

ART GALLERY OF NEW SOUTH WALES FOUNDATION
ANNUAL REPORT 2000

PATRON

The Honourable Gordon Samuels AC,
Governor of the State of New South Wales

PRESIDENT

The Honourable Bob Carr MP
Premier of New South Wales

CHAIRMAN

Mr Rupert Murdoch AC

DEPUTY CHAIRMEN

Mr Maxwell Sandow AM (to 9 August 1999)
Mr David Kent (from 6 July 1999 to 8 March 2000)

TRUSTEES

The Foundation was established by Trust Deed in August 1982. Its principal objective is to raise funds for investment and apply the derived income to the acquisition of works of art for the Art Gallery of New South Wales.

THE ART GALLERY OF NEW SOUTH WALES REPRESENTATIVES

- Mr Rupert Murdoch AC
- Mr Michael Gleeson-White AO
- Mr Maxwell Sandow AM
- Mrs Diana Walder OAM
- Justice Kim Santow (to 31 December 1999)
- Ms Jillian Broadbent (from 8 May 2000)

N.S.W STATE GOVERNMENT REPRESENTATIVES

- Mr Barry Murphy
- Mr Mark Nelson

DONOR REPRESENTATIVES

FOUNDER BENEFACTORS

- Westpac Banking Corporation
- Mr Charles Lloyd Jones CMG

GOVERNORS

- IBM Australia Ltd – represented by Ms Louise Davis
- Mr Isaac Wakil

FELLOWS

- James N Kirby Foundation – represented by Mr Ray Kirby AO
- Mrs Joanna Capon

MEMBERS

- Morgan Stanley Australia Ltd – represented by Mr David Kent
- Mr Brian France, AM

DIRECTOR'S STATEMENT

When the Art Gallery made the decision, some eighteen years ago, to develop a strong and definitive collection of Japanese art collection it was moved to do so by a number of considerations, not the least of which was the enthusiastic and convincing support of Ken and Yasuko Myer. Many of the Art Gallery's most significant works of Japanese art have been acquired with funds provided by the Myers. However, there were other reasons for that decision: the absence of a strong commitment to the arts of Japan in any Australian public art museum collection; the increasing and very real interest among our audiences, and our schools, in developing a knowledge of Japan's artistic traditions and the need for our strong economic relations with Japan to be supported with a cultural awareness and appreciation. Over that period of nearly two decades the Art Gallery's Japanese collections have developed with great distinction and must be regarded as the most comprehensive and representative in the country.

The Foundation has played its role in this process through funding the acquisition of three outstanding works: Miyagawa Choshun's *ukiyo-e* hanging scroll *Portrait of an onnagata*; the very rare Kaamakura period, 14th century, *Taima mandala* and Kan Eino's brilliant and flamboyant pair of six-fold screens *Cypress and plum blossom*. This year another classic Japanese work of art has been acquired for the Art Gallery by the Foundation: a 17th century pair of six-fold screens illustrating the Plain of Musashi. Executed in colours and gold on paper the screens are, in both content and form, quintessential expressions of the Japanese aesthetic. The theme is generally thought to be based on a mid-13th century poem by Minamoto Michikata which reads:

*On the Musashi Plain
There are no peaks for the moon to set in,
And the white clouds touch
The tip of the susuki grass.*

However, like so many poignant images evoked in poems of eloquent brevity, the theme of the *Plain of Musashi* is associated with a number of literary references. One of the earliest is in chapter 12 of the *Ise Monogatari* (Tales of Ise), a collection of 10th century lyrical episodes, one of which describes the incident of a young man kidnapping a girl and concealing her among the tall grasses of the Musashi plain. They were being pursued by the local governor and when he threatened to set fire to the grass the young girl wrote a poem:

*Please do not burn the fresh grass of Musashino
Both he and I are hidden within.*



Artist unknown (Japan) *The Plain of Musashi* circa late 17th century – early 18th century pair of six fold screens; ink, colour and gold on paper, 156 x 360cm each screen. Top: Left screen, Bottom: Right screen. Art Gallery of New South Wales Foundation purchase 2000

Perhaps more of a romantic plea than a poem but one that certainly conveys the spirit of aestheticism in Japanese art.

Yet another and perhaps more pertinent to the depiction of our screens is the ode written in the Edo period:

In Musashino

There is no mountain behind which the moon disappears.

It rises and sinks among the grass.

