

Part G – Financial Statements of the SAS Trustee Corporation



INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of SAS Trustee Corporation (STC), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for both STC and the consolidated entity. The consolidated entity comprises STC and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of STC and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

The Board's Responsibility for the Financial Statements

The Board of STC is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 STC, as well as evaluating the overall presentation of the financial statements.

I believe 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 STC or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



A T Whitfield
Acting Auditor-General

25 September 2013
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2013

Pursuant to 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:

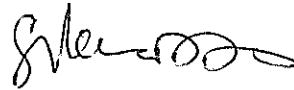
1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation as at 30 June 2013 and transactions for the year then ended, and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, the Treasurer's Directions and applicable Accounting Standards in Australia.

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 25th day of September 2013.



Michael Carapiet
Chairperson
SAS Trustee Corporation



George Venardos
Board Member and Chairperson of the
Risk, Audit and Compliance Committee
SAS Trustee Corporation

SAS TRUSTEE CORPORATION

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2013

	NOTE	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Continuing Operations					
Operating Revenue	3	36,753	36,404	34,542	35,235
Operating Expenses	3	(37,783)	(34,154)	(34,542)	(35,235)
Operating Result		(1,030)	2,250	-	-
Other Comprehensive Income					
Items that will not be reclassified into Operating Result:					
Superannuation actuarial gains/(losses)		1,030	(2,250)	-	-
Total Comprehensive Income		-	-	-	-

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

SAS TRUSTEE CORPORATION

Consolidated Statement of Financial Position
as at 30 June 2013

	NOTE	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Current Assets					
Cash and cash equivalents	11(a)	1,740	950	1,740	950
Receivables	4	5,325	7,395	5,204	7,368
Other Current Assets		307	57	307	57
Total Current Assets		7,372	8,402	7,251	8,375
Total Assets		7,372	8,402	7,251	8,375
Current Liabilities					
Payables	5	4,266	4,291	7,251	8,375
Provisions	6	3,017	4,064	-	-
Total Current Liabilities		7,283	8,355	7,251	8,375
Non-Current Liabilities					
Provisions	6	89	47	-	-
Total Non-current Liabilities		89	47	-	-
Total Liabilities		7,372	8,402	7,251	8,375
Net Assets		-	-	-	-
Accumulated Funds		-	-	-	-

The accompanying notes form an integral part of the above Consolidated Statement of Financial Position

SAS TRUSTEE CORPORATION

Consolidated Statement of Cash Flows
for the year ended 30 June 2013

NOTE	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Cash Flows from Operating Activities				
Receipts from Pooled Fund Schemes	34,210	33,697	31,999	32,528
Interest Received	40	70	40	70
Payments to Suppliers and Employees	(33,460)	(33,775)	(31,249)	(32,606)
Net Operating Cash Flows	790	(8)	790	(8)
Net Increase/(Decrease) in Cash & Cash Equivalents	790	(8)	790	(8)
Cash & Cash Equivalents at the Beginning of the Financial Year	950	958	950	958
Cash & Cash Equivalents at the End of the Financial Year	1,740	950	1,740	950

The accompanying notes form an integral part of the above Consolidated Statement of Cash Flows

SAS TRUSTEE CORPORATION

Consolidated Statement of Changes in Equity
for the year ended 30 June 2013

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Balance at 1 July	-	-	-	-
Operating Result	(1,030)	2,250	-	-
Other Comprehensive Income				
Superannuation actuarial gains/(losses)	1,030	(2,250)	-	-
Total Comprehensive income	-	-	-	-
Balance at 30 June	-	-	-	-

The accompanying notes form an integral part of the above Consolidated Statement of Changes in Equity

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2013

1. OPERATIONS

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) holds in trust all assets of the SAS Trustee Corporation Pooled Fund ("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 16, 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.

Investment custodial activities for the Pooled Fund are performed by JPMorgan Chase Bank NA.

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

The Economic Entity comprises –

- The SAS Trustee Corporation Division of the Government Service of NSW, as the controlled entity ("the STC Division"), and
- STC as the parent entity of the STC Division (referred to as the "Statutory Corporation" in the above statements).

The STC Division provides personnel services to STC and also the Pooled Fund. As it is a controlled entity of STC the STC Economic Entity includes all transactions of the STC Division, including those transactions which were not with STC. The principles of consolidation of STC and STC Division is described at note 2(b) below.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Preparation

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 2010*
- the Treasurer's Directions
- applicable Australian Accounting Standards including Australian Accounting Interpretations.

Both the Economic Entity and the Parent Entity are 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 value 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 25 September 2013.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

a) Statement of Compliance (continued)

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2012. The following standard resulted in a minor change to the Consolidated Statement of Comprehensive Income – AASB 2011-9, Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income. No other new or amended accounting standards were applicable.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Statutory Corporation and its controlled entity, the STC Division, as at 30 June and the results of the Statutory Corporation and its controlled entity for the year then ended.

The Statutory Corporation and its controlled entity is referred to in these financial statements as the "Economic Entity". The effects of all transactions within the Economic Entity are eliminated in full. There are no outside equity interests.

The STC Division also prepares separate financial statements. These financial statements are 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 the Statutory Corporation and comprise the direct expenses of the 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. All amounts include the salary of STC's Chief Executive Officer, whose contract is direct with STC.

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 2013

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

d) Employee Benefits (Continued)

Superannuation

Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position 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 in comprehensive income 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 STC Division are conducted through the Statutory Corporation's bank account.

g) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

h) Accounting standards applicable issued but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective.

AASB 9 *Financial Instruments* as issued in December 2009 will be implemented for the year ended 30 June 2016. No material change to these financial statements is anticipated.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

h) Accounting standards applicable issued but not yet effective (Continued)

AASB 10 *Consolidated Financial Statements* as issued in August 2011 will be implemented for the year ended 30 June 2015. No material change to these financial statements is anticipated.

AASB 13 *Fair Value Measurement* as issued in September 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

AASB 119 *Employer Benefits* as issued in September 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

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.

j) Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

3. OPERATING RESULT

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
The result includes the following items of revenue and expense:				
Management Fees	36,363	35,989	34,152	34,820
Interest Income	40	70	40	70
Other Income	350	345	350	345
Total Revenue	36,753	36,404	34,542	35,235
Trustee Expenses				
Board Member Fees	722	592	722	592
Other Administration Expenses	58	32	58	32
Total Trustee Expenses	780	624	780	624
Executive Expenses				
Employee Related Expenses	5,680	3,914	-	-
Superannuation	328	465	-	-
Personnel Services Expenses	-	-	2,767	5,460
Accommodation	879	486	879	486
Other Administration Expenses	853	474	853	474
Total Executive Expenses	7,740	5,339	4,499	6,420
Fund Expenses				
Fees for Services	3,100	2,820	3,100	2,820
Other Administration Expenses	1,095	476	1,095	476
Pillar Administration Fees	25,068	24,895	25,068	24,895
Total Fund Expenses	29,263	28,191	29,263	28,191
Total Operating Expenses	37,783	34,154	34,542	35,235
Result	(1,030)	2,250	-	-

Contained within other Administration Expenses are fees paid to consultants of \$104,038 (2012: \$145,440) and audit fees of \$12,100 (2012: \$12,100) for the Statutory Corporation and \$3,300 (2012: \$3,300) for the STC Division (for both entities, audit of the financial statements and no other services).

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2013

3. RESULT (Continued)

Lease payments made during the year comprised –

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Minimum lease payments	663	374	663	374
Contingent rentals	-	-	-	-
	663	374	663	374

The Statutory Corporation uses an operating lease to provide its office space. The lease includes contingent rentals and renewal options and these have been included to the extent the amounts are calculable.

4. RECEIVABLES

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Current				
Amounts Receivable – Pooled Fund	4,396	6,314	4,396	6,314
Other Receivables	808	1,054	808	1,054
Superannuation (refer Note 9)				
SASS	59	8	-	-
SANCS	62	19	-	-
	5,325	7,395	5,204	7,368

5. PAYABLES

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Current				
Amount Payable – Pillar (Administration Fees)	2,196	2,214	2,196	2,214
Other Payables	2,070	2,077	2,070	2,077
Amounts Payable – STC Division	-	-	2,985	4,084
	4,266	4,291	7,251	8,375

All payables are within agreed trading terms.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

6. PROVISIONS

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Current				
Employee Benefits	1,107	1,096	-	-
Superannuation (refer Note 9) SSS	1,910	2,968	-	-
	3,017	4,064	-	-
Non-current				
Employee Benefits	89	47	-	-
	89	47	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

7. FINANCIAL RISKS

Market Risk

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC's governing legislation requires it to recover all its costs from the Pooled Fund, a change in market prices will have no effect on STC's result or net assets.

Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause STC to experience a financial loss. In respect of STC's cash holdings, all are lodged with one of Australia's largest trading banks. In respect of STC's receivables, its only counterparty is the Pooled Fund. The Pooled Fund is obliged by its governing legislation to fund STC. STC is exposed to minimal credit risk. STC's maximum credit risk exposure is the balance of the cash and receivables.

Liquidity Risk

Liquidity risk is the risk that financial obligations cannot be met as they fall due. As noted under the section *Credit Risk* above, the Pooled Fund is obliged by its governing legislation to fund STC. STC recovers its costs monthly from the Pooled Fund. Consequently STC is exposed to negligible liquidity risk.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

8. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity and STC Statutory Corporation during the year and the comparative period.

