

PART B

**Financial Statements
of the
SAS Trustee Corporation
Pooled Fund**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation - Pooled Fund

To the Treasurer

I have audited the accompanying financial report of the SAS Trustee Corporation - Pooled Fund (the Fund), which comprises the statement of net assets as at 30 June 2007, and the statement of changes in net assets for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the statement of net assets as of 30 June 2007, and of its statement of changes in net assets 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.

Trustees' Responsibility for the Financial Report

The members of the Board of the SAS Trustee Corporation, as trustee of the Fund are 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 entity'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 Trustee Board, 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 Fund,
- 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 POOLED FUND

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 Pooled Fund at 30 June 2007 and transactions for the year 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 POOLED FUND

Statement of Changes in Net Assets
for the year ended 30 June 2007

	Note	2007 \$'m	2006 \$'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		28,578.1	25,899.9
Contribution Revenue			
Employer Contributions		7,437.5	273.7
Member Contributions		515.9	507.2
	2	7,953.4	780.9
Transfers			
Scheme Mobility Transfer	4	0.4	(0.4)
Investment Revenue			
Short Term Securities		34.0	32.4
Australian Fixed Interest		176.1	179.9
International Fixed Interest		86.0	81.3
Australian Equities		738.5	497.8
International Equities		254.7	123.7
Property		153.5	139.5
Alternatives		110.6	70.7
		1,553.4	1,125.3
Changes in Net Market Values of Investments		3,387.4	3,246.2
	5	4,940.8	4,371.5
Investment Expenses		(81.0)	(60.1)
Net Investment Revenue		4,859.8	4,311.4
Other Revenue		6.0	3.8
Total Revenue		12,819.6	5,095.7
Benefits Paid	12(b)	(2,758.9)	(2,457.8)
Scheme Administration Expenses	6	(32.6)	(33.7)
Superannuation Contributions Surcharge		9.3	(12.9)
Other Expenses		(0.9)	(0.7)
Total Expenses		(2,783.1)	(2,505.1)
Change in Net Assets Before Income Tax		10,036.5	2,590.6
Income Tax (Expense)/Benefit	7(a)	(27.6)	87.6
Change in Net Assets Available to Pay Benefits After Income Tax		10,008.9	2,678.2
Net Assets Available to Pay Benefits at End of Financial Year	8	38,587.0	28,578.1

The accompanying notes form an integral part of the above Statement of Changes in Net Assets.

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Net Assets
as at 30 June 2007

	Note	2007 \$'m	2006 \$'m
INVESTMENTS			
Short Term Securities		4,699.5	1,271.9
Australian Fixed Interest		3,038.3	2,996.7
International Fixed Interest		2,409.6	1,413.2
Australian Equities		13,042.5	11,148.0
International Equities		9,334.7	7,923.3
Property		3,397.1	2,524.8
Alternatives		3,016.7	1,421.5
		38,938.4	28,699.4
OTHER ASSETS			
Cash at Bank		0.2	3.4
Receivables	9	264.2	290.3
Plant and Equipment		0.2	0.1
Current Tax Asset	7(a)	61.3	120.4
		325.9	414.2
TOTAL ASSETS		39,264.3	29,113.6
LIABILITIES			
Reserve Units	10	4.6	4.6
Payables	11	342.9	328.3
Deferred Tax Liabilities	7(b)	329.8	202.6
		677.3	535.5
TOTAL LIABILITIES		677.3	535.5
NET ASSETS AVAILABLE TO PAY BENEFITS	8	38,587.0	28,578.1

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

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are a general purpose financial report for the SAS Trustee Corporation Pooled Fund (the Fund) reporting entity that consists of the State Authorities Superannuation Scheme (SASS), the State Authorities Non-contributory Superannuation Scheme (SANCS), the State Superannuation Scheme (SSS) and the Police Superannuation Scheme (PSS). These are the superannuation schemes administered by the SAS Trustee Corporation (STC) under the *Superannuation Administration Act 1996* (the Act). STC acts as trustee and holds in trust all assets of the Fund.

The Schemes of the Fund were established under and are governed by various Acts of the New South Wales Parliament. SANCS, SSS and PSS are defined benefit plans, while SASS comprises both of a defined benefit component and a defined contribution component. All Schemes in the Fund are closed to new members. The Fund is domiciled in NSW Australia. Its registered address is Level 17, 83 Clarence Street Sydney, NSW, 2000.

Scheme administration services for the Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). The Fund's custodial activities are performed by JP Morgan Investor Services.

Investment managers of the Fund during the year ended 30 June 2007 are:

- Access Capital Advisors Pty Limited
- AMP Capital Investors Limited
- AQR Capital Management, LLC
- AXA Rosenberg Investment Management Asia Pacific Ltd.
- Barclays Global Investors Australia Limited
- Capital International, Inc
- DB RREEF Funds Management Limited
- Deutsche Asset Management (Australia) Limited
- EG Funds Management Pty Ltd
- Fidelity International Limited
- GMO Australia Limited
- Kaplan Funds Management Pty Limited
- LaSalle Investment Management (Securities) L.P.
- Lazard Asset Management Pacific Co.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Macquarie Investment Management Limited
- Maple-Brown Abbott Limited
- New South Wales Treasury Corporation
- Pareto Investment Management Limited
- Perennial Value Management Limited
- Perpetual Investment Management Limited
- State Street Global Advisors, Australia, Limited
- Trilogy Global Advisors, LLC (via Orion Asset Management Limited)
- UBS Global Asset Management (Australia) Ltd
- Vanguard Investments Australia Ltd
- Wallara Asset Management Pty Ltd
- Wellington Management Company, LLP

Each manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate. The investment managers and custodians charge management fees for the services provided.

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements. Unless otherwise stated, such accounting policies were also adopted in the corresponding preceding reporting period.

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 (for example, Australian Accounting Interpretations).

The financial statements have been drawn up in accordance with the Statements of Accounting Concepts, Australian Accounting Standard AAS 25 – *Financial Reporting by Superannuation Plans* (AAS 25) and relevant legislative requirements.

The financial statements comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) to the extent such standards are not inconsistent with AAS 25. The Pooled Fund is a not-for-profit entity.

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

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) General System of Accounting Underlying the Financial Statements (Continued)

The accrual method of accounting is used and the financial statements are also prepared in accordance with the historic cost convention, except for assets stated in Note 1(b).

In accordance with the criteria set out in the Australian Accounting Standard AASB 3 – *Business Combinations* and AASB 127 – *Consolidated and Separate Financial Statements*, the Fund is the parent entity of the economic entity. Entities in the economic entity are shown in Note 14. Consolidated financial statements have not been prepared in accordance with these standards on the grounds that the controlled entities are not material to these financial statements. Investments in subsidiaries are carried at net market value.