Screens illustrating the theme of the *Plain of Musashi* are relatively constant in their composition with the delicate patterns of the tall pampas grass (*susuki*), punctuated with autumnal bellflowers, bush clovers and other flowers, dominating the foreground and taking our eyes to the high horizon line and the golden cloud-filled sky. On the left screen Mt. Fuji, that peerless and eternal symbol of Japan, peers discreetly but majestically through the golden clouds and on the right screen the moon, echoing the sentiments of the poem above, sinks deeply into and behind the wistful spines of the pampas grasses. A fine, classic and sublimely beautiful addition to our Japanese collections.

During the course of the year the long-serving Deputy Chairmen, Michael Gleeson-White and Max Sandow, both retired. We owe them a mighty debt of gratitude for both have worked tirelessly for the Foundation since its launch way back in 1983 and both have served the Art Gallery as members of the Board of Trustees. The success of the Foundation is in large part due to their extraordinary service and commitment. We are fortunate indeed that Jillian Broadbent has agreed to assume the role of Deputy Chairman of the Foundation. I would also like to acknowledge the support and co-operation of the Art Gallery Society in developing relationships with the Foundation which has resulted in a significant growth in individual memberships.



Edmund Capon
Director
Art Gallery of New South Wales

DEPUTY CHAIRMEN'S REPORT

As the newly appointed Deputy Chairman, I am pleased to report that the Foundation has completed another successful year with above average performance on investments and a sustained level of donations. Income for the year was \$1.987 million (of which \$1.641 was generated from investments and \$346,000 from donations). This compares with the previous year when income totaled \$2.547 million (\$2.159 from investments and \$388,000 from donations). Out of the 1999/2000 earnings a work of art was purchased for the Art Gallery at \$280,000. The net surplus carried forward amounted to \$1.349 million, thus increasing our accumulated earnings at year-end to \$2.846 million. Our capital base at 30 June 2000 amounted to \$15.703 million. [Refer details below].

ACQUISITIONS

In keeping with its objectives, the Foundation continued to support the Art Gallery with a major acquisition during the year. At a cost of \$280,000, the Rachael Whiteread's *Untitled* (Elongated Plinths), represent a major contribution to the Gallery's Collection. At its meeting in August 2000, the Board approved a further contribution for *The Plain of Masushi* six fold Japanese screens, at a value of \$665,000.

I refer you to the Director's Statement in the 1999 Annual Report for details on the Whiteread work and to this Annual Report for a more detailed description of the Japanese screens.

FINANCIAL MATTERS

The movement in retained earnings over the year was:

	Investments	Donations (preserved)	Total
	\$'000	\$'000	\$'000
Income	1,641	346	1,987
Less Audit fees, other misc.	12		12
Surplus for the year	1,629	346	1,975
Less: purchases of works of art for the year	280		280
Net surplus for the year	1,349	346	1,695
Accum. Funds at 30 June 1999	1,497		
Accum. Funds at 30 June 2000	2,846		

INVESTMENTS

During 1999/2000, the Foundation investments comprised the Westpac Pooled Investment Fund, which has a wide spread of investments in shares (both local and overseas), property, fixed interest and cash securities. This investment has been in place since late 1998 and was made possible by amendments to the Act in 1998, which provided a broader scope of investments than was possible in the past. The Foundation's Deed was amended to incorporate these wider powers. It is expected that the spread of investments will enhance potential for higher returns on the portfolio over the longer term.

INVESTMENT PERFORMANCE

The overall investment return for the year was 13.6% compared to 12.6% in 1999, 6.6% in 1998, 11.54% in 1997 and 7.88% in 1996. These returns are calculated using an average investment balance and take into account not only income earned but also unrealised capital gains and losses.

The return for the year included distributions from the Westpac Pooled Investment Fund, which reflected capital gains realised by the Fund. The improved performance of the Foundation's investments for this year reflected the strength of equity markets during a period of comparatively low bond yields. Towards the end of the financial year bond markets began to weaken, share markets performed well and the Australian dollar remained firm. The outlook for the current year is expected to be favorable but may be tempered by uncertainty about securities markets and the deterioration in the Australian dollar.

INVESTMENT FLUCTUATION

The Foundation recognises that the entry into higher performing securities does entail a higher level of volatility of investment returns. The Board accordingly has set aside a portion of the Accumulated Funds to cover Investment Fluctuation. This amount was increased to \$1,000,000 this year. This reserve is approximately 6% of the preserved capital of the Foundation. It is planned to increase this reserve to at least 10% as soon as practicable.