<i>Non-executive Trustees</i>	<i>Executive Officers</i>
Mr I Blair (resigned 31 October 2012)	Ms L Buck
Mr M Carapiet	(from 11 April 2012)
(term commenced 2 August 2011)	Ms L Collingridge
Mr A Claassens (term commenced 5 November 2012)	(until 16 December 2011)
Mr R Davis	Mr K Dent
Ms A De Salis	Mr M Drew
(term completed 31 January 2012)	(until 17 April 2012)
Mr R Harty (resigned 2 May 2013)	Mr C Durack
Mr M Lambert	(until 7 October 2011)
Mr N Lewocki (term completed 31 August 2012)	Mr A Grice
Ms K Moses (term commenced 19 March 2012)	Mr J Livanas
Mr Tony O'Grady (term commenced 24 June 2013)	(from 24 October 2011)
Dr D Russell (resigned 31 July 2011)	Mr P Laity
Mr P Scully	(from 15 March 2013)
Mr G Venardos (term commenced 5 November 2012)	Mr M O'Brien
Ms S Walsh	(from 30 January 2013)
	Ms M O'Rourke
	(from 6 February 2012)
	Ms L Rasmussen
	Ms L Tsitsis
	(from 11 September 2012)
	Ms N Wooden

The key management personnel compensation in relation to services to STC is as follows –

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Short-term employee benefits	2,620	2,861	-	-
Post-employment benefits	-	-	-	-
Other long term employee benefits	22	10	-	-
	2,642	2,871	-	-

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

**8. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL
COMPENSATION (Continued)**

Remuneration is shown in bands –

The number of executive officers are shown below in their relevant income bands:

	Economic Entity 2013	Economic Entity 2012	Statutory Corporation 2013	Statutory Corporation 2012
Base compensation (including superannuation contributions) of:				
\$40,000 - \$49,999	1	1	-	-
\$80,000 - \$89,999	-	2	-	-
\$120,000 - \$129,999	2	1	-	-
\$130,000 - \$139,999	1	-	-	-
\$170,000 - \$179,999	-	2	-	-
\$190,000 - \$199,999	2	1	-	-
\$200,000 - \$209,999	1	1	-	-
\$210,000 - \$219,999	1	-	-	-
\$220,000 - \$229,999	-	1	-	-
\$230,000 - \$239,999	1	-	-	-
\$310,000 - \$319,999	-	1	-	-
\$460,000 - \$469,999 ⁽¹⁾	1	-	-	-
	10	10	-	-

(1) In 2013 the Board determined that a performance bonus of \$75,000 was payable to the current Chief Executive Officer of STC. In 2012 in respect of the former Chief Executive Officer of STC, the Board determined that a performance bonus of \$117,000 was appropriate.

The number of Board members are shown below in their relevant income bands:

	Economic Entity 2013	Economic Entity 2012	Statutory Corporation 2013	Statutory Corporation 2012
Base compensation (including superannuation contributions) of:				
\$0 - \$39,999	4	9	4	9
\$40,000 - \$49,999	2	-	2	-
\$50,000 - \$59,999	1	-	1	-
\$60,000 - \$69,999	-	1	-	1
\$70,000 - \$79,999	2	-	2	-
\$80,000 - \$89,999	1	-	1	-
\$160,000- \$169,999	-	1	-	1
\$170,000- \$179,999	1	-	1	-
	11	11	11	11

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. 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.

Reconciliation of the present value of the defined benefit obligation:

Economic Entity

As at 30 June 2013

	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	639	202	7,153
Current service cost	28	8	23
Interest cost	18	5	215
Contributions by fund participants	15	-	24
Actuarial (gains)/losses	38	(10)	(401)
Benefits paid	(29)	6	(401)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	709	211	6,613

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

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

Economic Entity

As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	783	209	5,322
Current service cost	33	8	50
Interest cost	38	10	274
Contributions by fund participants	19	-	27
Actuarial (gains)/losses	(8)	15	2,014
Benefits paid	(226)	(40)	(534)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	639	202	7,153

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets:

Economic Entity

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	647	221	4,185
Expected return on fund assets	53	17	349
Actuarial gains/(losses)	82	29	546
Employer contributions	-	-	-
Contributions by fund participants	15	-	24
Benefits paid	(29)	6	(401)
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	768	273	4,703

Economic Entity

As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	886	260	4,429
Expected return on fund assets	71	20	370
Actuarial gains/(losses)	(103)	(19)	(107)
Employer contributions	-	-	-
Contributions by fund participants	19	-	27
Benefits paid	(226)	(40)	(534)
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	647	221	4,185

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position:

Economic Entity

As at 30 June 2013

	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	709	211	6,613
Fair value of fund assets at end of the year	(768)	(273)	(4,703)
<i>Subtotal</i>	(59)	(62)	1,910
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in the Statement of Financial Position at end of the year</i>	(59)	(62)	1,910

Economic Entity

As at 30 June 2012

	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	639	202	7,153
Fair value of fund assets at end of the year	(647)	(221)	(4,185)
<i>Subtotal</i>	(8)	(19)	2,968
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in the Statement of Financial Position at end of the year</i>	(8)	(19)	2,968

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Components recognised in the operating result:

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2013			
Current Service Cost	28	8	23
Interest cost	19	5	215
Expected return on fund assets (net of expenses)	(53)	(17)	(349)
Past service cost	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	<u>(6)</u>	<u>(4)</u>	<u>(111)</u>

Economic Entity	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2012			
Current Service Cost	33	8	50
Interest cost	38	10	274
Expected return on fund assets (net of expenses)	(71)	(20)	(370)
Past service cost	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	<u>-</u>	<u>(2)</u>	<u>(46)</u>

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Amounts recognised in other comprehensive income:

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2013			
Actuarial (gains)/losses	(45)	(38)	(947)
Adjustment for limit on net asset	-	-	-
Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2012			
Actuarial (gains)/losses	95	34	2,121
Adjustment for limit on net asset	-	-	-

Cumulative amount of the actuarial gains and losses recognised in other comprehensive income:

Economic Entity	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2013	215	57	1,127
As at 30 June 2012	260	95	2,074
As at 30 June 2011	165	61	(47)
As at 30 June 2010	150	63	213
As at 30 June 2009	137	58	(59)
Statutory Corporation	SASS \$'000	SANCS \$'000	SSS \$'000
As at 30 June 2013	(47)	(17)	203
As at 30 June 2012	(47)	(17)	203
As at 30 June 2011	(47)	(17)	203
As at 30 June 2010	(47)	(17)	203
As at 30 June 2009	(47)	(17)	203

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

The percentage of fund assets invested in each asset class at 30 June:

Economic Entity	<u>2013</u>	<u>2012</u>
Australian equities	31%	28%
Overseas equities	26%	24%
Australian fixed interest securities	7%	5%
Overseas fixed interest securities	2%	2%
Property	8%	9%
Cash	13%	19%
Other	13%	13%

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.

Actual return on fund assets:

Economic Entity			
As at 30 June 2013	<u>SASS</u>	<u>SANCS</u>	<u>SSS</u>
	\$'000	\$'000	\$'000
Actual return on fund assets	<u>109</u>	<u>46</u>	<u>683</u>

Economic Entity			
As at 30 June 2012	<u>SASS</u>	<u>SANCS</u>	<u>SSS</u>
	\$'000	\$'000	\$'000
Actual return on fund assets	<u>5</u>	<u>1</u>	<u>(1)</u>

SAS TRUSTEE CORPORATION

Notes to the financial statements for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Valuation method and principal actuarial assumptions at 30 June:

(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*

	<u>2013</u>	<u>2012</u>
Salary increase rate	2.25%	2.5%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets backing current pension liabilities	8.3%	8.3%
Expected rate of return on assets backing other liabilities	7.3%	7.3%
Discount rate	3.8%	3.1%

(c) *Demographic Assumptions*

Demographic assumptions reflect those adopted by the Scheme actuary in his 30 June 2012 triennial review of the schemes.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Historical Information:

Economic Entity
As at 30 June 2013

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	709	211	6,613
Fair value of fund assets	(768)	(273)	(4,703)
(Surplus)/Deficit in fund	(59)	(62)	1,910
Experience adjustments – fund liabilities	38	(10)	(400)
Experience adjustments – fund assets	(82)	(29)	(547)
As at 30 June 2012	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	639	202	7,153
Fair value of fund assets	(647)	(221)	(4,185)
(Surplus)/Deficit in fund	(8)	(19)	2,968
Experience adjustments – fund liabilities	(8)	15	2,014
Experience adjustments – fund assets	103	19	107
As at 30 June 2011	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	783	209	5,322
Fair value of fund assets	(886)	(260)	(4,429)
(Surplus)/Deficit in fund	(103)	(51)	893
Experience adjustments – fund liabilities	67	-	92
Experience adjustments – fund assets	(52)	(2)	(352)
As at 30 June 2010	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	703	190	5,403
Fair value of fund assets	(809)	(296)	(4,259)
(Surplus)/Deficit in fund	(106)	(106)	1,144
Experience adjustments – fund liabilities	32	7	441
Experience adjustments – fund assets	(19)	(2)	(169)
As at 30 June 2009	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	618	166	4,926
Fair value of fund assets	(736)	(271)	(4,031)
(Surplus)/Deficit in fund	(118)	(105)	895
Experience adjustments – fund liabilities	(105)	-	878
Experience adjustments – fund assets	243	56	771

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Expected contributions:

Economic Entity

	SASS \$'000	SANCS \$'000	SSS \$'000
Expected contributions for year to 30 June 2013	-	-	-
Expected contributions for year to 30 June 2012	-	-	-

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*.

Economic Entity

	SASS \$'000	SANCS \$'000	SSS \$'000
30 June 2013			
Accrued benefits	650	187	4,012
Net market value of fund assets	(768)	(273)	(4,703)
<i>Net (surplus)/deficit</i>	(118)	(86)	(691)

Economic Entity

	SASS \$'000	SANCS \$'000	SSS \$'000
30 June 2012			
Accrued benefits	580	182	3,920
Net market value of fund assets	(647)	(221)	(4,185)
<i>Net (surplus)/deficit</i>	(67)	(39)	(265)

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

9. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates:

Economic Entity

As at 30 June 2013

	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Economic Entity

As at 30 June 2012

	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 2013

9. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions:

Weighted average assumptions –

	2012 and following
Expected rate of return on fund assets backing current pension liabilities	8.3%
Expected rate of return on fund assets backing other liabilities	7.3%
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.

10. RELATED PARTY INFORMATION

a) Transactions entered into during the year with Key Management Personnel and their Related Entities:

	2013 \$'000	2012 \$'000
Fees paid to the Statutory Corporation or relevant Trustee Board Member by State Super Financial Services Australia Limited (SSFSAL), a company in which Mr M Carapiet, Mr R Harty, Mr R Davis, Mr M Lambert, Mr P Scully and Ms S Walsh are directors, on normal commercial terms and conditions.	357	345
Rental payments and outgoings received by the Pooled Fund from SSFSAL on normal commercial terms and conditions.	1,870	1,540

b) 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.

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

11. CASH FLOW INFORMATION

a) Reconciliation of Cash

	Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
Cash and Cash Equivalents	1,740	950	1,740	950

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 attracts a floating interest rate which is subject to change at the discretion of the bank. At 30 June 2013 the rate was 2.25% (2012: 2.85%).