All amounts are presented in Australian Dollars unless otherwise stated.

b) Assets and Liabilities

Assets and liabilities of the Fund are valued at reporting date at net market values. Net market values comprise market values less estimated costs of disposal. Changes in net market values, representing gains or losses, are recognised in the Statement of Changes in Net Assets in the period in which they occur.

The valuation of each class of asset at 30 June 2007 is determined as follows:

Short Term Securities:	Market rates.
Fixed Interest:	Relevant fixed interest securities markets.
Equities and Unit Trusts:	Relevant stock exchange official quotation or if unlisted, independent or manager valuation.
Property:	Current market value determined individually by independent registered valuers on the basis of an exchange between knowledgeable and willing parties in an arm's length transaction.
Plant and Equipment:	Valued at net fair values; where assets are not material and for which fair values are not readily available, the assets are shown at their written down values. During the year the fair value of plant and equipment declined by \$23,130 (30 June 2006: \$32,151).
Others:	e.g. Sundry Assets and Receivables, where net market values are not applicable, the assets are shown at net fair values. Assets are reviewed annually to ensure they are not recognised at amounts exceeding the value of the economic benefits to be provided by continued use.

The transactions relating to financial instruments are accounted for using trade date accounting.

The Trustees have concluded that the above measurement bases are appropriate. The nature of the assets and liabilities is that measurement amounts may change over time.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Assets and Liabilities (Continued)

Assets and liabilities are recognised when the Fund becomes party to the instrument's contractual provisions.

Assets are derecognised when the contractual rights to cash flows from the asset expire or are transferred to another party.

Liabilities are derecognised when the contractual obligation relating to the liability is discharged, cancelled or expires.

(c) Foreign Currency Transactions

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Resulting exchange differences are included in the change in net assets for the year.

(d) Income Tax

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1936*. Accordingly, the concessional tax rate of 15% has been applied.

Income tax on the Change in Net Assets for the year comprises current and deferred tax. Income tax is reflected in the Statement of Changes in Net Assets.

Current Tax is the expected tax payable or recoverable on the taxable income for the year using the concessional tax rate of 15% and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provided uses the tax rate applicable at balance date.

A deferred tax asset is only recognised to the extent it is probable that future taxable surpluses will be available against which the asset can be used.

(e) Management Expenses

Management expenses charged to the Fund comprise:

Investment Expenses: These are charged directly against investment revenue.

Scheme Administration Expenses: The expenses were allocated in accordance with Trustee policy during the year. The basis for the allocation was number of members and the administrative complexity of each individual Scheme.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Superannuation Contributions Surcharge Tax

The Superannuation Contributions Surcharge tax is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. Surcharge assessments which are received and paid by the Fund are charged to the relevant members' surcharge debt accounts.

No provision has been made in these financial statements for the amount of the superannuation contributions surcharge tax which may be payable by the Fund under the *Superannuation Contributions Tax (Assessment and Collections) Act 1997* as the assessments received to date are not considered to be indicative of future assessments. The liability shown in the Statement of Net Assets is calculated using assessments received up to 30 June 2007 from the ATO advising of surcharge accrued before abolition of the Act. The *Superannuation Contributions Tax (Assessment and Collections) Act 1997* was abolished with effect from 1 July 2005.

g) Rounding

All values reported in the financial statements have been rounded to the nearest million dollars taken to one decimal place, except where otherwise stated.

h) 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.

i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Contributions and Transfers in

Contributions and transfers in are recognised when control of the asset has been attained and are recorded in the period to which they relate.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Dividends are recognised on the ex-date.

j) Standards Issued but not yet effective

The Trustee has elected not to early adopt

- AASB 7 – *Financial instruments: Disclosures*. The key variation between AASB 7 and current accounting standards is that AASB 7 requires 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.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS

	2007				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	131.0	39.6	4,191.5	3,075.4	7,437.5
Salary Sacrifice Contributions	12.7	-	-	-	12.7
Member Contributions	191.3	20.8	273.9	17.2	503.2
Total Contributions	335.0	60.4	4,465.4	3,092.6	7,953.4
	2006				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	145.8	17.5	109.8	0.6	273.7
Salary Sacrifice Contributions	-	-	-	-	-
Member Contributions	207.0	13.1	270.6	16.5	507.2
Total Contributions	352.8	30.6	380.4	17.1	780.9

The payment of all benefits under the Schemes associated with the Fund is provided for by New South Wales Government statute and the liability is funded, as a minimum, as the benefits become payable.

Member and Employer contributions for each of the Schemes are determined on the bases described below. The bases for the current year remain unchanged from the previous year. Member contributions for the SANCS represent the co-contributions received from the Commonwealth Government.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

The Government's objective is to fully fund its superannuation liabilities by 2030. This objective requires that employer contributions be periodically reassessed to ensure that they remain sufficient to achieve full funding by 2030.

A non-superannuation investment fund (the General Government Liability Management Fund (GGLMF)) was established by the Crown to accumulate Crown Employer superannuation contributions. The net assets held in the GGLMF at 30 June 2007 was \$nil (30 June 2006: \$6.7 billion) as \$7.2 billion was transferred from the GGLMF to the Fund during the year.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

a) State Authorities Superannuation Schemes (SASS)

Member Contributions

Each member elects to contribute between 1% and 9% of salary.

Employer Contributions

Under the provisions of the *State Authorities Superannuation Act 1987* employers are grouped into the two categories below and the bases of contribution are as follows:

Part 1 Consolidated Fund or supported Government employers and self-financing Semi-government employers are billed monthly and generally contribute at a multiple of the contributions payable by employees. The respective multiples are set by STC, with the concurrence of the NSW Treasurer, at a rate of part fund future liabilities and to fully fund emerging benefits. Some employers contribute on a less than fully funded basis, meeting liabilities as they emerge, while other employers contribute on a fully funded basis.

Part 3 Hospitals and associated employers contribute an amount equal to their employees' own contributions. Should any shortfall occur the funding deficit is guaranteed to be met from the Consolidated Fund of the NSW Government.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

b) State Authorities Non-contributory Superannuation Scheme (SANCS)

Member Contributions

As the Scheme is 100% employer funded, there are no member contributions. As noted above, any member contribution recognised represent co-contributions received from the Commonwealth Government.

Employer Contributions

Employers are billed at a percentage of employees' salaries, set for each employer by STC with the concurrence of the NSW Treasurer. The current contribution rates for employers range from 0% to 3%.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

2. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

c) State Superannuation Scheme (SSS)

Member Contributions

Each member contributes on a *rate for age* basis for individual pension units which become available with salary increases. Members may elect to abandon units where total contributions payable would exceed 6% of salary.