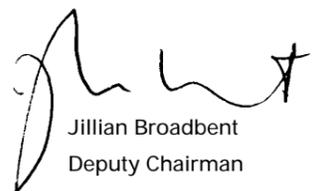
CAPITAL CONTRIBUTIONS	\$'000
Capital at 30 June 1999	12,174
Add: Donations for the year	346
Rounding	1
Capital at 30 June 2000	12,521

GENERAL

I take this opportunity to thank all Foundation members and supporters for their continued generosity and interest. The Foundation is now in its 18th year of operation and has consistently provided funding for the acquisition of icon works of art for the Gallery's permanent collection. Since inception, these donations have amounted to over \$15 million for artworks which are now worth in excess of \$20 million.

My sincere thanks go to our Mr. Michael Gleeson White and Mr. Max Sandow who resigned as Deputy Chairmen during the year. Their contribution and dedication has been vital to the Foundation's success, particularly during its most formative stages. May I also thank Mr. David Kent who for a short time undertook the role of Deputy Chairman prior to my appointment.

On behalf of the Foundation Trustees I wish to particularly thank The Hon. Bob Carr MP, Premier and Minister for the Arts for his interest and support.



Jillian Broadbent
Deputy Chairman

FOUNDATION MEMBERS

Membership of the Art Gallery of New South Wales Foundation is divided into five categories. The category of membership is determined by the level of contribution to the Foundation over a five year period. The membership list distinguishes between previously existing members and new membership resulting from the October 1994 fundraising campaign.

Bequests: Honorary membership of the Foundation has been conferred on patrons who have provided in their Will for a gift to either the Art Gallery or the Foundation. The level of membership offered is commensurate with one half of the current value of the proposed bequest.

LIFE BENEFACTORS 1994 to date

News Limited

BENEFACTORS

FOUNDER BENEFACTORS 1983-1994

Art Gallery Society of New South Wales
Caltex Australia Pty Ltd
Government of the State of New South Wales
Vincent Fairfax Family Foundation
Mr C. Lloyd Jones CMG
News Limited
Mr & Mrs E.P.T. Simpson

Westfield Holdings Ltd

Westpac Banking Corporation

BENEFACTORS 1994 to date

Mr and Mrs PL Binnie
Dr Elizabeth Hazel
Charles and Denyse Spice
Isaac & Susie Wakil
Westpac Banking Corporation

GOVERNORS

GOVERNORS 1983-1994

Ampol Exploration Ltd
Ampol Ltd
ANZ Banking Group Ltd
Australian Consolidated Press
The Australian Gas Light Company
Bond Street City Freeholds Ltd
Boral Ltd
B.P. Australia Ltd
Castlemaine Tooheys Ltd
Coca-Cola Amatil Ltd
CSR Ltd
Esso Australia Ltd
FAI Insurance Ltd
Goodman Fielder Wattie Ltd
C.E. Heath Casualty and General Insurance Ltd
The Estate of the late M.E.R. Horton
IBM Australia Ltd
James Hardie Industries Ltd
Lend Lease Corporation Ltd
Lotto Management Services Pty Ltd
Mr Jack Manton OBE & Jenny Manton
Mr G.E. Mapp
National Australia Bank Ltd
Pancontinental Mining Ltd

Rothmans Holdings Limited

Penelope & Harry Seidler AC OBE
The Shell Company of Australia Ltd
Thomas Nationwide Transport Ltd
Mr & Mrs G.M. Thorp
Isaac & Susie Wakil
Anonymous

GOVERNORS 1994 to date

Gillian Bunning
David & Michelle Coe
Mr Ken Coles and Mrs Rowena Danziger
Lady (Vincent) Fairfax OBE
Jenny Ferguson
David Gonski
Deirdre & David Greatorex AO
IBM Australia Limited
Peter and Sharon Ivany
Peter Joseph OAM
Mrs V N Kahlbetzer
Anne Landa
Geoffrey & Deborah Levy
Merrill Lynch Australia
Mrs John Minter
Mrs Kerry Packer
Elizabeth Ramsden

Penelope & Harry Seidler AC OBE
John L Sharpe
Brian Sherman
Gene Sherman
Mr and Mrs GM Thorp