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

11. CASH FLOW INFORMATION (Continued)

b) Reconciliation of Comprehensive Income to Net Cash Used in Operating Activities

	Economic Entity 2013 \$'000 Inflows/ (Outflows)	Economic Entity 2012 \$'000 Inflows/ (Outflows)	Statutory Corporation 2013 \$'000 Inflows/ (Outflows)	Statutory Corporation 2012 \$'000 Inflows/ (Outflows)
Comprehensive Income	-	-	-	-
Changes in Assets and Liabilities:				
<u>(Increase)/Decrease in Assets</u>				
Other Current Assets	(250)	49	(250)	49
Receivables -				
Pooled Fund Schemes	1,918	(2,366)	1,918	(2,366)
Other	152	(153)	245	(280)
<u>Increase/(Decrease) in Liabilities</u>				
Payables -				
Pillar	(18)	(51)	(18)	(51)
Other	(7)	460	(1,105)	2,640
Provisions	(1,005)	2,053	-	-
Net Cash From/(Used) in Operating Activities	790	(8)	790	(8)

SAS TRUSTEE CORPORATION

Notes to the financial statements
for the year ended 30 June 2013

12. COMMITMENTS FOR EXPENDITURE

Economic Entity 2013 \$'000	Economic Entity 2012 \$'000	Statutory Corporation 2013 \$'000	Statutory Corporation 2012 \$'000
--	--	--	--

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	641	367	641	367
Payable later than 1 year and not later than 5 years	2,830	963	2,830	963
Payable greater than 5 years	1,043	-	1,043	-
	4,514	1,330	4,514	1,330

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	2,102	2,102	2,102	2,102
Payable later than 1 year and not later than 5 years	-	-	-	-
	2,102	2,102	2,102	2,102

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.

13. 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 Statements

Part G – Financial Statements of the SAS Trustee Corporation Division of the Government Service of NSW



INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Division of the Government Service of NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of SAS Trustee Corporation Division of the Government Service of NSW (STC Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of STC Division as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer of the STC Division is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe 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 Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A T Whitfield
Deputy Auditor-General

18 September 2013
SYDNEY

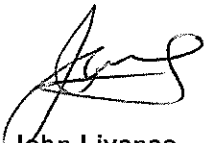
SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW**ABN 31 683 571 255****Statement by Chief Executive Officer**
for the year ended 30 June 2013

Pursuant to the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation Division of the Government Service of NSW as at 30 June 2013 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 2010*, the Treasurer's Directions and applicable Accounting standards in Australia.

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

Signed at Sydney this 16th day of September 2013.



John Livanas
Chief Executive Officer

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Statement of Comprehensive Income
for the year ended 30 June 2013

	NOTE	2013 \$'000	2012 \$'000
Continuing Operations			
Operating Revenue			
Personnel Services		4,977	6,629
Operating Expenses			
Salaries		4,490	3,169
Defined contribution superannuation		449	513
Defined benefit superannuation		(121)	(48)
Annual and long service leave		470	383
Other payroll related		719	362
		6,007	4,379
Operating Result	2	(1,030)	2,250
Other Comprehensive Income			
Items that will not be reclassified into Operating Result:			
Superannuation actuarial gains/(losses)		1,030	(2,250)
Total Comprehensive Income		-	-

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

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Statement of Financial Position
as at 30 June 2013

	NOTE	2013 \$'000	2012 \$'000
Current Assets			
Receivables	3	3,106	4,111
Total Current Assets		3,106	4,111
Total Assets			
Current Liabilities			
Provisions	4	3,017	4,064
Total Current Liabilities		3,017	4,064
Non-Current Liabilities			
Provisions	4	89	47
Total Non-Current Liabilities		89	47
Total Liabilities		3,106	4,111
Net Assets		-	-
Total Equity		-	-

The accompanying notes form an integral part of the above Statement of Financial Position

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Statement of Cash Flows
for the year ended 30 June 2013

		2013 \$'000	2012 \$'000
	NOTE	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts		4,977	6,629
Interest Received		-	-
Payments to Suppliers and Employees		(4,977)	(6,629)
Net Operating Cash Flows	8(b)	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents			
		-	-
Cash & Cash Equivalents at the Beginning of the Financial Year		-	-
Cash & Cash Equivalents at the End of the Financial Year	8(a)	-	-

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

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Statement of Changes in Equity
for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
Balance at 1 July	-	-
Operating Result	(1,030)	2,250
Other Comprehensive income		
Superannuation actuarial gains/(losses)	1,030	(2,250)
Total Comprehensive income	-	-
Balance at 30 June	-	-

The accompanying notes form an integral part of the above Statement of Changes in Equity

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW**Notes to the financial statements**

for the year ended 30 June 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting entity**

The SAS Trustee Corporation Division of the Government Service of NSW ("the STC Division") is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in NSW Australia and its office is at Level 16, 83 Clarence Street, Sydney.

The objective of the STC Division is to provide personnel services to the SAS Trustee Corporation (STC) and the SAS Trustee Corporation Pooled Fund. The expense and revenue amounts include the salary of STC's Chief Executive Officer whose contract for employment is with STC but whose salary administration is conducted through the STC Division.

These financial statements were authorised for issue by the Chief Executive Officer of STC on 16 September 2013. These financial statements will not be amended and reissued as it has been audited.

B. Basis for preparation and statement of compliance

These are general purpose financial statements in accordance with the requirements of Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value (see note 1 G).

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2012. The following standard resulted in a minor change to the Consolidated Statement of Comprehensive Income – AASB 2011-9, Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income. No other new or amended accounting standards were applicable.

C. Comparative information

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 DIVISION OF THE GOVERNMENT SERVICE OF NSW**Notes to the financial statements**
for the year ended 30 June 2013**1. STATEMENT OF ACCOUNTING POLICIES (Continued)****D. Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

E. Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at period end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the operating result. Receivables are monitored during the period and bad debts written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the operating result.

F. Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost as the effect of discounting is immaterial.

G. Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provision when the obligations arise, which is usually through the rendering of service by employees.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

G. Employee benefit provision and expenses (Continued):

Superannuation and long service leave provisions are measured at their discounted value using a risk free rate mandated by NSW Treasury.

All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of expected future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the operating result for superannuation and long service leave is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains or losses are recognised in the Statement of Comprehensive Income in the year they occur.

H. Accounting standards applicable but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective.

AASB 9 *Financial Instruments* as issued in December 2009 will be implemented for the year ended 30 June 2016. No material change to these financial statements is anticipated.

AASB 10 *Consolidated Financial Statements* as issued in August 2011 will be implemented for the year ended 30 June 2015. No material change to these financial statements is anticipated.

AASB 13 *Fair Value Measurement* as issued in September 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

AASB 119 *Employer Benefits* as issued in September 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

I. Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

J. Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

2. RESULT

The STC Division did not make any payments to consultants in the year ended 30 June 2013 or the year ended 30 June 2012.

The audit fee for the entity of \$3,300 (2012: \$3,300) is met by STC. The auditor provided no other services other than the audit of these financial statements.

3. RECEIVABLES

	2013	2012
	\$'000	\$'000
Current		
Amounts Receivable – STC	2,985	4,084
Superannuation (refer Note 7)	-	-
SASS	59	8
SANCS	62	19
	3,106	4,111

4. PROVISIONS

	2013	2012
	\$'000	\$'000
Current		
Employee Benefits	1,107	1,096
Superannuation (refer Note 7)		
SSS	1,910	2,968
	3,017	4,064
Non-current		
Employee Benefits	89	47
	89	47

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW**Notes to the financial statements**
for the year ended 30 June 2013**5. FINANCIAL RISKS***Market Risk*

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC Division recovers all its costs from STC, a change in market prices will have no effect on STC Division's result or net assets.

Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the STC Division to experience a financial loss. In respect of the STC Division's financial assets, its only counterparty is its parent entity, STC. As STC makes good its obligations to the STC Division on demand, the STC Division is exposed to minimal credit risk. The STC Division's maximum credit risk exposure is the balance of the receivable from STC.

Liquidity Risk

Liquidity risk is the risk that the STC Division will not be able to meet its financial obligations as they fall due. As stated at Note 8 the STC Division does not have a bank account. All transactions are transacted through the bank account of STC. STC has a legislative right to recover all costs from the SAS Trustee Corporation Pooled Fund and does so monthly. Consequently the STC Division is exposed to negligible liquidity risk.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

6. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity and STC Statutory Corporation during the year.

Ms L Buck
(from 11 April 2012)
Ms L Collingridge
(until 16 December 2011)
Mr K Dent
Mr M Drew
(until 17 April 2012)
Mr C Durack
(until 7 October 2011)
Mr A Grice
Mr J Livanas
(from 24 October 2011)
Mr P Laity
(from 15 March 2013)
Mr M O'Brien
(from 30 January 2013)
Ms M O'Rourke
(from 6 February 2012)
Ms L Rasmussen
Ms L Tsitsis
(from 11 September 2012)
Ms N Wooden

The key management personnel compensation in relation to services to STC is as follows –

	2013	2012
	\$'000	\$'000
Short-term employee benefits	2,121	2,469
Post-employment benefits	-	-
Other long term employee benefits	22	10
	<u>2,143</u>	<u>2,479</u>

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION

The STC Division 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.

Reconciliation of the present value of the defined benefit obligation:

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	639	202	7,153
Current service cost	28	8	23
Interest cost	18	5	215
Contributions by fund participants	15	-	24
Actuarial (gains)/losses	38	(10)	(401)
Benefits paid	(29)	6	(401)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	709	211	6,613
As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Present value of partly funded defined benefit obligation at beginning of year</i>	783	209	5,322
Current service cost	33	8	50
Interest cost	38	10	274
Contributions by fund participants	19	-	27
Actuarial (gains)/losses	(8)	15	2,014
Benefits paid	(226)	(40)	(534)
Past service cost	-	-	-
Curtailments	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
<i>Present value of partly funded defined benefit obligation at end of year</i>	639	202	7,153

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets:

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	647	221	4,185
Expected return on fund assets	53	17	349
Actuarial gains/(losses)	82	29	546
Employer contributions	-	-	-
Contributions by fund participants	15	-	24
Benefits paid	(29)	6	(401)
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	768	273	4,703

As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
<i>Fair value of fund assets at beginning of the year</i>	886	260	4,429
Expected return on fund assets	71	20	370
Actuarial gains/(losses)	(103)	(19)	(107)
Employer contributions	-	-	-
Contributions by fund participants	19	-	27
Benefits paid	(226)	(40)	(534)
Settlements	-	-	-
Business combinations	-	-	-
Exchange rate changes	-	-	-
<i>Fair value of fund assets at end of the year</i>	647	221	4,185

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position:

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	709	211	6,613
Fair value of fund assets at end of the year	(768)	(273)	(4,703)
<i>Subtotal</i>	(59)	(62)	1,910
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in the Statement of Financial Position at end of the year</i>	(59)	(62)	1,910
As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of funded defined benefit obligations at end of the year	639	202	7,153
Fair value of fund assets at end of the year	(647)	(221)	(4,185)
<i>Subtotal</i>	(8)	(19)	2,968
Unrecognised past service cost	-	-	-
Unrecognised gain/(loss)	-	-	-
Adjustment for limitation on net asset	-	-	-
<i>Net liability/(asset) recognised in the Statement of Financial Position at end of the year</i>	(8)	(19)	2,968