Employer Contributions

Each employer contributes at a rate equal to a multiple of relevant employee contributions. The rate is set by STC with the concurrence of the NSW Treasurer. The multiple of employee contributions is estimated to at least meet the cost of emerging benefits, though not fully fund the employer liability for past services.

Contributions made by the Crown vary from year to year depending upon government liability management priorities.

d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Employer contributions vary from year to year.

3. SASS – MEMBER INVESTMENT CHOICE

Effective from November 2003, SASS members have been given the option to choose the investment strategy for their member contributions. The option is also offered to the SASS members who have deferred their benefits. Any election applies to both their contributor financed benefits and their employer financed benefits.

4. SCHEME MOBILITY TRANSFER

During the year, some employers and their associated members that were governed under the *Local Government Act 1993* left the State Authorities Superannuation Scheme and State Superannuation Scheme. The total amount transferred out was \$3.9 million at 30 June 2007 (30 June 2006: \$2.4 million).

At the same time, there were Local Government and Energy Industries members who had previously left SASS and SSS but elected to return under the mobility provisions. The total amount transferred in was \$4.3 million at 30 June 2007 (30 June 2006: \$2.0 million).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

5. INVESTMENT REVENUE

	2007			
	Changes in Net Market Values			
	Income	Held at Reporting Date	Realised During the Year	Total
	\$'m	Unrealised Gain/(Loss) \$'m	Gain/(Loss) \$'m	\$'m
Short Term Securities	34.0	27.7	93.2	154.9
Australian Fixed Interest	176.1	(74.5)	(4.8)	96.8
International Fixed Interest	86.0	(187.6)	193.4	91.8
Australian Equities	738.5	1,861.1	226.9	2,826.5
International Equities	254.7	442.6	149.2	846.5
Property	153.5	201.0	98.5	453.0
Alternatives	110.6	333.4	27.3	471.3
Total Investment Revenue	1,553.4	2,603.7	783.7	4,940.8

	2006			
	Changes in Net Market Values			
	Income	Held at Reporting Date	Realised During the Year	Total
	\$'m	Unrealised Gain/(Loss) \$'m	Gain/(Loss) \$'m	\$'m
Short Term Securities	32.4	5.7	58.0	96.1
Australian Fixed Interest	179.9	(95.0)	(5.2)	79.7
International Fixed Interest	81.3	(64.4)	(2.7)	14.2
Australian Equities	497.8	1,468.5	166.6	2,132.9
International Equities	123.7	1,045.5	175.2	1,344.4
Property	139.5	277.2	17.4	434.1
Alternatives	70.7	123.1	76.3	270.1
Total Investment Revenue	1,125.3	2,760.6	485.6	4,371.5

Interest Revenue

Within Short Term Securities, Australian Fixed Interest and International Fixed Interest is interest revenue received of \$262.3 million (2006: \$251.9 million).

Royalty Revenue

Within Australian Equities is royalty revenue received of \$13.1 million (2006: \$14.1 million).

Dividend Revenue

Within Australian Equities and International Equities is dividend revenue of \$1,007.2 million (2006: \$651.8 million).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

5. INVESTMENT REVENUE (Continued)

Property Lease Revenue

The Fund's property portfolio comprises interests in property trusts and several directly owned properties. These properties are leased commercially to various tenants.

The Fund engaged in the following transactions –

	2007 \$'m	2006 \$'m
Rental income derived	141.3	137.3
Direct property operating expenses	(40.9)	(39.5)
Contractual obligations to purchase, construct or develop properties	(40.6)	(14.8)
Contractual obligations for repairs, maintenance or enhancements to properties	-	-

The future minimum lease payments receivable by the Fund are –

	2007 \$'m	2006 \$'m
No later than one year	107.3	103.6
Later than one year but not later than five years	297.4	280.8
Later than five years	116.0	116.2
	520.7	500.6

6. SCHEME ADMINISTRATION EXPENSES

Included in Scheme Administration Expenses are the following items:

	2007 \$'m	2006 \$'m
Audit Fees – The Auditor-General of New South Wales (audit of the financial statements and no other services)	0.4	0.4
Triennial Actuarial Fees	-	0.3

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

7. INCOME TAX

Income tax expenses and assets and liabilities arising from the levying of income tax (including capital gains tax) on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 – *Income Taxes*.

a. Income Tax recognised in the Statement of Changes in Net Assets	2007	2006
	\$'m	\$'m
Current tax expense/(benefit)		
Provision attributable to current year	(61.3)	(120.4)
Adjustments for prior years	(38.3)	(22.0)
 Deferred tax expense		
Increase in deferred tax expense	127.2	54.8
 Total income tax expense/(benefit) in Statement of Changes in Net Assets	27.6	(87.6)
 Reconciliation between tax expense/(benefit) and pre-tax Change in Net Assets before Tax		
Change in Net Assets before income tax	10,036.5	2,590.6
Income tax expense using the superannuation fund tax rate of 15%	1,505.5	388.6
Increase in tax expense due to:		
Non-deductible benefit payments and contribution surcharges	412.4	370.6
Decrease in tax expense due to:		
Tax exempt revenues	(1,768.8)	(745.3)
Notional death and disability insurance premium and anti-detriment	(83.2)	(79.5)
Under provision of tax benefit in prior year	(38.3)	(22.0)
 Income tax expense/(benefit) on Change in Net Assets Before Tax	27.6	(87.6)
 b. Deferred Tax Liabilities	2007	2006
	\$'m	\$'m
Dividends Receivable	5.1	3.6
Interest Receivable	0.2	3.3
Unrealised Loss on Traditional Securities and Foreign Exchange	(21.8)	(10.9)
Unrealised Capital Gains	343.9	205.0
Contributions Receivable	2.4	1.6
	329.8	202.6

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

7. INCOME TAX (Continued)

The Fund is exempt from tax payable on investment income set aside for the payment of pensions. In addition, the Fund is able to offset the tax associated with pre 1 July 1988 Funding Credits (PJFC) against the tax payable on applicable employer contributions received. During the year the Fund's remaining PJFC balance was \$7,173.0 million. The Fund's actuary determined that the Fund's pre 1 July 1988 liabilities exceeded this amount. As the Trustee determined that employer contributions during the year in respect of pre 1 July 1988 liabilities were \$7,173.0 million, the Fund was able to use the tax credit associated with the PJFC to offset contributions tax on these amounts. The resulting tax credit was \$1,076.0 million. All calculations and determinations were in accordance with the requirements of the *Income Tax Amendment Regulation 2006 (No. 5)*.