Malcolm & Lucy Turnbull
Orli Wargon
Peter Weiss AM
Anonymous

FELLOWS

FELLOWS 1983-1994

Mr and Mrs E.F. Albert
The Late Sir Howard and Lady Beale
Blue Circle Southern Cement Ltd
Brambles Industries Ltd
Brenmoss Group Holdings Pty Ltd
Mrs N. Brink
Mrs E. Capon
G.J. Coles & Coy Ltd
Mr K.G. Coles
Commonwealth Banking Corporation
Commonwealth Industrial Gases Ltd
Concrete Constructions Group Pty Ltd
CRA Services Ltd
Dalgety Farmers Ltd
Mrs Rowena Danziger
Davids Holdings Pty Ltd
Mr & Mrs O.L.M. Davies
Mr J.O. Fairfax
Mr & Mrs P.A. Flick
Mr S.M. Gazal
George Patterson Pty Ltd
Mr M.A. Gleeson-White
Mrs M. Gowing
Mr & Mrs N. Gruzman
Mr & Mrs I.R.L. Harper
Mr & Mrs S.D.L. Horwitz
I.C.I. Australia Ltd
John Fairfax Ltd
Mr & Mrs M.R.G. Johnson
Mrs J.Joye
Mrs V.N. Kahlbetzer
The James N. Kirby Foundation
Mrs R. Komon
Mr and Mrs P.C.B. Larcombe
Y.D.Buchanan May
Mayne Nickless Ltd
McCann-Erikson Advertising Pty Ltd
P. & O. Australia Ltd
Peddle Thorp & Walker Pty Ltd

Peter Weiss Pty Ltd
Mr R. Rivkin
Dr & Mrs S. Robertson
Mr & Mrs .PG. Saywell
State Bank of New South Wales
Mr & Mrs E. Sternberg
St George Bank Ltd
Unilever (Australia) Ltd
Utah Foundation
Mr S.J. Walder
Mr B. Walker
Mr & Mrs P. Weiss
Mr R. Whyte
Woolworths Ltd
Ms C. Zampatti
Anonymous

FELLOWS 1994 to date

Mrs Antoinette Albert
Robert & Elizabeth Albert
Felicity & John Atanaskovic
The late Sir Howard and Lady Beale
Mrs N Brink
Vesta and Owen Davies
Mr Ian E Joye
Bernard and Barbara Leser
Y D Buchanan May
Hugh Buchanan May (in memory of)
Will Noble
Mr Guy Paynter
Reader's Digest (Australia) Pty Limited
Dr and Mrs S Robertson
Susan Rothwell
James & Jeanne-Claude Strong
ME Tancred
Mrs Marie Trainor
Transfield Holdings Pty Ltd
Diana Walder OAM
Bret Walker SC
Mr D G Wilson

MEMBERS

MEMBERS 1983-1994

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Mr Ross Adamson
The Agapitos Group
Albert Investments Pty Ltd
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Amalgamated Wireless (Australasia) Ltd

Mr W.P. Anderson
The Late Mrs I.M. Ashton
Australian Decorative Fine Arts Society Sydney Inc
Australian Guarantee Corporation Ltd
B.A.G. Holdings Pty Ltd
Barclays Bank Australia Ltd
BHP
Mr & Mrs P.L. Binnie
Mr A.D. Bishop

Mrs B. Bishop
Blake Dawson Waldron
Dr & Mrs K. Bleasel
Mr N. Bleasel
Mrs G. Bunning
Mr M.D.I. Burrows
Mr P.H. Cary
Mrs N. Cash
Licia Cattani
Christian Dior Parfums Paris
Christie's Australia Pty Limited
Mr & Mrs D. Clarke
Mr D.N. Constable
Dr M. Coppleson
Corrs Chambers Westgarth
Costain Australia Limited
Mr J.N. Creer
Mr and Mrs C.P. Curran
Dominguez Barry Samuel Montagu Ltd
Mr G.M. Douglass
Edward Lumley Ltd
Dr P.M. Elliot
Ernst and Young
Mr & Mrs E.A. Floyd
Foundation Madelon
Mr B.C. France
Dr and Mrs J. Friend
General Motors Holden Automotive Ltd
Mr M. Galloway
Sir Arthur & Lady George
George Weston Foods Ltd
Mr N.H. Grace
Mr E. Graf
Mr & Mrs J. Grant
The Greater Union Organisation
M.G. Green
Mr B.A. Guy
Mr & Mrs A.G. Hatsaturis
C.E. Heath Underwriting & Insurance (Aust) Pty Ltd
Mr & Mrs S.R.N. Heath
Mr M.A. Hershon
Dr M. Heseltine
Mr Stephen Hill (in memory of)
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Mrs M.T. Hooke
Sir Leslie Hooker Memorial Foundation
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Hungerford Hill Wines Pty Ltd
Hunt and Hunt
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Japan Chamber of Commerce and Industry, Sydney
Japanese Society of Sydney
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Kimberly-Clark Australia Pty Ltd

