yet effective

The following accounting standards issued but not yet effective have not been applied –

- AASB 7 – *Financial Instruments Disclosures* (potentially more substantial risk related disclosures relating to credit, liquidity and market risk). AASB 7 will be implemented for the year ending 30 June 2008 and will include comparative information for the year ended 30 June 2007.
- AASB 101 – *Presentation of Financial Statements* as issued in October 2006 will be implemented for the year ended 30 June 2008.

(i) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

2. RESULT

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
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The result includes the following items of revenue and expense:

Management Fees	33,254	33,681	32,598	33,681
Other Income	341	344	341	344
Total Revenue	33,595	34,025	32,939	34,025

Trustee Expenses

Board Member Fees	577	566	577	566
Other Administration Expenses	47	24	47	24
Total Trustee Expenses	624	590	624	590

Executive Expenses

Employee Related Expenses	2,103	1,771	-	1,132
Superannuation	(355)	(331)	-	(238)
Personnel Services Expenses	-	-	1,270	546
Accommodation	265	276	265	276
Other Administration Expenses	488	276	310	276
Total Executive Expenses	2,501	1,992	1,845	1,992

Fund Expenses

Fees for Services	2,328	2,617	2,328	2,617
Other Administration Expenses	488	310	488	310
Pillar Administration Fees	27,654	28,516	27,654	28,516
Total Fund Expenses	30,470	31,443	30,470	31,443

Total Administration Expenses	33,595	34,025	32,939	34,025
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Contained within Administration Expenses are fees paid to consultants of \$363,112 (2006: \$426,448) and audit fees of \$13,200 for the Statutory Corporation and \$3,300 for the SAS Trustee Corporation Division of the Government Service of NSW (2006 \$12,815 and \$3,300).

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

2. RESULT (Continued)

Lease payments made during the year comprised –

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Minimum lease payments	232	246	232	246
Contingent rentals	-	-	-	-
	232	246	232	246

The Statutory Corporation uses operating leases to provide its office space, certain office equipment and a motor vehicle. Contingent rentals and the existence of renewal options are applicable only to office space. Contingent rentals have been included to the extent the amounts are calculable.

3. RECEIVABLES

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Amounts Receivable – Pooled Fund	2,341	4,244	2,341	4,244
Other Receivables	420	528	419	528
Superannuation (refer Note 7)	278	108	-	-
	3,039	4,880	2,760	4,772

4. PAYABLES

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Amount Payable – Pillar (Administration Fees)	2,302	2,503	2,302	2,503
Other Payables	1,547	2,905	1,546	2,905
Amounts Payable – SAS Trustee Corporation Division of the Government Service of NSW	-	-	541	1,599
	3,849	5,408	4,389	7,007

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

5. PROVISIONS

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Current				
Employee Benefits	672	784	-	-
Superannuation (refer Note 7)	-	619	-	-
	672	1,403	-	-
Non-current				
Employee Benefits	147	304	-	-
	147	304	-	-

6. EXECUTIVES' REMUNERATION

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Income received or due and receivable by executive officers of Statutory Corporation whose income is \$100,000 or more	1,703	1,645	-	732
The number of executive officers whose income is \$100,000 or more are shown below in their relevant income bands:				
	Economic Entity 2007 Number	Economic Entity 2006 Number	Statutory Corporation 2007 Number	Statutory Corporation 2006 Number
Remuneration (including superannuation contributions) of:				
\$110,000 - \$119,999	-	1	-	1
\$120,000 - \$129,999	1	3	-	2
\$130,000 - \$139,999	-	1	-	-
\$140,000 - \$149,999	2	-	-	-
\$150,000 - \$159,999	-	1	-	-
\$160,000 - \$169,999	1	1	-	-
\$170,000 - \$179,999	-	-	-	1
\$180,000 - \$189,999	2	1	-	-
\$190,000 - \$199,999	-	-	-	1
\$210,000 - \$219,999	1	-	-	-
\$240,000 - \$249,999	1	1	-	-
\$250,000 - \$259,999	-	1	-	-
\$270,000 - \$279,999	1	-	-	-
	9	10	-	5

The 2006 Statutory Corporation remuneration is for the period prior to the transfer of staff to SAS Trustee Corporation Division of Government Service of NSW – 1 July 2005 to 17 March 2006.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION

The Economic Entity participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

The following information has been prepared by the scheme actuary.

From 1 July 2005 to 17 March 2006 the superannuation liability rested with the Statutory Corporation. On 17 March 2006 it was transferred to the SAS Trustee Corporation Division of the Government Service of NSW. The transfer amount was actuarially determined.