8. NET ASSETS

	2007				Total \$'m
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	
Member Reserves (1)					
Balance at Beginning of Financial Year	4,371.6	-	4,970.1	407.6	9,749.3
Increase/(Decrease) in Net Assets	520.5	-	362.4	33.2	916.1
Balance at End of Financial Year	4,892.1	-	5,332.5	440.8	10,665.4
Employer Reserves (2)					
Balance at Beginning of Financial Year	3,059.4	883.7	12,910.6	554.9	17,408.6
Increase/(Decrease) in Net Assets	3.8	(19.1)	5,787.6	3,110.7	8,883.0
Balance at End of Financial Year	3,063.2	864.6	18,698.2	3,665.6	26,291.6
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	20.0	-	-	-	20.0
Increase/(Decrease) in Net Assets	(16.4)	-	-	-	(16.4)
Balance at End of Financial Year	3.6	-	-	-	3.6
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	1,139.3	260.9	-	-	1,400.2
Increase/(Decrease) in Net Assets	183.8	42.4	-	-	226.2
Balance at End of Financial Year	1,323.1	303.3	-	-	1,626.4
Net Assets Available to Pay Benefits	9,282.0	1,167.9	24,030.7	4,106.4	38,587.0

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

8. NET ASSETS (Continued)

	2006				Total \$'m
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	
Member Reserves (1)					
Balance at Beginning of Financial Year	3,850.7	-	4,571.9	388.4	8,811.0
Increase/(Decrease) in Net Assets	520.9	-	398.2	19.2	938.3
Balance at End of Financial Year	4,371.6	-	4,970.1	407.6	9,749.3
Employer Reserves (2)					
Balance at Beginning of Financial Year	1,283.5	147.0	13,836.4	631.8	15,898.7
Increase/(Decrease) in Net Assets	1,775.9	736.7	(925.8)	(76.9)	1,509.9
Balance at End of Financial Year	3,059.4	883.7	12,910.6	554.9	17,408.6
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	16.8	-	-	-	16.8
Increase/(Decrease) in Net Assets	3.2	-	-	-	3.2
Balance at End of Financial Year	20.0	-	-	-	20.0
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	954.3	219.1	-	-	1,173.4
Increase/(Decrease) in Net Assets	185.0	41.8	-	-	226.8
Balance at End of Financial Year	1,139.3	260.9	-	-	1,400.2
Net Assets Available to Pay Benefits	8,590.3	1,144.6	17,880.7	962.5	28,578.1

- (1) The Member Reserve represents members' accounts that comprise the balance of members' contributions and net investment income earned less benefits paid that are attributed to contributor-financed benefits. Only the contributors under the *State Authorities Superannuation Scheme* are required to pay scheme administration fees.
- (2) The Employer Reserve represents employers' accounts that comprise the balance of employers' contributions and net investment income earned less benefits paid and scheme administration fees. In addition, the employers are also responsible for the tax liabilities levied on the employers' contributions.
- (3) The Death or Invalidity Reserve represents accumulated funds available to provide death or invalidity cover to members for the months during which they have public sector employment. The reserve balance is the excess of member premiums over benefits paid.
- (4) The Deferred Benefit Reserve represents member account balances that, on the election of the member or by default, are to remain with the Fund following the member's exit from employment in the public sector. The deferred benefit of SSS and PSS members has been included in the employer reserve of the respective Schemes.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

8. NET ASSETS (Continued)

As described at Note 3 SASS and SASS Deferred members are able to elect an investment strategy for their member contributed balances.

Balances of the SASS Member Reserve and the Deferred Benefit Reserve in the various investment strategies at the reporting date are:

	2007				
	Growth \$'m	Conservative Growth \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member	4,778.3	27.1	73.8	12.9	4,892.1
Deferred Benefit	1,283.6	8.5	27.0	4.0	1,323.1
	6,061.9	35.6	100.8	16.9	6,215.2

	2006				
	Growth \$'m	Conservative Growth \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member	4,267.1	24.8	66.6	13.1	4,371.6
Deferred Benefit	1,105.5	7.0	22.8	4.0	1,139.3
	5,372.6	31.8	89.4	17.1	5,510.9

9. RECEIVABLES

	2007 \$'m	2006 \$'m
Contributions Receivable	32.4	31.5
Accrued Income	87.5	88.8
Margin Call Deposits	53.5	76.7
Investment Sales	88.5	90.6
Other Receivables	2.3	2.7
	264.2	290.3

Within receivables is an impairment allowance of \$84,457 (2006: \$148,865).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

10. RESERVE UNITS

Reserve Units are units held by certain SSS members. They represent units purchased in advance at a rate which is the *rate for age* at the date purchased with an option to convert to full rate units in SSS at any future date. On conversion they are no longer recognised as a liability but as a part of member funds.

11. PAYABLES

	2007	2006
	\$'m	\$'m
Superannuation Benefits	47.2	40.2
Investment Purchases	127.6	112.4
Investment – Other Creditors	58.8	54.5
Provision for Contribution Surcharges	105.6	115.0
Amount Payable – STC	2.3	4.2
Other Payables	1.4	2.0
	342.9	328.3

Movements in the Provision for Contribution Surcharge were as follows –

	2007	2006
	\$'m	\$'m
Opening Balance	115.0	102.2
Add -		
Assessment Received	(2.7)	16.5
Annual indexation	5.1	6.1
Less -		
Payments made to the Australian Taxation Office	(11.8)	(9.8)
Closing Balance	105.6	115.0

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

12. ACCRUED BENEFITS

a) Liability for Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the actuary as part of a comprehensive actuarial review undertaken during 2006. The financial assumptions that have been applied for the calculations are:

**Accrued
Benefits
2006 and
following years
% pa.**

Valuation Assumptions

Investment Return Rate	
- asset backing current pension liabilities	7.7
- other	7.0
Salary Increase Rate	4.0
CPI Increase Rate	2.5

The valuation at 30 June 2006 indicated that the unfunded liability of the Fund was \$17,164.7 million, excluding the GGLMF balance of \$6,729.0 million.

In addition to the Triennial Actuarial investigation, the actuary also provides yearly estimates at the reporting date. The following table does not include amounts held in the GGLMF.

	2007			Accrued Benefits \$'m	2006	
	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m	Accrued Benefits \$'m		Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m
State Authorities Superannuation Scheme	12,704.5	9,282.0	(3,422.5)	11,600.0	8,590.3	(3,009.7)
State Authorities Non-contributory Superannuation Scheme	2,531.2	1,167.9	(1,363.3)	2,354.2	1,144.6	(1,209.6)
State Superannuation Scheme	27,383.8	24,030.7	(3,353.1)	26,142.7	17,880.7	(8,262.0)
Police Superannuation Scheme	5,806.6	4,106.4	(1,700.2)	5,672.9	962.5	(4,710.4)
	48,426.1	38,587.0	(9,839.1)	45,769.8	28,578.1	(17,191.7)

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

12. ACCRUED BENEFITS (Continued)

(a) Liability for Accrued Benefits (Continued)

Benefits are guaranteed by the participating employers and ultimately the Crown. The relevant statutes require that all benefits be paid in full as and when they fall due.