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Mrs J. King
Mr A.G. Legge
Leo Buring Pty Ltd
Mr & Mrs J. D. Lewis
Ms C. Liddy
Lindemans Wines Pty Ltd
Lintas Pty Ltd
Louis Vuitton Australia Pty Ltd
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Hugh Buchanan May (in memory of)
McCarthy Watson and Spencer
McConnel Smith and Johnson Pty Ltd
Mr & Mrs R.P. Meagher
Mercantile Credits Ltd
Mercedes-Benz NSW Pty Ltd
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Mrs John Minter
Mr R.H. Minter
Mojo-MDA
Monier Limited
Morgan Stanley International Inc
The Late Mrs J. Muston
Mr S.B. Myer
Mr J.H. Myrtle
National Panasonic (Aust) Pty Ltd
North Broken Hill Peko Ltd
Ord Minnett
Mr J.D. O'Toole
Pacific Dunlop Limited
Lady Florence Packer
Partnership Pacific Ltd
Mr J.H. Pascoe
Pechiney Australia Pty Ltd
Peko-Wallsend Ltd
Philip Cox & Partners Pty Ltd
Placer Pacific Limited
A.V. Playfair Pty Ltd
Estate of late D.M. Porter
Mr Brent Potts
Dr & Mrs G.C. Potts
Lady Potter
Reader's Digest Services Pty Ltd
The late Mrs W.M. Redhead
The Late Dr L. Rees AC CMG
Renison Goldfields Consolidated Ltd
Rouge Homme Wines Pty Ltd
Dr & Mrs P. Rundle
Mr & Mrs M.T. Sandow
Sara Lee Holdings
Mr T.K. Schrecker
Sedgwick Pty Ltd
Mrs Vivienne Sharpe
Mr R.A. Smith
Mr and Mrs N. Sparnon
Mr J. Spigelman
Mr & Mrs G.V. Stewart

Mr and Dr J. Strong
Thorn E.M.I. (Australia) Ltd
Transfield Pty Ltd
Mr M. Turnbull
Mrs F.G.D. Voss
The Hon Justice T.W. Waddell
Mrs D. Walder
Mr L. Walford
Mr J.S. Walton
Judge & Mrs W.D.T. Ward
Wattyl Limited
J.B. Were and Son Charitable Fund
Mr & Mrs J. West
Willis Corroon Holdings Pty Ltd
Mr D. Wolanski
Mr and Mrs K. Woolley
Wormald International Ltd

MEMBERS 1994 to date

Mr Ross Adamson
Mr and Mrs JH Adair
James Agapitos and Ray Wilson
Sir Alexis Albert
Timothy & Prue Allen
Jonathan Armytage
Sam and Susan Ballas
Christopher T Barry QC
Lawrence Bassoff
Julian & Anne Beaumont
Mrs Janette Beavis
Judge AD & Mrs C Bishop
The Hon Bronwyn Bishop
Allan Blaikie
Kevin & Marianne Bleasel
Terry & Rob Bolin
Ellen Borda
David Boyce
Eva Breuer
M Bulloch
Steve & Suzanne Burdon
Elizabeth Burns
Paul & Karen Byrne
Michael Callaghan
Adrian & Evan Cardiacos
Jim Carlsson
Mr PH Cary
Judy Cassab
Peter & Norma Castaldi
Ronda Chisholm
John & Rosemary Clarke
Richard Cobden
Dr Malcolm Coppleson AO & Patricia Coppleson
Bruce and Ann Corlett
Dr Maria Craig & Mr Richard Bornman
Frank & Joan Croll
Prof Noel and Adrienne Dan
Ian Darling

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Lauraine Diggins
James & Suzanne Dominguez
Ken & Judy Done
Mr & Mrs GM Douglass
Mrs IG Dulieu
Carmel Dwyer & Charles Leedman
Robert Elliott
Carole & Brian Ettelson
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Sue Fisher
The Florin Family
Rosemary Foot AO
Brian & Philippa France
Gwen Frolich
Sue Gazal
Getty Images
Belinda Gibson
Henry D Gillespie
Suzanne Gleeson
Robert Gould
Mollie Gowing
Neville H Grace
John & Inge Grant
G Green
Mr Neville Gruzman AM & Mrs Gruzman
Bill & Kate Guy
Ian V Gzell QC
Amanda Harkness
Mr Alistair & Dr Philippa Harvey-Sutton
Simon & Diana Heath
Dr Mary Heseltine
Sue Hewitt
Maria Teresa Savio Hooke
Fraser Hopkins
Beverley & Stanley Horwitz
Mr & Mrs SJ Howard
Roslyn and Alex Hunyor
The Insight Group
David & Monica Jackson
Ted & Cynthia Jackson
Josephine Jacoby
Pamela Jennings
Ian Johnston
Judy Joye
Erika Jumikis
Mary Kavanagh
David S Kent
Mr & Mrs RH Kidd
Nicole Kidman
Jeannette & Gordon King
Anna-Lisa Klettenberg
Dr L Lawrence
Mr AG Legge
Lend Lease Development
Alfred H Machin (in memory of)
Megan Machin (in memory of)