Reconciliation of the present value of the defined benefit obligation:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	720	231	5,077
Current service cost	30	13	18
Interest cost	41	13	294
Contributions by fund participants	15	-	46
Actuarial (gains)/losses	44	46	(855)
Benefits paid	(32)	(55)	386
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	818	248	4,966

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	-	-	-
Current service cost	-	-	-
Interest cost	-	-	-
Contributions by fund participants	-	-	-
Actuarial (gains)/losses	-	-	-
Benefits paid	-	-	-
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the present value of the defined benefit obligation (Continued):

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	648	265	4,735
Current service cost	31	15	58
Interest cost	38	13	263
Contributions by fund participants	15	-	59
Actuarial (gains)/losses	5	(6)	(46)
Benefits paid	(17)	(56)	8
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	720	231	5,077

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	648	265	4,735
Current service cost	22	11	41
Interest cost	27	9	187
Contributions by fund participants	11	-	42
Actuarial (gains)/losses	3	(4)	(33)
Benefits paid	(12)	(40)	6
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Transfer out on 17 March 2006	(699)	(241)	(4,978)
<i>Present value of partly funded defined benefit obligation at end of year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	801	258	4,458
Expected return on fund assets	59	19	335
Actuarial gains/(losses)	85	19	650
Employer contributions	31	14	84
Contributions by fund participants	15	-	46
Benefits paid	(32)	(54)	385
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	959	256	5,958

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	-	-	-
Expected return on fund assets	-	-	-
Actuarial gains/(losses)	-	-	-
Employer contributions	-	-	-
Contributions by fund participants	-	-	-
Benefits paid	-	-	-
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	639	264	3,762
Expected return on fund assets	48	19	282
Actuarial gains/(losses)	75	18	266
Employer contributions	41	13	81
Contributions by fund participants	15	-	59
Benefits paid	(17)	(56)	8
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	801	258	4,458

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets (Continued):

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	639	264	3,762
Expected return on fund assets	34	14	200
Actuarial gains/(losses)	53	13	189
Employer contributions	29	9	57
Contributions by fund participants	11	-	42
Benefits paid	(12)	(40)	6
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
Transfer out on 17 March 2006	(754)	(260)	(4,256)
<i>Fair value of fund assets at end of the year</i>	-	-	-

Reconciliation of the assets and liabilities recognised in the Balance Sheet.

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	818	248	4,966
Fair value of fund assets at end of the year	(959)	(256)	(5,958)
	(141)	(8)	(992)
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	107	6	750
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(34)	(2)	(242)

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Reconciliation of the assets and liabilities recognised in the Balance Sheet (Continued):

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	-	-	-
Fair value of fund assets at end of the year	-	-	-
	-	-	-
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	720	231	5,077
Fair value of fund assets at end of the year	(801)	(258)	(4,458)
	(81)	(27)	619
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	(81)	(27)	619

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	-	-	-
Fair value of fund assets at end of the year	-	-	-
	-	-	-
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in Balance Sheet at end of the year</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2007

7.SUPERANNUATION (Continued)

Components recognised in Income Statement:

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2007			
Current Service Cost	30	13	18
Interest cost	40	13	293
Expected return on fund assets (net of expenses)	(59)	(19)	(334)
Actuarial losses/(gains) recognised in year	(41)	27	(1,504)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	107	6	750
Curtailments or settlement (gain)/loss	-	-	-
	<hr/>	<hr/>	<hr/>
Expense/(income) recognised	77	40	(777)
Statutory Corporation			
As at 30 June 2007			
	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Current Service Cost	-	-	-
Interest cost	-	-	-
Expected return on fund assets (net of expenses)	-	-	-
Actuarial losses/(gains) recognised in year	-	-	-
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
	<hr/>	<hr/>	<hr/>
Expense/(income) recognised	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Components recognised in Income Statement (Continued):

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2006			
Current Service Cost	31	15	58
Interest cost	38	13	263
Expected return on fund assets (net of expenses)	(48)	(19)	(281)
Actuarial losses/(gains) recognised in year	(69)	(23)	(312)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	(48)	(14)	(272)

Statutory Corporation

	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2006			
Current Service Cost	22	10	41
Interest cost	27	9	187
Expected return on fund assets (net of expenses)	(34)	(13)	(200)
Actuarial losses/(gains) recognised in year	(49)	(16)	(221)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Movement in adjustment for limitation on net asset	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	(34)	(10)	(193)

Amounts recognised in the Statement of Recognised Income and Expense:

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2007			
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Statutory Corporation

	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2007			
Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Amounts recognised in the Statement of Recognised Income and Expense (Continued):

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

As at 30 June 2006

Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Statutory Corporation

As at 30 June 2006

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

Actuarial (gains)/losses	-	-	-
Adjustment for limit on net asset	-	-	-

Cumulative amount recognised in the Statement of Recognised Income and Expense:

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000

As at 30 June 2007	-	-	-
As at 30 June 2006	-	-	-

Statutory Corporation

As at 30 June 2007	-	-	-
As at 30 June 2006	-	-	-

The percentage of fund assets invested in each asset class at the balance sheet date:

Economic Entity and Statutory Corporation	2007	2006
Australian equities	34%	37%
Overseas equities	26%	27%
Australian fixed interest securities	7%	10%
Overseas fixed interest securities	6%	7%
Property	10%	9%
Cash	10%	5%
Other	7%	4%

Expected rate of return on assets:

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment taxes and investment fees.