As noted at Note 2 a non-superannuation investment fund (the General Government Liability Management Fund (GGLMF)) was established by the Crown to accumulate Crown employer superannuation contributions. Following transfers during the year to the Pooled Fund, the net assets held in the GGLMF at 30 June 2007 were \$nil (2006: \$6.7 billion).

b) Movement in the Liability for Accrued Benefits

Accrued benefits increase due to the cost of accruing benefits and the imputed cost of interest, and reduce as benefits are paid, and may vary due to changes in valuation bases and changes in experience from previous assumptions. Based on current assumptions, the value of Accrued Benefits will not start to decline until after 2015.

	2007				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	11,600.0	2,354.2	26,142.7	5,672.9	45,769.8
Benefits Paid	(836.7)	(199.4)	(1,359.7)	(363.1)	(2,758.9)
	10,763.3	2,154.8	24,783.0	5,309.8	43,010.9
Increase in Accrued Benefits	1,941.2	376.4	2,600.8	496.8	5,415.2
Balance at End of Financial Year	12,704.5	2,531.2	27,383.8	5,806.6	48,426.1

	2006				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	10,566.5	2,230.7	26,203.1	5,065.4	44,065.7
Benefits Paid	(728.7)	(177.4)	(1,259.6)	(292.1)	(2,457.8)
	9,837.8	2,053.3	24,943.5	4,773.3	41,607.9
Increase in Accrued Benefits	1,762.2	300.9	1,199.2	899.6	4,161.9
Balance at End of Financial Year	11,600.0	2,354.2	26,142.7	5,672.9	45,769.8

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

13. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership at the reporting date.

	2007			2006		
	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m	Vested Benefits \$'m	Net Assets Available To Pay Benefits \$'m	Over/ (Under) Funded \$'m	
State Authorities Superannuation Scheme	9,952.0	9,282.0	(670.0)	8,584.9	8,590.3	5.4
State Authorities Non-contributory Superannuation Scheme	3,040.3	1,167.9	(1,872.4)	2,866.4	1,144.6	(1,721.8)
State Superannuation Scheme	24,964.3	24,030.7	(933.6)	23,374.4	17,880.7	(5,493.7)
Police Superannuation Scheme	4,256.7	4,106.4	(150.3)	3,902.1	962.5	(2,939.6)
	42,213.3	38,587.0	(3,626.3)	38,727.8	28,578.1	(10,149.7)

Vested benefits exceed net assets at 30 June 2007 and 30 June 2006. The Trustee is working with the NSW Treasury and the Actuary to facilitate the Government's stated objective to fully fund the schemes by 2030.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

14. CONTROLLED ENTITIES

The following entities comprise the Pooled Fund economic entity:

Parent Entity

Pooled Fund

	Activity	Ownership Interest	
		2007	2006
		%	%
Controlled Entities			
State Super Financial Services Australia Limited (SSFSAL) [incorporated in Australia]	Financial planning and funds management	79.9	82.4
The following entities are managed by Deutsche Asset Management (Australia) Ltd –			
Valley Commerce Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
Buroba Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
The following entity is managed by Access Capital Advisors Pty Limited –			
Duquesne Utilities Pty Ltd [incorporated in Australia]	Dormant	100.0	-

Voting power held in the above entities is the same as the ownership interest.

During the year the Controlled Entities paid dividends and trust distributions to the Parent Entity of \$16.8 million (2006: \$12.0 million).

The controlled entities are all audited by the NSW Auditor-General.

15. RELATED PARTY INFORMATION

The Trustee of the Fund is STC. The names of the Board members of STC in office during the year ended 30 June 2007 and up to date of signing these accounts are as follows:

- Mr I Blair
- Mr M Cole
- Mr R Davis
- Ms A De Salis
- Mr R Harty
- Mr M Lambert
- M N Lewocki
- Ms M O'Halloran
- Mr P Scully

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

15. RELATED PARTY INFORMATION (Continued)

(a) Board Members' Remuneration

All income received or due and receivable by Board members is disclosed in the financial report of STC.

(b) Remuneration received or due and receivable by Board Members and Directors of the Economic Entity from Controlled Entities (refer Note 14 Controlled Entities)

All income received is disclosed in the financial report of each controlled entity.

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

All transactions entered into during the year with Board members and their related entities are disclosed in the financial report of STC.

(d) Transactions with Other Related Parties

Property rental of \$1.0 million (2006: \$0.9 million) was received from SSFSAL on normal commercial terms and conditions.

16. SEGMENT REPORTING

The Fund operates in the superannuation and investment management industry in New South Wales. All revenue, expenses, assets and liabilities are as shown in the Statement of Changes in Net Assets and the Statement of Net Assets.

17. CONTINGENT LIABILITIES

In managing the investment portfolio the investment managers enter into various types of investment contracts that can give rise to contingent liabilities. Investment contracts are detailed in Note 19.

Two other 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 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.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2007

18. SECURITIES LENDING PROGRAM

The Fund participates in a Securities Lending Program managed by the custodian, JP Morgan Investor Services. The Fund received \$6.5 million (2006: \$5.4 million) additional fee income from this program, which adds to the Fund's overall yearly return.

At 30 June 2007, the total value of the loaned securities was \$3.7 billion (2006: \$3.5 billion) while the total value of the collateral was \$4.0 billion (2006: \$3.6 billion). The lent securities represented about 9.5% of the Fund's total investments, which was within the allowable limit of 25%.

19. FINANCIAL INSTRUMENTS

For the purpose of this financial report, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps).

The Fund is invested in a variety of financial instruments, as shown below. The investments are in accordance with a carefully determined investment strategy. The investment strategy is subject to regular review to ensure its continued relevance to the Fund's activities and to prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk.