J & A Mandelson
Sarah Mandelson & Richard Single
Mrs Diana Macarthur-Stanham
Joy & Harold Marchant
Mr FI Markovic
Bert & Diana Marks (in memory of)
Peter & Janie Marshall
Mitchel & Robyn Martin-Weber
Mrs Marie McCann OAM
McConnell Smith & Johnson
Frank McDonald
Jan McGovern
Dr Stephen McNamara
RP Meagher
Charles G Mendel
Mr & Mrs R Mews
Justin Miller
Mr RH Minter
Misho
Morgan Stanley Australia Ltd
Mr & Mrs Barry Murphy
Mr Tim Murray & Ms Camilla Drover
Mrs TA & Mr JD Murray-Jones
Dr and Mrs Mark Nelson
Dr Warwick Nettle & Mimi Verlaine Nettle
Mrs K Packer
John & Faye Parker
Michael & Fiona Pascalis
Gwen Pearson
Pechiney Pacific Pty Limited
Dr Theo & Mrs Marianne Penklis
Molly Perry (in memory of)
Gabrielle Pizzi
Ian Plater & Claire Wivell Plater
Anna & Vessa Playfair
Mr and Mrs John Playoust
Lesley Pockley
D & E Prevedoros
Brian L Regan
Mr and Mrs D Ritchie
Patricia A Rochford
Geraldine C Rogan
Dr Philip & Dr Valmae Rundle
Mark & Ruth Sampson
Greg & Elizabeth Sanderson
Max Sandow
Peter & Christa Satouris
Mrs Alfred Saunders
Mr & Mrs Schoer
Mr John Terrill Scott
Annette Searle
Vivienne Sharpe
Lisa Simons
WJ Sinclair
Jim & Alice Spigelman
Dalia and Tom Stanley
David & Nikki Stein

Mr and Mrs GV Stewart
Dr Paul Sutherland
Georgie Swift
Max & Nola Tegel
The Turik Family
Malcolm & Lucy Turnbull
Edward & Morna Vellacott
Mrs FGD Voss
The Hon TW Waddell & Mrs Thea Waddell OAM
Stephen L Walmsley
Mr & Mrs WDT Ward
Philippa Warner
Suzanne AR Waterhouse
SHW & EM Watson
John Weir
Mr & Mrs Morris L West
Craig Westgate
RJ White AO
Michael Whitworth & Dr Candice Bruce
Drs Eva & Heinz Wicki
Ms Vanessa Wood
Margaret Wright
Anonymous (3)

FINANCIAL STATEMENTS

ART GALLERY OF NEW SOUTH WALES FOUNDATION STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF PUBLIC FINANCE AND AUDIT ACT, 1983

In accordance with a resolution of the Art Gallery of New South Wales Foundation I state that:

(a) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit (General) Regulation 1995, applicable Accounting Standards, other mandatory professional reporting requirements and Treasurer's Directions;

(b) the financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2000 and the operations for the year then ended; and

(c) at the date of signing I am not aware of circumstances that would render the financial statements misleading or inaccurate.



Jillian Broadbent
DEPUTY CHAIRMAN

13 November, 2000



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

ART GALLERY OF NEW SOUTH WALES FOUNDATION

To Members of the New South Wales Parliament and Members of the Art Gallery of New South Wales Foundation.

Scope

I have audited the accounts of the Art Gallery of New South Wales Foundation for the year ended 30 June 2000. The Foundation is responsible for the financial report consisting of the accompanying balance sheet, income and expenditure statement and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Members of the Foundation based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the PF&A Act) and section 24 of the *Charitable Fundraising Act 1991* (the CF Act). My responsibility does not extend here to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

My audit has been conducted in accordance with Australian Auditing Standards and statutory requirements to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. I have also performed procedures, including obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the CF Act.