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Components recognised in the operating result:

As at 30 June 2013	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Current Service Cost	28	8	23
Interest cost	19	5	215
Expected return on fund assets (net of expenses)	(53)	(17)	(349)
Past service cost	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	<u>(6)</u>	<u>(4)</u>	<u>(111)</u>
As at 30 June 2012	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Current Service Cost	33	8	50
Interest cost	38	10	274
Expected return on fund assets (net of expenses)	(71)	(20)	(370)
Past service cost	-	-	-
Curtailments or settlement (gain)/loss	-	-	-
Expense/(income) recognised	<u>-</u>	<u>(2)</u>	<u>(46)</u>

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Amounts recognised in other comprehensive income:

As at 30 June 2013	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Actuarial (gains)/losses	(45)	(38)	(947)
Adjustment for limit on net asset	-	-	-
As at 30 June 2012	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Actuarial (gains)/losses	95	34	2,121
Adjustment for limit on net asset	-	-	-

Cumulative amount of the actuarial gains and losses recognised in other comprehensive income:

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2013	264	73	1,348
As at 30 June 2012	309	111	2,295
As at 30 June 2011	214	77	174
As at 30 June 2010	199	79	434
As at 30 June 2009	186	74	162

The percentage of fund assets invested in each asset class at 30 June:

	2013	2012
Australian equities	31%	28%
Overseas equities	26%	24%
Australian fixed interest securities	7%	5%
Overseas fixed interest securities	2%	2%
Property	8%	9%
Cash	13%	19%
Other	13%	13%

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

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.

Actual return on fund assets:

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	109	46	683
As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
Actual return on fund assets	5	1	(1)

Valuation method and principal actuarial assumptions at 30 June:

(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*

	<u>2013</u>	<u>2012</u>
Salary increase rate	2.25%	2.5%
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets backing current pension liabilities	8.3%	8.3%
Expected rate of return on assets backing other liabilities	7.3%	7.3%
Discount rate	3.8%	3.1%

(c) *Demographic Assumptions*

Demographic assumptions reflect those adopted by the Scheme actuary in his 2012 triennial review of the schemes.

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Historical Information:

As at 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	709	211	6,613
Fair value of fund assets	(768)	(273)	(4,703)
(Surplus)/Deficit in fund	(59)	(62)	1,910
Experience adjustments – fund liabilities	38	(10)	(400)
Experience adjustments – fund assets	(82)	(29)	(547)
As at 30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	639	202	7,153
Fair value of fund assets	(647)	(221)	(4,185)
(Surplus)/Deficit in fund	(8)	(19)	2,968
Experience adjustments – fund liabilities	(8)	15	2,014
Experience adjustments – fund assets	103	19	107
As at 30 June 2011	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	783	209	5,322
Fair value of fund assets	(886)	(260)	(4,429)
(Surplus)/Deficit in fund	(103)	(51)	893
Experience adjustments – fund liabilities	67	-	92
Experience adjustments – fund assets	(52)	(2)	(352)
As at 30 June 2010	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	703	190	5,403
Fair value of fund assets	(809)	(296)	(4,259)
(Surplus)/Deficit in fund	(106)	(106)	1,144
Experience adjustments – fund liabilities	32	7	441
Experience adjustments – fund assets	(19)	(2)	(169)
As at 30 June 2009	SASS \$'000	SANCS \$'000	SSS \$'000
Present value of defined benefit obligation	618	166	4,926
Fair value of fund assets	(736)	(271)	(4,031)
(Surplus)/Deficit in fund	(118)	(105)	895
Experience adjustments – fund liabilities	(105)	-	878
Experience adjustments – fund assets	243	56	771

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Expected contributions:

	SASS \$'000	SANCS \$'000	SSS \$'000
Expected contributions for year to 30 June 2013	-	-	-
Expected contributions for year to 30 June 2012	-	-	-

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 2013	SASS \$'000	SANCS \$'000	SSS \$'000
Accrued benefits	650	187	4,012
Net market value of fund assets	(768)	(273)	(4,703)
<i>Net (surplus)/deficit</i>	(118)	(86)	(691)
30 June 2012	SASS \$'000	SANCS \$'000	SSS \$'000
Accrued benefits	580	182	3,920
Net market value of fund assets	(647)	(221)	(4,185)
<i>Net (surplus)/deficit</i>	(67)	(39)	(265)

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

7. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates:

As at 30 June 2013	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

As at 30 June 2012	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.

Funding arrangements for employer contributions – Economic Assumptions:

Weighted average assumptions –

	2012 and following
Expected rate of return on fund assets backing current pension liabilities	8.3%
Expected rate of return on fund assets backing other liabilities	7.3%
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 STC Division's interest in the fund, the STC Division may be able to take advantage of it in the form of a reduction in required contribution rate. STC in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

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

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW

Notes to the financial statements
for the year ended 30 June 2013

8. CASH FLOW INFORMATION

a) Reconciliation of Cash

	2013 \$'000	2012 \$'000
Cash at Bank	-	-

The STC Division does not have a bank account. All transactions are transacted through the bank account of STC.

The STC Division does not have any credit standby arrangements or loan facilities.

b) Reconciliation of Comprehensive Income to Net Cash Used in Operating Activities

	2013 \$'000 Inflows/ (Outflows)	2012 \$'000 Inflows/ (Outflows)
Comprehensive Income	-	-
Changes in Assets and Liabilities		
(Increase)/Decrease in Assets		
Receivables	1,005	(2,053)
Increase/(Decrease) in Liabilities		
Provisions	(1,005)	2,053
Net Cash From/(Used) in Operating Activities	-	-

SAS TRUSTEE CORPORATION DIVISION OF THE GOVERNMENT SERVICE OF NSW**Notes to the financial statements**
for the year ended 30 June 2013**9. COMMITMENTS FOR EXPENDITURE**

There are no commitments for expenditure at 30 June 2013 or at 30 June 2012.

10. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2013 or at 30 June 2012.

End of Audited Financial Statements

Part G – Financial Statements of the Pooled Fund



INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Pooled Fund

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of SAS Trustee Corporation Pooled Fund (the Fund), which comprise the statement of net assets as at 30 June 2013, the statement of changes in net assets for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the net assets of the Fund as at 30 June 2013, and of its changes in net assets for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Trustee's Responsibility for the Financial Statements

The members of the Board of the SAS Trustee Corporation, as trustee of the Fund, are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe 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 it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



A T Whitfield
Acting Auditor-General

25 September 2013
SYDNEY

SAS TRUSTEE CORPORATION POOLED FUND

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2013

Pursuant to 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:

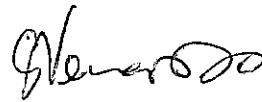
1. the financial statements present a true and fair view of the net assets of the Pooled Fund as at 30 June 2013 and changes in net assets for the year then ended, and
2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, the Treasurer's directions and applicable Accounting Standards in Australia.

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 25th day of September 2013.



Michael Carapiet
Chairperson
SAS Trustee Corporation



George Venardos
Board Member and Chairperson of the
Risk, Audit and Compliance Committee
SAS Trustee Corporation

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Changes in Net Assets
for the year ended 30 June 2013

	Note	2013 \$'m	2012 \$'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		34,351.9	32,179.4
Contribution Revenue			
Employer Contributions		1,434.8	6,144.9
Salary Sacrifice Member Contributions		294.8	317.2
Member Contributions		161.0	186.3
Total Contribution Revenue	3	1,890.6	6,648.4
Transfers			
Scheme Mobility Transfer	5	0.5	0.6
Other		0.4	0.5
Total Transfers		0.9	1.1
Investment Revenue			
Short Term Securities		148.1	36.5
Australian Fixed Interest		99.4	97.9
International Fixed Interest		22.4	24.9
Australian Equities		539.6	479.7
International Equities		218.2	213.2
Property		187.3	175.7
Alternatives		270.4	260.7
		1,485.4	1,288.6
Change in Net Market Value of Investments	6	4,776.8	(1,240.2)
		6,262.2	48.4
Direct Investment Expenses		(95.8)	(85.8)
Net Investment Revenue		6,166.4	(37.4)
Other Revenue		2.2	5.0
Superannuation Contributions Surcharge		7.3	6.9
Total Revenue		8,067.4	6,624.0
Benefits Paid	13(b)	(4,050.7)	(3,689.2)
Scheme Administration Expenses	7	(34.2)	(34.9)
Other Expenses		(1.2)	(0.4)
Total Expenses		(4,086.1)	(3,724.5)
Change in Net Assets Before Income Tax		3,981.3	2,899.5
Income Tax Expense	8(a)	(124.2)	(727.0)
Change in Net Assets Available to Pay Benefits After Income Tax		3,857.1	2,172.5
Net Assets Available to Pay Benefits at End of Financial Year	9	38,209.0	34,351.9

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 2013

	Note	2013 \$'m	2012 \$'m
INVESTMENTS			
Short Term Securities		5,323.7	7,106.6
Australian Fixed Interest		2,576.2	1,767.4
International Fixed Interest		850.4	839.8
Australian Equities		11,193.6	9,513.1
International Equities		9,632.6	7,992.3
Property		3,134.7	3,044.6
Alternatives		5,130.2	4,565.6
		37,841.4	34,829.4
OTHER ASSETS			
Cash and Cash Equivalents		1.3	2.1
Receivables	10	670.3	415.9
Plant and Equipment		0.9	0.4
Deferred Tax Asset	8(b)	-	64.7
		672.5	483.1
TOTAL ASSETS		38,513.9	35,312.5
LIABILITIES			
Reserve Units	11	1.0	1.5
Payables	12	288.4	271.6
Current Tax Liability	8(a)	2.6	687.5
Deferred Tax Liability	8(b)	12.9	-
TOTAL LIABILITIES		304.9	960.6
NET ASSETS AVAILABLE TO PAY BENEFITS	9	38,209.0	34,351.9

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 2013

1. OPERATION OF THE FUND

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 16, 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 investment custodial activities are performed by JP Morgan Chase Bank, NA. The Fund's administration custody activities (operation and management of the Fund's benefit and contribution bank accounts) are performed by Pillar. Independent actuarial services are provided by Richard Boyfield of Mercer (Australia) Pty Ltd.