(i) Accounting Policies

Recognised instruments	Accounting policies	Terms and conditions
1. Receivables	Receivables include income receivable and unsettled sales of securities. They are carried at nominal amounts.	Sales of securities are made on various terms for different securities and in different countries. Income receivable is also settled on varying terms depending on the security and country.
2. Futures	Futures are stated at market value using the daily closing price.	The futures are share price index futures and fixed interest futures.
3. Unlisted Trusts	The Net Market Value of Unlisted Trusts is determined on the basis of the withdrawal unit prices as advised by the relevant fund manager.	The terms and conditions are set out in the applicable trust constitution.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
4. Listed Shares	Listed shares are carried at market value, less an amount for selling costs which would be incurred if the investments were sold. The basis for valuation of listed securities is the last sale price quoted at close of business on the last day of the period on the relevant securities exchange. Certain costs incurred in acquiring the investment, such as brokerage and stamp duty, are capitalised in the cost of the investments. Dividend income is recognised on the ex-date.	N/A
5. Bills of exchange and other discount securities	Carried as net market value using market rates as at 30 June.	Average maturity of 48 days with effective interest rates in the range of 6.28% to 6.52%.
6. Promissory Notes	Carried at net market value as at 30 June.	Average maturity of 50 days with effective interest rates in the range of 6.33% to 6.45%.
7. Mortgages	Mortgages are stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	Mortgages have an average effective interest rate of 8.07%.
8. Bank Deposits	Stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	Bank deposits represent 11AM call deposits and uninvested cash and has no fixed maturity dates. Deposits have effective interest rates in the range of 0% to 6.50%.
9. Government Bonds	Carried at net market value based on discounted cash flow.	Government bonds on average mature on 17/10/2012 and have effective interest rates in the range of 6.25% to 6.68%.
10. Semi Government Bonds	Carried at net market value based on discounted cash flow.	Semi Government bonds on average mature on 28/10/2012 and have effective interest rates in the range of 6.34% to 6.78%.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(i) Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
11. International Bonds	Carried at net market value based on discounted cash flow.	International Bonds on average mature on 28/03/2018 and have effective interest rates in the range of 0.86% to 5.78%.
12. Leasehold Property Investments	Carried at net market value based on discounted cash flow.	Leasehold Property Investments on average mature on 05/12/2013 and have effective interest rates in the range of 6.68% to 6.71%.
13. Direct Property	Reported at net market value based on independent valuations.	N/A
14. Options	Options are stated at market value using the daily closing price.	The options are all Australian Exchange Traded options.
15. Investment Purchases	Liabilities are recognised for amounts to be paid for under investment commitments.	Settlement for securities is made in accordance with investment agreements between counterparties.
16. Foreign exchange forward contracts	Foreign exchange forward contracts are undertaken to hedge against adverse foreign exchange movements. Gains or losses on these contracts are recognised through the translation of underlying transactions and/or instruments at hedge rates.	At balance date the Fund has various forward exchange contracts open in its international portfolios.
17. Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund.	Liabilities are settled on receipt of invoices in accordance with terms thereof.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(ii) Use of Derivative Financial Instruments

The Fund uses derivatives to hedge its various exposures to foreign exchange fluctuations, interest rates and equity market movements. Changes in the derivatives' net market value are highly correlated with changes in the net market value of the underlying hedged item. Derivatives used for hedging purposes may include foreign exchange forward contracts, interest rate futures, share price index futures, forward rate agreements and options. These derivative instruments involve credit risk and market risk.

The credit risk of the foreign exchange forward contracts is discussed in Section (iii), *Credit Risk*. Futures contracts settle in cash daily, therefore, the credit risk to the Fund is significantly reduced. All Australian exchange traded options are novated by the Options Clearing House, therefore the credit risk associated with these contracts is significantly reduced.

The following table summarises the aggregate notional amounts of the futures, options and forward foreign exchange contracts, their net market values and fair values at 30 June.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(ii) Use of Derivative Financial Instruments (Continued)

Type of Contract	2007			2007			2006			2006		
	Fair Value		Net Market Value	Fair Value		Net Market Value	Fair Value		Net Market Value	Fair Value		Net Market Value
	Contract/ Notional A\$m	Assets A\$m		Liabilities A\$m	Contract/ Notional A\$m		Assets A\$m	Liabilities A\$m		Contract/ Notional A\$m	Assets A\$m	
Buy												
Futures												
Money market securities futures	-	-	-	-	-	-	-	-	-	-	-	-
Australian share price index futures	70.7	-	0.8	70.7	-	0.8	102.8	-	-	-	-	-
International share price index futures	717.8	-	11.0	719.7	-	9.2	6.6	-	-	-	-	-
Australian fixed interest futures	-	-	-	-	-	-	90.4	-	-	-	-	-
International fixed interest futures	-	-	-	-	-	-	461.6	-	-	-	-	-
Options												
Australian exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
International exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
Over the counter options	-	-	-	-	-	-	-	-	-	-	-	-
Fixed interest options	-	-	-	-	-	-	-	-	-	-	-	-
Money market options	-	-	-	-	-	-	-	-	-	-	-	-
Options on futures	-	-	-	-	-	-	-	-	-	-	-	-
Swaps												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
FFX												
Forward foreign exchange	6,786.3	112.9	-	6,786.3	112.9	-	2,228.6	32.9	-	2,228.6	32.9	-
Total Buys	7,574.8	112.9	11.8	7,576.7	112.9	10.0	2,890.0	32.9	2,890.1	32.9	3.2	3.2
Sell												
Futures												
Money market securities futures	-	-	-	-	-	-	-	-	-	-	-	-
Australian share price index futures	11.8	-	-	11.8	-	-	562.4	-	562.4	-	-	18.2
International share price index futures	-	-	-	-	-	-	41.0	-	41.0	-	-	1.4
Australian fixed interest futures	-	-	-	-	-	-	-	-	-	-	-	-
International fixed interest futures	-	-	-	-	-	-	-	-	-	-	-	-
Options												
Australian exchange traded options	11.0	-	0.4	11.0	-	0.4	3.2	-	3.2	-	-	0.3
International exchange traded options	-	-	-	-	-	-	-	-	-	-	-	-
Over the counter options	-	-	-	-	-	-	-	-	-	-	-	-
Fixed interest options	-	-	-	-	-	-	-	-	-	-	-	-
Money market options	-	-	-	-	-	-	-	-	-	-	-	-
Options on futures	-	-	-	-	-	-	-	-	-	-	-	-
Swaps												
Interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
FFX												
Forward foreign exchange	3,071.1	-	23.4	3,071.1	-	23.4	2,631.0	-	2,631.0	-	-	32.6
Total Sells	3,093.9	-	23.8	3,093.9	-	23.8	3,237.6	-	3,237.6	-	-	52.5
	10,668.7	112.9	35.6	10,670.6	112.9	33.8	6,127.6	32.9	6,127.7	32.9	55.7	55.7

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit Risk

Credit (or counterparty) risk is the risk that counterparty will fail to perform contractual obligations to a financial instrument and causes the Fund to incur a financial loss. In the normal course of its operations the Fund accepts credit risk on the majority of its non-equity investments.

The Fund's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets (other than equity investments) is the carrying amount of those assets as indicated in the Statement of Net Assets.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

The Fund's maximum credit risk exposure in relation to foreign exchange forward contracts is the full amount of the foreign currency it will be required to pay when settling the forward exchange contract, should the counterparty not deliver the Australian dollar amounts to the Fund. At 30 June 2007 this amount was \$4,692.2 million (2006: \$2,627.3 million). During the year the average maximum credit risk exposure for foreign exchange forward contracts was \$3,646.1 million (2006: \$3,504.0 million).