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Actual return on fund assets:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	116	38	655

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	-	-	-

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	101	37	608

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	72	26	432

Valuation method and principal actuarial assumptions at the balance sheet date:

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(b) Economic Assumptions

	2007	2006
Salary increase rate (2008:3.5% thereafter)	4.0%	4.0%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets backing current pension liabilities	7.6%	7.6%
Expected rate of return on assets backing other liabilities	7.6%	7.6%
Discount rate	6.4%	5.9%

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Valuation method and principal actuarial assumptions at the balance sheet date (Continued):

(c) Demographic Assumptions

Demographic assumptions reflect those adopted by the scheme actuary in its triennial review of the schemes.

Historical Information:

Economic Entity

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	818	248	4,966
Fair value of fund assets	(959)	(256)	(5,958)
(Surplus)/Deficit in fund	(141)	(8)	(992)
Experience adjustments – fund liabilities	44	46	(854)
Experience adjustments – fund assets	(85)	(19)	(650)

Statutory Corporation

As at 30 June 2007	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	-	-	-
Fair value of fund assets	-	-	-
(Surplus)/Deficit in fund	-	-	-
Experience adjustments – fund liabilities	-	-	-
Experience adjustments – fund assets	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Historical Information (Continued):

Economic Entity

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	720	231	5,077
Fair value of fund assets	(801)	(258)	(4,458)
(Surplus)/Deficit in fund	(81)	(27)	619
Experience adjustments – fund liabilities	5	(5)	(46)
Experience adjustments – fund assets	(74)	(18)	(266)

Statutory Corporation

As at 30 June 2006	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	-	-	-
Fair value of fund assets	-	-	-
(Surplus)/Deficit in fund	-	-	-
Experience adjustments – fund liabilities	4	(4)	(33)
Experience adjustments – fund assets	(53)	(12)	(189)

Economic Entity

As at 30 June 2005	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	426	265	3,700
Fair value of fund assets	(417)	(264)	(2,727)
(Surplus)/Deficit in fund	9	1	973

Statutory Corporation

As at 30 June 2005	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	426	265	3,700
Fair value of fund assets	(417)	(264)	(2,727)
(Surplus)/Deficit in fund	9	1	973

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Expected contributions:

Economic Entity

	SASS \$'000	SANCS \$'000	SSS \$'000
Expected contributions for year to 30 June 2007	29	13	74
Expected contributions for year to 30 June 2006	28	15	94

Statutory Corporation

Expected contributions for year to 30 June 2007	-	-	-
Expected contributions for year to 30 June 2006	20	11	67

Funding arrangements for employer contributions – surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS25 – *Financial Reporting by Superannuation Plans*.

30 June 2007

	SASS \$'000	SANCS \$'000	SSS \$'000
Economic Entity			
Accrued benefits	809	246	4,491
Net market value of fund assets	(959)	(256)	(5,958)
<i>Net (surplus)/deficit</i>	(150)	(10)	(1,467)

Statutory Corporation

Accrued benefits	-	-	-
Net market value of fund assets	-	-	-
<i>Net (surplus)/deficit</i>	-	-	-

30 June 2006

	SASS \$'000	SANCS \$'000	SSS \$'000
Economic Entity			
Accrued benefits	696	223	4,297
Net market value of fund assets	(801)	(258)	(4,458)
<i>Net (surplus)/deficit</i>	(105)	(35)	(161)

Statutory Corporation

Accrued benefits	-	-	-
Net market value of fund assets	-	-	-
<i>Net (surplus)/deficit</i>	-	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates:

Economic Entity

As at 30 June 2007	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6
As at 30 June 2006	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	1.9	2.5	1.6

Statutory Corporation

As at 30 June 2007	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-
As at 30 June 2006	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Funding arrangements for employer contributions – Funding Method:

The method used to determine employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the *Aggregate Funding* method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions:

Weighted average assumptions –

	2006 and following
Expected rate of return on fund assets backing current pension liabilities	7.7%
Expected rate of return on fund assets backing other liabilities	7.0%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

Funding arrangements for employer contributions – Nature of asset/liability:

If a surplus exists in the Economic Entity's interest in the fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. The Statutory Corporation in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the Economic Entity is responsible for any difference between its share of scheme assets and the defined benefit obligation.