Investment managers of the Fund during the year ended 30 June 2013 are:

- Access Capital Advisers Pty Ltd
- AllianceBernstein Investment Management Australia Ltd
- Altrinsic Global Advisors LLC
- AMP Capital Investors Limited
- AQR Capital Management, LLC
- Arrowstreet Capital LP (via Macquarie Investment Management Limited)
- AXA Rosenberg Investment Management Asia Pacific Ltd
- Axiom International Investors LLC
- Blackrock Investment Management (Australia) Limited
- BT Investment Management (RE) Limited
- Capital International, Inc
- Challenger Management Services Limited
- Citigroup Global Markets Australia Pty Ltd
- Colonial First State Asset Management (Australia) Limited
- DEXUS Funds Management Limited (formerly DB RREEF Funds Management Limited)
- Deutsche Asset Management (Australia) Limited
- Ellerston Capital Limited

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

1. OPERATION OF THE FUND (Continued)

- EG Funds Management Pty Ltd
- Fidelity International Limited
- Franklin Templeton Investments Australia Limited
- Genesis Asset Managers, LLP
- GMO Australia Limited
- Hastings Investment Management Pty Limited
- Hexavest Inc.
- Kaplan Funds Management Pty Limited
- LaSalle Investment Management (via Equity Trustees Limited)
- LaSalle Investment Management (Securities) LP
- Lazard Asset Management Pacific Co
- Macquarie Investment Management Limited
- Maple-Brown Abbott Limited
- New South Wales Treasury Corporation
- Northcape Capital
- Pareto Investment Management Limited
- Perennial Value Management Limited
- Platypus Asset Management Pty Ltd
- Propel Investments Pty Ltd
- RARE Infrastructure Limited
- Realindex Investments Pty Ltd
- Schroder Investment Management Australia Limited
- Siguler Guff DOF III GP LLC
- Siguler Guff DOF IV GP LLC
- SG Hiscock & Company Limited
- State Street Bank and Trust Company
- State Street Global Advisors, Australia, Limited
- Trilogy Global Advisors, LP (via Orion Asset Management Services Pty Limited)

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

1. OPERATION OF THE FUND (Continued)

- Trilogy Global Advisors, LLC
- Vanguard Investments Australia Ltd
- Wallara Asset Management Pty Limited

Each manager is required to invest the assets managed by it in accordance with the provisions set out in an Investment Management Agreement either directly with STC, or in the case of a trust, with the trustee of the trust. The investment managers and custodian charge fees for the services provided.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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 2010*
- 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 Australian Accounting Standard AAS 25 – *Financial Reporting by Superannuation Plans* (AAS 25) and relevant legislative requirements.

The Fund is a not-for-profit entity.

The financial statements were authorised for issue by the Trustee Board on 25 September 2013.

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 2(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 within the economic entity. Entities in the economic entity are shown in Note 15. 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.

The accounting policies adopted in preparing the financial statements are consistently applied.

More detailed information on accounting policies for financial instruments is contained at Note 19.

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 is determined as follows:

Short Term Securities:	Market rates (refer note 19 for more detail).
Fixed Interest:	Relevant fixed interest securities markets.
Equities, Unit Trusts: and Unlisted Assets	Relevant stock exchange official quotation or if unlisted, independent or manager valuation.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Assets and Liabilities (Continued)

- 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 which approximates fair value. During the year the fair value of plant and equipment increased by \$492,279 (2012: increased by \$192,231).
- 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. Particularly for unlisted assets, measurement amounts may be at variance from amounts realised should the assets be disposed of.

Assets and liabilities are recognised when STC 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 recognised in the Statement of Changes in Net Assets in the period in which they arise.

d) Use of Judgements and Estimates

The preparation of the Fund's financial statements require management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future. In valuing assets for which there is no observable market STC is guided on appropriate valuation techniques by its Valuation Policy. The valuation techniques generally involve the judgment of independent valuers. In valuing deferred tax balances, STC is guided by AASB 112 – *Income Taxes* (refer Note 2(e)).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 expected to apply when the benefit or liability is realised.

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.

f) Management Expenses

Management expenses charged to the Fund comprise:

Direct Investment Expenses: Investment expenses are recognised on an accruals basis.

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.

g) 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 2013 from the ATO advising of surcharge accrued before abolition of the *Superannuation Contributions Tax (Assessment and Collections) Act 1997*, effective 1 July 2005, indexed annually in line with ATO requirements (presently the 10-year Treasury Bond rate).

h) 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.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

j) 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 the right to the contribution has been attained and are recorded in the period to which they relate.

Interest Revenue

Interest is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained. If interest is not received at 30 June the amount is recognised as a receivable in the Statement of Net Assets.

Dividend Revenue

Dividends are recognised on the ex-date. If the dividend is not received at 30 June the amount is recognised as a receivable in the Statement of Net Assets.

Changes in net market value of investments

Changes in the net market value of investments are recognised as revenue and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

Distributions from unit trusts

Distributions from unit trusts are recognised as investment revenue on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received at the balance sheet date, the amount is reflected in the Statement of Net Assets as a receivable.

k) Benefit Payments

Benefit payments are recognised when the payment becomes due under scheme legislation and a benefit application has been received.

l) Standards Issued applicable but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective.

AASB 9 *Financial Instruments* as issued in December 2009 will be implemented for the year ended 30 June 2016. No material change to these financial statements is anticipated.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 10 *Consolidated Financial Statements* as issued in August 2011 will be implemented for the year ended 30 June 2015. No material change to these financial statements is anticipated.

AASB 12 *Disclosure of Interest in Other Entities* as issued in August 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

AASB 13 *Fair Value Measurement* as issued in September 2011 will be implemented for the year ended 30 June 2014. No material change to these financial statements is anticipated.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

3. EMPLOYER AND MEMBER CONTRIBUTIONS

	2013				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	456.7	182.9	503.2	292.0	1,434.8
Salary Sacrifice Contributions	143.0	-	144.2	7.6	294.8
Member Contributions	82.3	1.8	72.2	4.7	161.0
Total Contributions	682.0	184.7	719.6	304.3	1,890.6

	2012				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Employer Contributions	1,860.3	791.0	2,368.3	1,125.3	6,144.9
Salary Sacrifice Contributions	143.5	-	166.2	7.5	317.2
Member Contributions	94.1	2.2	84.8	5.2	186.3
Total Contributions	2,097.9	793.2	2,619.3	1,138.0	6,648.4

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 basis described below. The basis 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 are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2006*.

The New South Wales 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. STC conducts this periodic reassessment at 30 June each year.

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 and non-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 to part fund future liabilities and to fully fund emerging benefits.
- Part 3 Hospitals and associated employers not part of the Crown's contribution, contribute at a multiple of 1.9 of employee contributions for SASS and 2.5% of employees' salaries for SANCS.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

3. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

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

Member Contributions

As the Scheme is 100% employer funded, there are no member contributions. Any member contribution recognised represents co-contributions received from the Commonwealth Government in respect of a member.

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%. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*.

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. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*.

d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*.

4. SASS – MEMBER INVESTMENT CHOICE

SASS members have the option to choose the investment strategy for his or her member contributions. The option is also offered to SASS members who have deferred their benefits. Any election by a SASS deferred member applies to the member's contributor financed benefit and also to his or her employer financed benefit.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

5. SCHEME MOBILITY TRANSFER

During the year some members of the Pooled Fund schemes elected to transfer to the Local Government Superannuation Scheme (LGSS) or to the Energy Industries Superannuation Scheme (EISS) following transfer of their employment to a relevant employer covered by either of those schemes. The total amount transferred out was \$1.8 million (2012: \$0.9 million).

Also, a number of LGSS and/or EISS members who had undergone a change in employment elected to transfer to a Fund scheme. The total amount transferred in was \$2.3 million (2012: \$1.5 million).

The net amount transferred was \$0.5 million (2012: \$0.6 million).

The mobility provisions governing these optional, employment-related scheme transfers are contained in the *Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Regulations 1997* and the *Superannuation Administration (Electricity Superannuation Scheme) Regulations 1997*.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

6. INVESTMENT REVENUE

	2013			Total
	Income	Change in Net Market Value		
		Held at Reporting Date	Realised During the Year	
	Unrealised Gain/(Loss)	Gain/(Loss)		
\$'m	\$'m	\$'m	\$'m	\$'m
Short Term Securities	148.1	10.0	63.8	221.9
Australian Fixed Interest	99.4	(59.2)	(10.9)	29.3
International Fixed Interest	22.4	(51.2)	61.4	32.6
Australian Equities	539.6	1,606.2	306.1	2,451.9
International Equities	218.2	1,889.9	231.0	2,339.1
Property	187.3	149.5	62.9	399.7
Alternatives	270.4	434.3	83.0	787.7
Total Investment Revenue	1,485.4	3,979.5	797.3	6,262.2

	2012			Total
	Income	Change in Net Market Value		
		Held at Reporting Date	Realised During the Year	
	Unrealised Gain/(Loss)	Gain/(Loss)		
\$'m	\$'m	\$'m	\$'m	\$'m
Short Term Securities	36.5	13.5	84.9	134.9
Australian Fixed Interest	97.9	122.4	13.9	234.2
International Fixed Interest	24.9	78.8	2.5	106.2
Australian Equities	479.7	(938.8)	(304.6)	(763.7)
International Equities	213.2	(393.8)	(121.7)	(302.3)
Property	175.7	117.8	(44.4)	249.1
Alternatives	260.7	148.0	(18.7)	390.0
Total Investment Revenue	1,288.6	(852.1)	(388.1)	48.4

Interest Revenue

Within Short Term Securities, Australian Fixed Interest and International Fixed Interest is interest revenue received of \$256.5 million (2012: \$153.4 million).

Royalty Revenue

Within Australian Equities is royalty revenue received of \$10.6 million (2012: \$23.8 million).

Dividend Revenue

Within Australian Equities and International Equities is dividend revenue of \$648.1 million and trust distributions of \$101.9 million (2012: \$560.9 million and \$85.8 million).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

6. 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 –

	2013 \$'m	2012 \$'m
Rental income derived	156.0	176.1
Direct property operating expenses	(47.7)	(52.0)
Contractual obligations to renovate properties	(2.9)	(5.7)
Contractual obligations for repairs, maintenance or enhancements to properties	(0.2)	-

The future minimum lease payments receivable by the Fund are –

	2013 \$'m	2012 \$'m
No later than one year	115.6	120.6
Later than one year but not later than five years	250.8	288.2
Later than five years	79.3	76.0
	445.7	484.8

7. SCHEME ADMINISTRATION EXPENSES

Included in Scheme Administration Expenses are the following items:

	2013 \$'m	2012 \$'m
Audit Fees – The Auditor-General of New South Wales (audit of the financial statements and no other services)	0.4	0.4
Scheme Administration Fees	25.1	24.9

The fund also incurred \$223,500 expenditure on consultants (2012: \$66,000).