Credit risk is monitored and controlled through credit approval procedures and the setting of forward and daily limits for each counterparty.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk

The Fund's exposure at 30 June 2007 to foreign exchange rate movements on international investments is shown below. As discussed in Section (ii) *Use of derivative financial instruments*, the Fund enters into foreign exchange forward contracts to hedge investment in foreign currency denominated financial assets. These foreign exchange forward contracts are carried at their net market values. The obligations arising under these contracts will be realised between 2 July 2007 to 14 December 2007 for the International Portfolios.

YEAR ENDED 30 JUNE 2007 FOREIGN EXCHANGE RISK DISCLOSURE

Net Market Value 2007

	USD A\$m	CAD A\$m	JPY A\$m	CHF A\$m	SEK A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Assets										
Cash and cash equivalents	26.0	1.0	3.9	0.8	0.8	10.1	12.4	492.0	1.2	548.2
Financial assets held at net market value	4,329.4	295.8	1,338.9	199.8	94.8	2,143.5	1,242.2	28,519.0	220.6	38,384.0
Derivative financial instruments – Futures & Options	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments – FFX	1.0	0.1	-	0.2	0.1	1.5	0.8	109.1	0.1	112.9
Receivables	19.5	0.6	1.4	2.0	-	4.0	6.8	143.7	0.4	178.4
Total Assets	4,375.9	297.5	1,344.2	202.8	95.7	2,159.1	1,262.2	29,263.8	222.3	39,223.5
Liabilities										
Cash and cash equivalents	-	-	-	-	-	0.1	-	1.2	0.1	1.4
Financial liabilities held at net market value	-	-	-	-	-	-	-	18.0	-	18.0
Derivative financial instruments – Futures & Options	5.3	0.2	0.4	0.4	-	1.6	1.2	1.2	0.1	10.4
Derivative financial instruments – FFX	0.3	0.4	0.1	-	0.2	2.1	4.7	15.3	0.3	23.4
Payables	14.0	2.2	1.8	0.5	0.2	1.4	6.6	160.5	-	187.2
Total Liabilities	19.6	2.8	2.3	0.9	0.4	5.2	12.5	196.2	0.5	240.4
Net Assets	4,356.3	294.7	1,341.9	201.9	95.3	2,153.9	1,249.7	29,067.6	221.8	38,983.1

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(iv) Currency Risk (Continued)

Year Ended 30 June 2006
Foreign Exchange Risk Disclosure

Net Market Value 2006

	USD A\$m	CAD A\$m	JPY A\$m	CHF A\$m	SEK A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Assets										
Cash and cash equivalents	18.0	2.2	0.8	0.2	0.2	3.5	3.4	447.1	1.0	476.4
Financial assets held at net market value	3,505.5	242.9	1,055.3	187.5	72.1	1,471.1	690.6	20,959.0	138.3	28,322.3
Derivative financial instruments – Futures & Options	0.1	-	-	-	-	-	-	-	-	0.1
Derivative financial instruments – FFX	9.3	0.1	1.4	-	0.1	0.9	0.5	20.6	-	32.9
Other assets	32.9	1.2	5.6	1.1	1.1	8.9	10.1	118.0	3.0	181.9
Total Assets	3,565.8	246.4	1,063.1	188.8	73.5	1,484.4	704.6	21,544.7	142.3	29,013.6
Liabilities										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Financial liabilities held at net market value	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments – Futures & Options	1.2	0.1	0.4	0.2	-	1.8	0.4	18.9	-	23.0
Derivative financial instruments – FFX	7.6	-	0.2	-	-	0.2	-	24.6	-	32.6
Other liabilities	25.9	1.0	5.0	1.6	1.0	5.2	5.0	119.2	3.0	166.9
Total Liabilities	34.7	1.1	5.6	1.8	1.0	7.2	5.4	162.7	3.0	222.5
Net Assets	3,531.1	245.3	1,057.5	187.0	72.5	1,477.2	699.2	21,382.0	139.3	28,791.1

The currency risk disclosure has been prepared on the Fund's direct investments and not on a look through basis for investments held indirectly through unit trusts. Therefore the disclosure of the currency risk above does not represent the full currency risk profile of the Fund, as the Fund has significant investments in unit trusts that have exposure to currency markets. Currency risks in these unit trusts are managed by the respective managers of the trusts.

The tables above summarise the exposure of the Fund to the currency risks. The tables do not take into account the effect of forward currency contracts entered into by the Fund which are detailed in Section (ii).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk

The Fund's investments in debt and short term money market instruments are subject to interest rate risks and the return on these investments will fluctuate in accordance with movements in the interest rates.

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) and the weighted average effective interest rates associated with these financial instruments as at 30 June, are shown in the tables below. All other financial assets and liabilities are non-interest bearing.

The interest risk disclosure has been prepared on the Fund's direct investments and not on a look through basis for investments held indirectly through unit trusts. Therefore the disclosure of the interest risk below does not represent the full interest rate risk profile of the Fund, where the Fund has significant investments in unit trusts that have exposure to interest rate movements. Interest rate risks in these unit trusts are managed and disclosed by the respective managers of these trusts.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2007 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A\$m	Fixed Interest – Time to Maturity			Non Interest Bearing A\$m	Total (per Statement of Net Assets) A\$m	Weighted Average Effective Interest Rate (%pa)
		Less than 12 months A\$m	1 – 5 years A\$m	Over 5 years A\$m			
Assets							
Cash and cash equivalents	548	-	-	-	-	548	5.22%
Financial assets held at net market value	-	-	-	-	-	-	
Equities	-	-	-	-	18,014	18,014	N/A
Unlisted Unit Trusts	-	-	-	-	7,116	7,116	N/A
Direct Property	-	-	-	-	3,401	3,401	N/A
Short Term Securities	4,444	-	-	-	-	4,444	6.37%
Fixed Interest	-	-	-	-	-	-	
Government Bonds - Domestic	-	73	581	570	-	1,224	6.36%
Semi Government Loans	-	218	672	454	-	1,344	6.64%
Mortgaged Backed Securities	-	50	6	426	-	482	6.46%
International Fixed Interest	-	-	1,159	1,198	-	2,357	3.85%
Other Fixed Interest	-	-	-	2	-	2	6.70%
Derivative Financial Instruments	-	-	-	-	-	-	
Futures and Options	-	-	-	-	113	113	N/A
FFX	-	-	-	-	211	211	N/A
Receivables	-	-	-	-	61	61	N/A
Current Tax Asset	-	-	-	-	-	-	
Total Assets	4,992	341	2,418	2,650	28,916	39,317	
Liabilities							
Cash and cash equivalents	1	-	-	-	-	1	5.96%
Financial liabilities held at net market value	-	-	-	-	-	-	
Equities	-	-	-	-	-	-	N/A
Unlisted Unit Trusts	-	-	-	-	-	-	N/A
Direct Property	-	-	-	-	18	18	N/A
Discount Securities	-	-	-	-	-	-	N/A
Fixed Interest	-	-	-	-	-	-	
Derivative Financial Instruments	-	-	-	-	-	-	
Futures and Options	-	-	-	-	10	10	N/A
FFX	-	-	-	-	23	23	N/A
Superannuation Contribution Surcharge	105	-	-	-	-	105	6.26%
Payables	-	-	-	-	238	238	N/A
Reserve Units	-	-	-	-	5	5	N/A
Deferred Tax	-	-	-	-	330	330	N/A
Total Liabilities	106	-	-	-	624	730	
Net Assets	4,886	341	2,418	2,650	28,292	38,587	