8. RELATED PARTY INFORMATION

(a) **Board Members and Remuneration Received or Due and Receivable by the following:**

	2007	2006
	\$	\$
The names of the Board Members of STC in office during the year ended 30 June and up to the date of signing these accounts, are as follows:		
Mr I Blair	47,088	47,088
Mr M Cole	71,976	70,523
Mr R Davis	149,771	137,200
Ms A De Salis (term commenced 1 February 2006)	44,908	18,348
Mr R Harty	40,548	44,908
Mr M Lambert	40,548	40,548
Mr N Lewocki	44,908	44,908
Ms M O'Halloran	44,908	44,908
Ms O Sananikone (term completed 31 January 2006)	-	26,196
Mr P Scully	44,908	44,908
	529,563	519,535

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

8. RELATED PARTY INFORMATION (Continued)

(b) Transactions entered into during the year with Board Members and their Related Entities:

	2007 \$'000	2006 \$'000
Fees paid to the Statutory Corporation by State Super Financial Services Australia Limited (SSFSAL), a company in which Mr R Davis is a director, on normal commercial terms and conditions.	50	50
Rental payments and outgoings received by the Pooled Fund from SSFSAL, a company in which Mr R Davis is a director, on normal commercial terms and conditions.	960	904

- (c) On 17 March 2006 the NSW Government created the SAS Trustee Corporation Division of the Government Service of NSW. This entity is a special purpose entity providing personnel services to the Statutory Corporation. Its activities are conducted on behalf of the Statutory Corporation according to the Statutory Corporation's specific business needs. Day to day control of this entity is vested in the CEO of the Statutory Corporation.

9. CASH FLOW INFORMATION

(a) Reconciliation of Cash

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
Cash and Cash Equivalents	1,586	2,213	1,586	2,213

Cash flows reflect cash movements resulting from transactions with suppliers and employees including Pillar and the Pooled Fund. Under current funding arrangements all cash payments to external parties on behalf of Economic Entity are recovered from the Pooled Fund.

The Economic Entity's cash at bank is held with a major trading bank and attracts a floating interest rate which is subject to change at the discretion of the bank. At 30 June 2007 the rate was 5.0% (2006: 4.29%).

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

9. CASH FLOW INFORMATION (Continued)

(b) Reconciliation of Net Result to Net Cash Used in Operating Activities

	Economic Entity 2007 \$'000 Inflows/ (Outflows)	Economic Entity 2006 \$'000 Inflows/ (Outflows)	Statutory Corporation 2007 \$'000 Inflows/ (Outflows)	Statutory Corporation 2006 \$'000 Inflows/ (Outflows)
Result	-	-	-	-
<u>Changes in Assets and Liabilities: (Increase)/Decrease in Assets</u>				
Prepayments	(21)	19	(21)	19
Receivables -				
Pooled Fund	1,903	(2,451)	1,903	(2,343)
FTC	-	425	-	425
Other	(63)	(128)	109	(128)
<u>Increase/(Decrease) in Liabilities</u>				
Payables -				
Pillar	(201)	20	(201)	20
Other	(1,357)	1,231	(2,417)	2,830
Provisions	(888)	(484)	-	(2,191)
Net Cash From/(Used) in Operating Activities	(627)	(1,368)	(627)	(1,368)

10. SEGMENT REPORTING

The Economic Entity operates in the superannuation and investment management industry in New South Wales. All revenue, expenses, assets and liabilities are as shown in the Income Statement and Balance Sheet.

SAS TRUSTEE CORPORATION

Notes to the financial statements

for the year ended 30 June 2007

11. COMMITMENTS FOR EXPENDITURE

	Economic Entity 2007 \$'000	Economic Entity 2006 \$'000	Statutory Corporation 2007 \$'000	Statutory Corporation 2006 \$'000
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Lease Commitments

Commitments in relation to non-cancellable operating leases contracted for at balance date but not provided for in the accounts, including goods and services tax:

Payable not later than 1 year	241	238	241	238
Payable later than 1 year and not later than 5 years	979	957	979	957
Payable greater than 5 years	103	360	103	360
	1,323	1,555	1,323	1,555

Administration Expenses

Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract dated 1 October 2005 but not provided for in the accounts, including goods and services tax:

Payable not later than 1 year	8,272	8,479	8,272	8,479
Payable later than 1 year and not later than 5 years	18,612	27,556	18,612	27,556
	26,884	36,035	26,884	36,035

The terms of the contract allow for the fixed costs to be adjusted annually in line with an index stated in the contract.

The administration expenses noted above qualify for a reduced input tax credit of 75% of the goods and services tax included therein.

12. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Pooled Fund, or the Fund itself:

- (i) Legal Costs and additional benefit amounts in relation to member benefit entitlement disputes, notified, but not resolved.
- (ii) Legal Costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

End of Audited Financial Report