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2013

8. 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	2013	2012
	\$'m	\$'m
Current tax expense		
Provision attributable to current year	2.6	687.5
PAYG instalments paid	49.0	78.7
Adjustments for prior year	(5.0)	(15.4)
	<u>46.6</u>	<u>750.8</u>
Deferred tax asset		
Decrease/(increase) in deferred tax asset/liability	77.6	(23.8)
	<u>124.2</u>	<u>727.0</u>
Total income tax expense/(benefit) in Statement of Changes in Net Assets		
	124.2	727.0
Reconciliation between tax (benefit)/expense and pre-tax Change in Net Assets before Tax		
Change in Net Assets before income tax	<u>3,981.3</u>	<u>2,899.5</u>
Income tax expense/(benefit) using the superannuation fund tax rate of 15%	597.2	434.9
Increase in tax expense/Decrease in tax benefit due to:		
Non-deductible benefit payments, CGT concession and investment expense	374.1	630.8
Pension related investment (gains) losses	(583.1)	(87.5)
Decrease in tax expense/Increase in tax benefit due to:		
Tax credits	(212.1)	(182.8)
Notional death and disability insurance premium and anti-detriment	(46.9)	(52.6)
Over provision of tax benefit in prior year	(5.0)	(15.8)
	<u>124.2</u>	<u>727.0</u>
Income Tax Expense/(Benefit) on Change in Net Assets Before Tax		
	124.2	727.0
b) Deferred Tax Asset/(Liability)	2013	2012
	\$'m	\$'m
Unrealised Capital Losses/(Gains)	(47.1)	45.6
Dividends Receivable	(7.6)	(6.1)
Contributions Receivable	(0.5)	(0.5)
Unrealised Losses on Traditional Securities and Foreign Exchange	6.4	(2.7)
Unrealised Franking Credits	34.3	27.2
Revision of opening deferred tax due to CPLE rate adjustment	1.6	1.2
	<u>(12.9)</u>	<u>64.7</u>
Deferred Tax Asset/(Liability)		
	(12.9)	64.7

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

9. NET ASSETS

	2013				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Member Reserves (1)	4,235.0	-	3,000.7	295.6	7,531.3
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	415.9	-	(84.1)	44.1	375.9
Balance at End of Financial Year	4,650.9	-	2,916.6	339.7	7,907.2
Employer Reserves (2)	4,549.2	1,368.4	15,909.5	3,349.1	25,176.2
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	458.3	88.7	2,084.7	489.8	3,121.5
Balance at End of Financial Year	5,007.5	1,457.1	17,994.2	3,838.9	28,297.7
Death or Invalidity Reserves (3)	1.4	-	-	-	1.4
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	3.8	-	-	-	3.8
Balance at End of Financial Year	5.2	-	-	-	5.2
Deferred Benefits Reserves (4)	1,342.1	300.9	-	-	1,643.0
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	296	59.9	-	-	355.9
Balance at End of Financial Year	1,638.1	360.8	-	-	1,998.9
Net Assets Available to Pay Benefits	11,301.7	1,817.9	20,910.8	4,178.6	38,209.0

	2012				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Member Reserves (1)	4,354.9	-	3,535.2	321.2	8,211.3
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	(119.9)	-	(534.5)	(25.6)	(680.0)
Balance at End of Financial Year	4,235.0	-	3,000.7	295.6	7,531.3
Employer Reserves (2)	3,464.1	981.0	15,222.9	2,724.3	22,392.3
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	1,085.1	387.4	686.6	624.8	2,783.9
Balance at End of Financial Year	4,549.2	1,368.4	15,909.5	3,349.1	25,176.2
Death or Invalidity Reserves (3)	1.2	-	-	-	1.2
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	0.2	-	-	-	0.2
Balance at End of Financial Year	1.4	-	-	-	1.4
Deferred Benefits Reserves (4)	1,281.3	293.3	-	-	1,574.6
Balance at Beginning of Financial Year					
Increase/(Decrease) in Net Assets	60.8	7.6	-	-	68.4
Balance at End of Financial Year	1,342.1	300.9	-	-	1,643.0
Net Assets Available to Pay Benefits	10,127.7	1,669.3	18,910.2	3,644.7	34,351.9

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

9. NET ASSETS (Continued)

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.

As described at Note 4 SASS and SASS Deferred members are able to elect an investment strategy.

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

		2013				
		Growth \$'m	Conservative \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member		4,009.2	227.3	211.5	202.9	4,650.9
Deferred Benefit		1,618.5	159.2	123.9	97.3	1,998.9
		5,627.7	386.5	335.4	300.2	6,649.8
		2012				
		Growth \$'m	Conservative \$'m	Balanced \$'m	Cash \$'m	Total \$'m
SASS Member		3,714.4	150.1	146.9	223.6	4,235.0
Deferred Benefit		1,419.5	69.3	64.8	89.4	1,643.0
		5,133.9	219.4	211.7	313.0	5,878.0

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

10. RECEIVABLES

	2013 \$'m	2012 \$'m
Contributions Receivable	27.4	31.3
Accrued Income	279.4	203.4
Margin Call Deposits	182.0	67.7
Investment Sales	180.5	112.3
Other Receivables	1.0	1.2
	670.3	415.9

Within receivables is an impairment allowance of \$391,668 (2012: \$60,418). This allowance relates to amounts due from members or the estates of members where it has been assessed that prospect of the Fund recovering the amount due is reduced.

11. RESERVE UNITS

Reserve Units are units held by certain SSS members. They represent units purchased in advance 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 reserves.

12. PAYABLES

	2013 \$'m	2012 \$'m
Superannuation Benefits	29.9	26.4
Investment Purchases	155.8	140.5
Investment – Other Creditors	35.3	27.9
Provision for Contribution Surcharge	62.1	69.7
Amount Payable – SAS Trustee Corporation	4.4	6.3
Other Payables	0.9	0.8
	288.4	271.6

All payables are within agreed trading terms.

Movements in the Provision for Contribution Surcharge were as follows –

	2013 \$'m	2012 \$'m
Opening Balance	69.7	76.8
Add -		
Assessment Received	(0.8)	-
Annual indexation	2.5	2.4
Less -		
Payments made to the Australian Taxation Office	(9.3)	(9.5)
Closing Balance	62.1	69.7

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements for the year ended 30 June 2013

13. 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 independent Scheme actuary as part of the statutorily required triennial actuarial review undertaken as at 30 June 2012. The financial assumptions applied for the calculations were:

	Accrued Benefits 2012 & following years % p.a
Valuation Assumptions	
Investment Return Rate	
- asset backing current pension liabilities	8.3
- other	7.3
CPI Increase Rate	2.5
Salary Increase Rate	4.0

Special short-term assumptions have been adopted for the six years following 30 June 2012 with the long-term assumptions applying thereafter. These are :-

- SASS, SANCS & SSS : 2.7% salary increase per annum for 6 years.
- PSS : 3.5% salary increase per annum for 6 years.

The review as at 30 June 2012 indicated that the unfunded liability of the Fund was \$18,978.8 million.

In addition to the triennial actuarial review referred to above, the actuary also provides yearly estimates at the reporting date.

	2013			2012		
	Accrued Benefits \$'m	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	13,652.8	11,301.7	(2,351.1)	13,184.0	10,127.7	(3,056.3)
State Authorities Non-contributory Superannuation Scheme	2,527.4	1,817.9	(709.5)	2,674.3	1,669.3	(1,005.0)
State Superannuation Scheme	31,651.5	20,910.8	(10,740.7)	30,843.4	18,910.2	(11,933.2)
Police Superannuation Scheme	6,852.0	4,178.6	(2,673.4)	6,661.1	3,644.7	(3,016.4)
	54,683.7	38,209.0	(16,474.7)	53,362.8	34,351.9	(19,010.9)

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

13. ACCRUED BENEFITS (Continued)

a) Liability for Accrued Benefits (Continued)

The relevant statutes require that all benefits be paid in full as and when they fall due.

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 estimates, the value of Accrued Benefits will not start to decline until after 2021.

	2013				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	13,184.0	2,674.3	30,843.4	6,661.1	53,362.8
Benefits Paid (net of surcharge)	(1,169.4)	(333.2)	(2,093.6)	(447.2)	(4,043.4)
	<u>12,014.6</u>	<u>2,341.1</u>	<u>28,749.8</u>	<u>6,213.9</u>	<u>49,319.4</u>
Increase in Accrued Benefits	<u>1,638.2</u>	<u>186.3</u>	<u>2,901.7</u>	<u>638.1</u>	<u>5,364.3</u>
Balance at End of Financial Year	<u>13,652.8</u>	<u>2,527.4</u>	<u>31,651.5</u>	<u>6,852.0</u>	<u>54,683.7</u>

	2012				
	SASS \$'m	SANCS \$'m	SSS \$'m	PSS \$'m	Total \$'m
Balance at Beginning of Financial Year	13,089.5	2,700.3	29,905.2	6,483.2	52,178.2
Benefits Paid (net of surcharge)	(990.0)	(294.6)	(1,966.0)	(431.7)	(3,682.3)
	<u>12,099.5</u>	<u>2,405.7</u>	<u>27,939.2</u>	<u>6,051.5</u>	<u>48,495.9</u>
Increase in Accrued Benefits	<u>1,084.5</u>	<u>268.6</u>	<u>2,904.2</u>	<u>609.6</u>	<u>4,866.9</u>
Balance at End of Financial Year	<u>13,184.0</u>	<u>2,674.3</u>	<u>30,843.4</u>	<u>6,661.1</u>	<u>53,362.8</u>

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2013

14. 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.