These procedures have been undertaken to form an opinion:

- (a) whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with my understanding of the Foundation's financial position, the results of its operations and its cash flows; and
- (b) on the matters required by section 24(2) of the CF Act.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion Pursuant to the Public Finance and Audit Act 1983

In my opinion, the financial report of the Art Gallery of New South Wales Foundation complies with section 41B of the PF&A Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Foundation as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

Audit Opinion Pursuant to the Charitable Fundraising Act 1991

In my opinion:

- i) the accounts of the Art Gallery of New South Wales Foundation show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2000;
- ii) the accounts and associated records of the Art Gallery of New South Wales Foundation have been properly kept during the year in accordance with the CF Act;
- iii) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act; and
- iv) there are reasonable grounds to believe that the Art Gallery of New South Wales Foundation will be able to pay its debts as and when they fall due.



P. J. BOULOUS, CA
PRINCIPAL AUDITOR
(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
17 November 2000

ART GALLERY OF NEW SOUTH WALES FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE

For the year ended 30 June 2000

	NOTES	ACTUAL 2000 \$'000	ACTUAL 1999 \$'000
Income			
Grants & Contributions	3	346	388
Investment income		1,085	2,154
Increment in value of investments		556	-
Gain on sale of investments		-	5
Total Income		1,987	2,547
Less			
Expenditure			
Donations to AGNSW for purchase of works of art		280	839
Audit Fees	7(b)	4	4
Investment Managers Fees		-	7
Amortisation (write-back)		-	(47)
Diminution in value of investments		-	556
Loss on sale of investments		8	-
Total Expenditure		292	1,359
OPERATING SURPLUS FOR THE YEAR		1,695	1,188

These accounts must be read in conjunction with the notes attached to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION
BALANCE SHEET**

As at 30 June 2000

	NOTES	ACTUAL 2000 \$'000	ACTUAL 1999 \$'000
ASSETS			
Current Assets			
Cash at bank	4	186	282
Total Current Assets		186	282
Non-Current Assets			
Investments	6	15,521	13,722
Total Non-Current Assets		15,521	13,722
TOTAL ASSETS		15,707	14,054
LIABILITIES			
Current Liabilities			
Accounts Payable	7	4	383
Total liabilities		4	383
NET ASSETS		15,703	13,671
EQUITY			
Capital	8(a)	12,251	12,174
Revaluation Reserve	8(b)	336	-
Accumulated funds	8(c)	2,846	1,497
TOTAL EQUITY		15,703	13,671

These accounts must be read in conjunction with the notes attached to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION
STATEMENT OF CASH FLOWS**

For the year ended 30 June 2000

	NOTES	ACTUAL 2000 INFLOW (OUTFLOW) \$'000	ACTUAL 1999 INFLOW (OUTFLOW) \$'000
Cash Flow from Operating Activities			
Receipts – revenue		1,431	2,678
Payments – expenses		(671)	(475)
Net Cash Flow from Operating Activities		760	2,203
Cash Flow from Investing Activities			
Sale of Investments		329	12,274
(Purchase) of Investments		(1,185)	(14,328)
Net Cash Used in Investing Activities		(856)	(2,054)
Net Increase/(Decrease) in Cash			
		(96)	149
Opening Cash Balance			
		282	133
CLOSING CASH BALANCE		186	282

RECONCILIATION OF SURPLUS TO CASH USED IN OPERATING ACTIVITIES

Operating Surplus	1,695	1,188
Add Non Cash Items		
Amortisation (write-back)	-	(47)
Decrement (Increment) in Value of Investments	556	
Add Decrease in Debtors	-	131
Add Increase (Decrease) in Creditors	(379)	375
Net Cash from Operating Activities	760	2,203

These accounts must be read in conjunction with the notes attached to the accounts.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) Reporting entity

The Art Gallery of New South Wales Foundation was constituted by Trust Deed executed on 23 August, 1982. The Foundation comprises all the operating activities under the control of the Trustees of the Foundation.

(b) Basis of accounting

These financial statements which are a general purpose financial report have been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements, the requirements of the Public Finance and Audit Act and Regulations, and Treasurer's Directions.

Where there are inconsistencies with the above requirements, the legislative provisions have prevailed. Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, other mandatory reporting requirements and legislative requirements. Except for certain property plant and equipment which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(c) Revenue Recognition

Revenue from the Foundation's activities is recognised on the contribution of donations provided and the distribution of earnings from its investments.

(d) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisition of assets by the Foundation. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

(e) Investments

The investment valuation policy adopted by the Foundation reflects market value, based on the unit redemption value of the Fund. The resultant increase is brought to account as a revaluation reserve. The comparative investments at cost are shown in Note 6 to the accounts.