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(v) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2006 – INTEREST RATE RISK DISCLOSURE

	Fixed Interest – Time to Maturity				Non Interest Bearing A\$m	Total (per Statement of Net Assets) A\$m	Weighted Average Effective Interest Rate (%pa)
	Floating Interest A\$m	Less than 12 months A\$m	1 – 5 years A\$m	Over 5 years A\$m			
Assets							
Cash and cash equivalents	476	-	-	-	-	476	5.16%
Financial assets held at net market value	-	-	-	-	-		
Equities	-	-	-	-	14,392	14,392	N/A
Unlisted Unit Trusts	-	-	-	-	5,943	5,943	N/A
Direct Property	-	-	-	-	2,529	2,529	N/A
Short Term Securities	1,044	-	-	-	-	1,044	5.93%
Fixed Interest	-	-	-	-	-		
Government Bonds - Domestic	-	109	695	505	-	1,309	5.80%
Semi Government Loans	-	78	825	434	-	1,337	6.01%
Mortgaged Backed Securities	-	68	51	230	-	349	4.58%
International Fixed Interest	-	-	574	843	-	1,417	3.58%
Other Fixed Interest	-	-	-	2	-	2	6.02%
Derivative Financial Instruments	-	-	-	-	-		
Futures and Options	-	-	-	-	33	33	N/A
FFX	-	-	-	-	215	215	N/A
Receivables	-	-	-	-	-	3	5.10%
Cash at Bank	-	3	-	-	-	120	N/A
Current Tax Asset	-	-	-	-	-	23,232	N/A
Total Assets	1,520	258	2,145	2,014	23,232	29,169	
Liabilities							
Cash and cash equivalents	-	-	-	-	-	-	N/A
Financial liabilities held at net market value	-	-	-	-	-		
Equities	-	-	-	-	-		
Unlisted Unit Trusts	-	-	-	-	-		
Direct Property	-	-	-	-	-		
Discount Securities	-	-	-	-	-		
Fixed Interest	-	-	-	-	-		
Derivative Financial Instruments	-	-	-	-	-		
Futures and Options	-	-	-	-	23	23	N/A
FFX	-	-	-	-	33	33	N/A
Superannuation Contribution Surcharge	115	-	-	-	-	115	5.77%
Payables	-	-	-	-	212	212	N/A
Reserve Units	-	-	-	-	5	5	N/A
Deferred Tax	-	-	-	-	203	203	N/A
Total Liabilities	115	-	-	-	476	591	
Net Assets	1,405	258	2,145	2,014	22,756	28,578	

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

19. FINANCIAL INSTRUMENTS (Continued)

(vi) Liquidity Risk Management

The Fund manages liquidity risk by maintaining adequate banking facilities and through continuous monitoring of forecast and actual cash flows.

(vii) Net Fair Value Disclosures

The Statement of Net Assets is prepared in accordance with AAS 25 – *Financial Reporting by Superannuation Plans*. All investment assets are valued at net market values at 30 June 2007. All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustees, approximates their net market value.

The following table states the net market values and fair values of assets and liabilities at 30 June.

Disclosure of Financial Assets held at Fair Value Comparable to Net Market Value

Assets	Fair Value 30-Jun-07 \$'m	Net Market Value 30-Jun-07 \$'m	Fair Value 30-Jun-06 \$'m	Net Market Value 30-Jun-06 \$'m
Held for trading				
Derivative Financial Instruments				
Futures and Options	-	-	-	-
Swaps	-	-	-	-
FFX	113	113	33	33
Total held for trading	<u>113</u>	<u>113</u>	<u>33</u>	<u>33</u>
Designated assets through profit or loss				
Equities	17,981	18,037	14,376	14,401
Unlisted Unit Trusts	7,112	7,003	5,943	5,910
Short Term Securities	4,443	4,927	1,044	1,420
Fixed Interest Securities	5,407	5,461	4,412	4,410
Direct Property	3,397	3,397	2,526	2,525
Total designated assets through profit or loss	<u>38,340</u>	<u>38,825</u>	<u>28,301</u>	<u>28,666</u>
Total financial assets held through profit or loss	<u><u>38,453</u></u>	<u><u>38,938</u></u>	<u><u>28,334</u></u>	<u><u>28,699</u></u>

Disclosure of Financial Liabilities held at Fair Value Comparable to Net Market Value

Liabilities	Fair Value 30-Jun-07 \$'m	Net Market Value 30-Jun-07 \$'m	Fair Value 30-Jun-06 \$'m	Net Market Value 30-Jun-06 \$'m
Held for trading				
Derivative Financial Instruments				
Futures and Options	12	10	23	23
Swaps	-	-	-	-
FFX	24	24	33	33
Total held for trading	<u>36</u>	<u>34</u>	<u>56</u>	<u>56</u>
Designated liabilities through profit or loss				
Equities	-	-	-	-
Unlisted Unit Trusts	-	-	-	-
Short Term Securities	-	-	-	-
Fixed Interest Securities	-	-	-	-
Direct Property	18	18	-	-
Total designated liabilities through profit or loss	<u>18</u>	<u>18</u>	<u>-</u>	<u>-</u>
Total financial assets held through profit or loss	<u><u>54</u></u>	<u><u>52</u></u>	<u><u>56</u></u>	<u><u>56</u></u>

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2007

20. EVENT AFTER REPORTING DATE

The Fund's custodian has advised that as at 31 August 2007 the net investment assets of the Fund were \$37,256.6 million. Since 30 June 2007 the Fund's investments have made a return of approximately –

- Growth 0.8%
- Conservative Growth 1.2%
- Balanced 1.1%
- Cash 0.9%

End of Audited Financial Report