	2013			Vested Benefits \$'m	2012	
	Vested Benefits \$'m	Net Assets Available To Pay Benefits \$'m	Over/(Under) Funded \$'m		Vested Benefits \$'m	Net Assets Available To Pay Benefits \$'m
State Authorities Superannuation Scheme	11,415.2	11,301.7	(113.5)	10,541.8	10,127.7	(414.1)
State Authorities Non-contributory Superannuation Scheme	3,087.7	1,817.9	(1,269.8)	3,156.2	1,669.3	(1,486.9)
State Superannuation Scheme	31,189.1	20,910.8	(10,278.3)	29,890.9	18,910.2	(10,980.7)
Police Superannuation Scheme	5,715.6	4,178.6	(1,537.0)	5,368.2	3,644.7	(1,723.5)
	51,407.6	38,209.0	(13,198.6)	48,957.1	34,351.9	(14,605.2)

Vested benefits exceed net assets at 30 June 2013 and 30 June 2012. STC is working with the NSW Treasury and the Scheme 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 2013

15. CONTROLLED ENTITIES

The entities that comprise the SAS Trustee Corporation Pooled Fund economic entity are the entities as detailed below:

Parent Entity

SAS Trustee Corporation Pooled Fund

	Activity	Ownership Interest	
		2013 %	2012 %
Controlled Entities			
State Super Financial Services Australia Limited (SSFSAL) [incorporated in Australia]	Financial planning and funds management	100.0	100.0
The following entities are managed by AMP Capital Investors Limited –			
Southern Way Unit Trust [established in Australia]	Investment entity	100.0	100.0
The following entities are managed by Challenger Management Services Limited –			
Pisco STC Funds Unit Trust No.1 [established in Australia]	Investment entity	100.0	100.0
Pisco STC Funds Unit Trust No.2 [established in Australia]	Investment entity	100.0	100.0
The following entities are managed by Deutsche Asset Management (Australia) Limited –			
Valley Commerce Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
Buroba Pty Limited [incorporated in Australia]	Dormant	100.0	100.0
State Infrastructure Trust [established in Australia]	Dormant	100.0	100.0
State Infrastructure Holdings (Sea Gas) Pty Ltd [incorporated in Australia]	Dormant	Wound up in 2012-13	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 \$38.8 million (2012: \$33.6 million).

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

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2013

16. TRUSTEE BOARD INFORMATION

The Trustee of the Fund is STC. The names of the Board members of STC in office during the year ended 30 June 2013, the comparative period and up to the date of signing these accounts are as follows:

Mr I Blair (resigned 31 October 2012)
Mr M Carapiet (term commenced 2 August 2011)
Mr A Claassens (term commenced 5 November 2012)
Mr R Davis
Ms A De Salis (term completed 31 January 2012)
Mr R Harty (resigned 2 May 2013)
Mr M Lambert
Mr N Lewocki (term completed 31 August 2012)
Ms K Moses (term commenced 19 March 2012)
Mr Tony O'Grady (term commenced 24 June 2013)
Dr D Russell (resigned 31 July 2011)
Mr P Scully
Mr G Venardos (term commenced 5 November 2012)
Ms S Walsh

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 15 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.

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 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 2013

18. SECURITIES LENDING PROGRAM

The Fund participates in a Securities Lending Program managed by the custodian. The Fund received \$5.9 million (2012: \$6.6 million) fee income from this program, which adds to the Fund's overall yearly return.

At 30 June 2013, the total value of the loaned securities was \$1.9 billion (2012: \$2.0 billion) while the total value of the collateral was \$2.0 billion (2012: \$2.0 billion). The lent securities represented about 7.9% of the Fund's total investments (2012 about 10.1%), which was within the allowable limit of 20% of the lendable assets.

The collateral comprised foreign sovereign securities of \$0.0 million (2012: \$0.0 million) and cash of \$2.0 billion (2012: \$2.0 billion). The collateral is invested in a fund managed by the custodian.

The collateral may only be accessed in the event of default by the borrower of lent securities.

19. FINANCIAL INSTRUMENTS

The Fund is exposed to a variety of financial risks as a result of its investment activities. These risks include –

- (a) market risk, including –
 - 1. currency risk
 - 2. interest rate risk
 - 3. price risk
- (b) credit risk
- (c) liquidity risk.

The Fund's risk management and investment policies are designed to minimise the potential adverse effects of these risks on the Fund's financial performance.

STC has developed, implemented and maintains a Risk Management Strategy (RMS), Risk Management Plan (RMP) and an anti money laundering and counter terrorism financing program (AML/CTF). The RMS, RMP and AML/CTF identify the policies, procedures, processes and controls that comprise the risk management and control systems. These systems address material risks, both financial and non-financial that could potentially be faced by the Fund.

The Fund's assets are invested in accordance with the Fund's investment strategy. STC regularly reviews the investment strategy to ensure the strategy's continued relevance to the Fund's objectives given prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk. STC ensures that the portfolio is diversified across and within asset classes, across investment managers, across countries and across individual asset types.

As required by its governing legislation, the investments of the Fund are managed by specialist fund managers. The activities of the fund managers are governed by investment instructions and investment constraints as set out in documented agreements with the fund managers or, in the case of a unit trust, a trust deed. STC constantly monitors its investment managers to ensure compliance with investment instructions and investment constraints.

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). Such derivative instruments are used for hedging purposes and to efficiently implement asset allocation changes and typically expose the Fund to credit risk and market risk.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

Accounting policies in respect of the Fund's financial instruments are shown below.

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 equity 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.
4. Unlisted Equity Interests	Unlisted Equity Interests are carried at net market value as determined by independent expert valuers.	The terms and conditions are set out in the applicable entity constitution.
5. Listed Shares and Trusts	Listed shares and trusts 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 and trust distributions are recognised on the ex-date.	N/A
6. Bills of exchange and other discount securities	Carried at net market value using market rates as at 30 June.	Average maturity of 49 days with effective interest rates in the range of 2.78% to 2.99%.
7. Promissory Notes	Carried at net market value as at 30 June.	Average maturity of 29 days with an effective interest rate of 2.96%.
8. Mortgages	Mortgages are stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	N/A
9. Bank Deposits	Stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	Bank deposits represent term deposits with an average maturity of 72 days. Deposits have effective interest rates in the range of 3.22% to 3.33%.
10. Government Bonds	Carried at net market value based on discounted cash flow.	Government bonds on average mature on the 17/01/2024 and have effective interest rates in the range of 0.20% to 9.00%.
11. Semi Government Bonds	Carried at net market value based on discounted cash flow.	Semi Government bonds on average mature on 29/07/2017 and have effective interest rates in the range of 2.75% to 8.00%.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

Accounting Policies (Continued)

Recognised instruments	Accounting policies	Terms and conditions
12. Leasehold Property Investments	Carried at net market value based on discounted cash flow.	N/A
13. Floating Rate Notes	Carried at net market value based on discounted cash flow.	Floating Rate Notes on average mature on 29/10/2029 and have effective interest rates in the range of 0.91% to 4.85%.
14. Direct Property	Reported at net market value based on independent valuations.	N/A
15. Options	Options are stated at market value using the daily closing price.	The options are all Exchange Traded options.
16. 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.
17. 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 the end of the reporting period, the Fund had various foreign exchange forward contracts open in its international portfolios.
18. 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 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk

Market risk is the risk that changes in factors such as foreign currency exchange rates, interest rates and equity prices will affect the Fund's income or the value of its financial instruments. Market risk comprises currency risk, interest rate risk and price risk. Through its management of market risk STC seeks to manage and control its market risk exposures to within acceptable parameters while optimising risk adjusted returns.

In managing market risk, STC's fund managers trade in derivatives and securities. The fund managers also incur liabilities in the ordinary course of business. All such transactions are within the investment management mandates granted by STC to its managers.

a.1) Currency Risk

Currency risk is the risk that the net market value of offshore assets and future cash flows derived from existing offshore financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments, receivables and liabilities that are denominated in currencies other than Australian Dollars. The main currencies to which the Fund is exposed are –

- US Dollar (USD)
- Japanese Yen (JPY)
- Euro (EUR)
- Great Britain Pound (GBP)

The Fund's currency risk is managed in accordance with strict parameters as set out in its investment policy. Under the policy, investments are hedged as follows –

- listed international equities are hedged in the range of 0% to 64%
- listed international property is 100% hedged
- international bonds are 100% hedged
- international credit was unhedged from December 2010 until September 2011 and after this date is 100% hedged
- unlisted international property, listed and unlisted international infrastructure and international distressed debt are hedged in the range of 0% to 100%.

STC's two currency overlay managers use a range of counterparties. If a counterparty failed to satisfy its contractual obligation to deliver on a currency hedging contract the Fund would remain exposed to the currency risk being hedged.

The hedging policy has been kept under review during 2012.

The Fund's total net exposure to fluctuations in foreign currency exchange rates as at the financial year end is –

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.1) Currency Risk (Continued)

YEAR ENDED 30 JUNE 2013
NET MARKET VALUE

	USD A\$m	JPY A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Financial assets and liabilities at net market value through profit and loss	6,449.0	1,128.0	1,369.0	912.0	26,643.7	1,341.0	37,842.7
Receivables	83.0	21.0	12.0	23.0	515.3	16.0	670.3
Payables	(43.0)	(20.0)	(11.0)	(8.0)	(193.4)	(14.0)	(289.4)
Plant & Equipment	-	-	-	-	0.9	-	0.9
Tax Assets	-	-	-	-	-	-	-
Tax Liabilities	-	-	-	-	(15.5)	-	(15.5)
Net Assets	6,489.0	1,129.0	1,370.0	927.0	26,951.0	1,343.0	38,209.0

YEAR ENDED 30 JUNE 2012
NET MARKET VALUE

	USD A\$m	JPY A\$m	EUR A\$m	GBP A\$m	AUD A\$m	Other A\$m	TOTAL A\$m
Financial assets and liabilities at net market value through profit and loss	5,274.0	848.0	1,326.0	868.0	25,485.5	1,030.0	34,831.5
Receivables	40.0	3.0	28.0	11.0	318.9	15.0	415.9
Payables	(42.0)	(3.0)	(24.0)	(9.0)	(181.1)	(14.0)	(273.1)
Plant & Equipment	-	-	-	-	0.4	-	0.4
Tax Assets	-	-	-	-	64.7	-	64.7
Tax Liabilities	-	-	-	-	(687.5)	-	(687.5)
Net Assets	5,272.0	848.0	1,330.0	870.0	25,000.9	1,031.0	34,351.9

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements

for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.1) Currency Risk (Continued)

The currency risk disclosure reflects the Fund's assets that are subject to active currency management. These assets comprise both directly held investments and most of the assets held indirectly through unit trusts.