(f) Trustee benefits

No Trustee of the Foundation has received or become entitled to receive a benefit because of a contract made by the Gallery or a related body with the Trustee or with a firm of which the Trustee is a member, or with a company in which the Trustee has a substantial interest.

(g) Taxation status

The activities of the Foundation are exempt of tax.

**ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

2 PROGRAMME STATEMENT

The Foundation operates one programme. The objective of this programme is to raise funds to be invested and to apply the income derived from such investments to the acquisition of works of art for the Art Gallery of New South Wales.

3 REVENUES – GRANTS AND CONTRIBUTIONS

Donations and contributions received cannot be used for general operations and must under the provisions of the Trust Deed be transferred to capital reserves which must be preserved.

4 CURRENT ASSETS – CASH

Interest is earned on daily balances at the rates prevailing from day to day on the Operating account and at fixed rates on the term deposits.

	ACTUAL 2000 \$'000	ACTUAL 1999 \$'000
Cash at bank – Operating account	186	222
Cash at bank – Term Deposit	-	60
Total Cash	<u>186</u>	<u>282</u>

5 CURRENT ASSETS – RECEIVABLES

The Foundation does not have any trade debtors.

ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6 INVESTMENTS

	MARKET VALUE 2000 \$'000	COST 2000 \$'000	MARKET VALUE 1999 \$'000	COST 1999 \$'000
Investment Funds/Govt Sec	15,521	15,185	13,772	14,328
Term deposits	-	-	-	-
Total investments	15,521	15,185	13,772	14,328
Less: Provision for amortisation/diminution	-	-	-	556
	15,521	15,185	13,772	13,772
Represented by:				
Current assets	-	-	-	-
Non-current assets	15,521		13,772	
	15,521		13,772	
Included in cash and investments are restricted use assets representing the				
Capital – refer note 8	12,521		12,174	

Investments are made in accordance with the provisions of the Trustee Act 1925, and Amendment of 1998. These amendments enabled the Foundation to invest in funds such as the Westpac Pooled Investment Fund which holds a diverse range of investments including equities, property, fixed interest and cash. It is generally redeemable with 24 hours notice. Distributions are made on a quarterly basis. Due to the volatility of securities markets, the Foundation has set aside an amount for Investment Fluctuation. (Note 8).

The investments for the year earned a return of 13.4% (1999 – 12.3%) on the average investment balance for the year \$14.646m (\$13.001m)

7 CURRENT LIABILITIES – Creditors

(a) Creditors

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No such award was made during the year.

(b) Audit fees

The Auditors received no other benefits other than those disclosed in the Statement of Income and Expenditure.

ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	ACTUAL 2000 \$'000	ACTUAL 1999 \$'000
8 CHANGES IN EQUITY		
(a) Capital		
Balance at beginning of financial year	12,174	11,787
Rounding Adjustment	1	(1)
Transfers from Accumulated funds – contributions for the year	346	388
Balance at end of financial year	12,521	12,174
The Trust Deed prescribes that capital contributions must be invested with only the income derived from such investments being applied to meet expenses and fund the acquisition of works of art.		
(b) Asset revaluation reserve		
Balance at beginning of financial year	-	-
Increment (Decrement) for year	336	-
Balance at end of financial year	336	-
(c-i) Accumulated funds – general		
Balance at beginning of financial year	897	498
Surplus for year	1,695	1,188
	2,592	1,686
Add Rounding adjustment	-	(1)
Less: transfer to capital – contributions for year	(346)	(388)
Less: transfer to fluctuation reserve	(400)	(400)
Balance at end of financial year	1,846	897
(c-ii) Accumulated funds – Investment fluctuation		
Balance at beginning of financial year	600	200
Surplus for year	-	-
	600	200
Plus transfer from accumulated funds	400	400
Balance at end of financial year	1,000	600
(c-iii) Total Accumulated funds	2,846	1,497

**ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

9 UNCLAIMED MONIES

All amounts unclaimed are forwarded to the NSW Treasury for credit of Special Deposits Unclaimed Monies Account and are available for refund from that account. There were no unclaimed amounts in the period under review. No unclaimed amounts are held in the accounts of the Art Gallery Foundation in excess of two years.

ACTUAL	ACTUAL
2000	1999
\$'000	\$'000

10 COMMITMENTS FOR EXPENDITURE

Contribution to Art Gallery of New South Wales Trust for
funding towards purchase of works of art
– due within 1 year

-	285
-	285

11 CONTINGENT LIABILITIES

At the date of this report, the Trustees are not aware of any material contingent liabilities.

End of Audited Financial Statements