Assuming no hedging of international exposures, a 15 per cent strengthening of the Australian Dollar against the following currencies at financial year end would have decreased the monetary assets (ie assets that are units of currency or assets that are to be received in a fixed or determinable number of units of currency) within the Fund's Change in Net Assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In practice, STC partially hedges against the adverse effects of currency movements. The analysis is calculated on the same basis for 2013 and 2012 –

All amounts are in Australian Dollars	Change in Net Assets 30-Jun-13. \$'m.
USD	(86)
JPY	(37)
EUR	(36)
GBP	(11)
Other	(5)
	(175)
	Change in Net Assets 30-Jun-12 \$'m
USD	(80)
JPY	(39)
EUR	(63)
GBP	(9)
Other	(5)
	(196)

Assuming no hedging of international exposures, a 15 per cent weakening of the Australian Dollar against the above currencies at financial year end would have the equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk

The Fund's investments in debt and short term money market instruments are subject to interest rate risk 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) 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.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
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19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2013 – INTEREST RATE RISK DISCLOSURE

	Floating Interest	Fixed Interest	Non Interest Bearing	Total (per Statement of Net Assets)
	A\$m	A\$m	A\$m	A\$m
Assets				
Short Term Securities	5,325.0	-	-	5,325.0
Australian Fixed Interest	-	2,576.2	-	2,576.2
International Fixed Interest	-	850.4	-	850.4
Australian Equities	-	-	11,193.6	11,193.6
International Equities	-	-	9,632.6	9,632.6
Property	-	-	3,134.7	3,134.7
Alternatives	-	77.8	5,052.4	5,130.2
Receivables	-	-	670.3	670.3
Plant and Equipment	-	-	0.9	0.9
Deferred Tax Asset	-	-	-	-
Total Assets	5,325.0	3,504.4	29,684.5	38,513.9
Liabilities				
Reserve Units	-	-	1.0	1.0
Payables	-	-	288.4	288.4
Current Tax Liability	-	-	2.6	2.6
Deferred Tax Liability	-	-	12.9	12.9
Total Liabilities	-	-	304.9	304.9
Net Assets	5,325.0	3,504.4	29,379.6	38,209.0

YEAR ENDED 30 JUNE 2012 – INTEREST RATE RISK DISCLOSURE

	Floating Interest	Fixed Interest	Non Interest Bearing	Total (per Statement of Net Assets)
	A\$m	A\$m	A\$m	A\$m
Assets				
Short Term Securities	7,108.7	-	-	7,108.7
Australian Fixed Interest	-	1,767.4	-	1,767.4
International Fixed Interest	-	839.8	-	839.8
Australian Equities	-	-	9,513.1	9,513.1
International Equities	-	-	7,992.3	7,992.3
Property	-	-	3,044.6	3,044.6
Alternatives	-	99.7	4,465.9	4,565.6
Receivables	-	-	415.9	415.9
Plant and Equipment	-	-	0.4	0.4
Deferred Tax Asset	-	-	64.7	64.7
Total Assets	7,108.7	2,706.9	25,496.9	35,312.5
Liabilities				
Reserve Units	-	-	1.5	1.5
Payables	-	-	271.6	271.6
Deferred Tax Liability	-	-	687.5	687.5
Total Liabilities	-	-	960.6	960.6
Net Assets	7,108.7	2,706.9	24,536.3	34,351.9

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.2) Interest Rate Risk (Continued)

The effect of a 175 basis point increase in interest rates for variable rate financial assets and liabilities and a 175 basis point increase in interest rates for fixed interest securities is as follows. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is calculated on the same basis for 2013 and 2012 –

All amounts are in Australian Dollars	Change in Net Assets 30-Jun-13 \$'m
Fixed Interest	(56)
Floating Interest	80
	24
	Change in Net Assets 30-Jun-12 \$'m
Fixed Interest	(73)
Floating Interest	118
	45

A 175 Basis point decrease in interest rates at financial year end would have the equal but opposite effect on the above amounts shown above, assuming that all other variables remain constant.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk (Continued)

a.3) Price Risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment and/or its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at net market value in the Statement of Net Assets and all changes in net market value are recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect net assets and changes in net assets.

Price risk is mitigated by the Fund having a formal investment strategy which diversifies the Fund's investments across various asset classes and countries.

The following table illustrates the effect from possible changes in price risk that were reasonably possible based on the risk to which the Fund was exposed. The sensitivity factors were developed by the Fund asset consultant. The analysis is calculated on the same basis for 2013 and 2012 –

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
	+	30-Jun-13 \$'m
Australia	38.5%	7,806
International	39.0%	4,020
Foreign exchange derivatives	15.0%	(2,621)
		<u>9,205</u>

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
	-	30-Jun-13 \$'m
Australia	21.5%	(4,359)
International	22.0%	(2,267)
Foreign exchange derivatives	15.0%	2,621
		<u>(4,005)</u>

	Change in Price Risk Variable	Change in Net Assets
	+	30-Jun-12 \$'m
Australia	38.5%	6,097
International	39.0%	3,148
Foreign exchange derivatives	15.0%	(1,444)
		<u>7,801</u>

	Change in Price Risk Variable	Change in Net Assets
	-	30-Jun-12 \$'m
Australia	21.5%	(3,405)
International	22.0%	(1,774)
Foreign exchange derivatives	15.0%	1,444
		<u>(3,735)</u>

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

b) Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the Fund to incur a financial loss.

The Fund is exposed to credit risk in the following areas –

- the holding of non-equity securities (i.e. short term securities, Australian fixed interest securities, international fixed interest securities and cash)
- contributions receivable
- accrued income
- margin call deposits
- investment sales.

The Fund's maximum exposure to credit risk at balance date in relation to each of the above listed items is the carrying amount of those assets as stated in the Statement of Net Assets.

For short term securities, Australian fixed interest securities, international fixed interest securities and cash, STC controls credit risk by explicitly setting out in its investment instructions the assets that fund managers may invest in. The restrictions are based around rating agency assessments and/or the securities that make up the relevant industry benchmark for the sector being invested in. For forward foreign exchange contracts, investment managers must deal only with counterparties that have greater than nominated rating agency assessment and are also limited to relative dollar limits with any particular counterparty to ensure that credit risk is well diversified.

Credit risk associated with contributions receivable, margin call deposits and investment sales is minimal as all have a short settlement period and –

- for contributions receivable, employer sponsors are compelled by legislation to make the payments with STC following up instances of non or late payment
- for margin call deposits STC transacts only with counterparties rated as credit worthy by credit rating agencies
- for investment sales, in line with market practice the Fund's custodian does not release the sold assets until full payment has been received from the purchaser.

STC accepts the credit risk for accrued income.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. No individual investment exceeded five percent of the Fund's net assets during the years ended 30 June 2013 or 30 June 2012. Also, STC ensures that in its hedging activities it diversifies its exposure to individual counterparties.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

c) Liquidity Risk

Liquidity risk is risk that the Fund will not be able to meet its financial obligations as they fall due.

The relevant statutes require that all benefits be paid in full when they fall due.

In managing liquidity risk STC continuously monitors forecast and actual cash flows, including amounts required to fund its scheme and investment transactions and amounts expected from the Crown. Forecast Fund cash flows are based around the triennial actuarial assessment of the Fund, adjusted for actual cash flows. STC is able to estimate benefit outflows because most members cannot roll out of the Fund at will, but rather must satisfy a condition of release. The Fund maintains banking facilities adequate to allow the payment of its obligations as they fall due.

The Fund's strategic asset allocations target the following allocations to cash –

- Growth Option 7.5%
- Balanced Option 22.0%
- Conservative Option 40.0%.

Actual allocations were generally greater than these amounts with cash held in the growth option averaging around 15.2% during the year. Further, with the exception of alternative investments, other unlisted assets and unlisted property (approximately 22% of the Fund) all other assets are readily convertible to cash.

With the exception of reserve units the Fund's financial liabilities will all be settled within 12 months of 30 June. The ability of the Fund to pay benefits that emerge in the future is part of the Trustee's ongoing discussions with employer sponsors.

d) 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. All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustees, approximates their net market value.

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

e) Assets and Liabilities by Measurement Hierarchy

The valuation of assets and liabilities may be obtained from the following sources –

- Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

All disclosures in the following tables use net market value as a materially correct estimate of fair value.

There were no assets transferred between the above levels, including levels one and two, during the year ended 30 June 2013 or the year ended 30 June 2012.

While alternative assets are subject to valuation assumptions, the values quoted are assessed by independent valuers as the most appropriate to the asset.

The following tables categorise the Scheme's assets and liabilities using the above valuation hierarchy (excluding the liquidity balances held by the custodian in individual asset classes).

YEAR ENDED 30 JUNE 2013

	Level 1	Level 2	Level 3	Total
	A\$m	A\$m	A\$m	A\$m
Assets				
Short Term Securities	1,773.3	1,011.8	-	2,785.1
Australian Fixed Interest	(5.6)	1,705.6	-	1,700.0
International Fixed Interest	-	848.5	-	848.5
Australian Equities	11,759.5	656.5	0.2	12,416.2
International Equities	7,990.0	2,298.9	4.8	10,293.7
Property	925.7	599.8	1,624.2	3,149.7
Alternatives	493.8	1,819.7	2,787.5	5,101.0
	22,936.7	8,940.8	4,416.7	36,294.2

YEAR ENDED 30 JUNE 2012

	Level 1	Level 2	Level 3	Total
	A\$m	A\$m	A\$m	A\$m
Assets				
Short Term Securities	4,687.9	1,923.3	-	6,611.2
Australian Fixed Interest	-	1,763.9	-	1,763.9
International Fixed Interest	-	838.1	-	838.1
Australian Equities	8,594.6	568.8	5.2	9,168.5
International Equities	6,100.5	2,033.7	4.7	8,138.9
Property	878.2	550.0	1,616.9	3,045.1
Alternatives	445.6	1,486.3	2,510.5	4,442.4
	20,706.7	9,164.1	4,137.3	34,008.1

SAS TRUSTEE CORPORATION POOLED FUND

Notes to and forming part of the financial statements
for the year ended 30 June 2013

19. FINANCIAL INSTRUMENTS (Continued)

e) Assets and Liabilities by Measurement Hierarchy (Continued)

The following tables present the changes in assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2013	2012
	A\$m	A\$m
Balance at 1 July	4,137.3	5,453.6
Total gains and losses recognised in Statement of Changes in Net Assets	386.2	113.1
Purchases	2,347.2	5,810.8
Redemptions/Disposals	(2,454.0)	(7,240.2)
Balance at 30 June	4,416.7	4,137.3

The following table presents the gains and losses on assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2013	2012
	A\$m	A\$m
Assets and liabilities realised during the year	(0.2)	(15.8)
Assets and liabilities still held during the year	386.4	128.9
Total	386.2	113.1

These items are reflected in the Statement of Changes in Net Assets under Investment Revenue.

20. COMMITMENTS

As at 30 June 2013 the Fund had commitments for uncalled additions to existing investments of \$470.6 million (2012 \$584.1 million). The amounts can be called at the discretion of the fund managers involved and will be funded from the cash holdings of the Fund's diversified investment options.

21. INVESTMENT PERFORMANCE AFTER REPORTING DATE

The Fund's custodian has advised that as at 31 August 2013 the net investment assets of the Fund were \$38,442.0 million. Since 30 June 2013 the Fund's investments have made a return of approximately –

- Growth 3.7%
- Balanced 3.1%
- Conservative 2.1%
- Cash 0.4%

End of Audited Financial Statements