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ART GALLERY OF NEW SOUTH WALES FOUNDATION ANNUAL REPORT 2003



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For further information about the
Art Gallery of New South Wales Foundation
please contact:
Ms Jane Wynter
Foundation Co-ordinator
Art Gallery of New South Wales
Art Gallery Road
The Domain
Sydney NSW 2000
Tel: (02) 9225 1818

Cover image: **Russell Drysdale**
Group of Aborigines 1953 oil on canvas 50.8 x 61cm
Purchase by the Art Gallery of New South Wales Foundation 2003 © Russell Drysdale Estate

ART GALLERY OF NEW SOUTH WALES FOUNDATION

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DIRECTOR'S STATEMENT

This year the Foundation has not been in the position to fund an acquisition for the Gallery which, of course, highlights the urgent need for us to generate further contributions and to foster the growth of its capital base. As you may well imagine a year without an acquisition is not a situation which we will permit to continue and, happily, with income now accruing we are already pondering the Foundation's next great addition to the collections. At this stage such speculation may be premature but there is never any shortage of great works of art for which we yearn with unrestrained optimism. And like all the Foundation's acquisitions any one of them would become an indelible and invaluable addition. For example, at the moment initial consideration is being given to works from the 17th century and the late 20th century. There is a shortage of neither opportunity nor diversity in enriching the Gallery's collections as the history of the Foundation's acquisitions have so amply demonstrated.

Whilst the Foundation may not have directly or exclusively acquired a work this year it has been associated and closely involved with two outstanding acquisitions for the Australian collections: Grace Cossington Smith's *Centre of a city* and Russell Drysdale's *Group of Aborigines*. Two paintings which evoke in their polarities the very different realities of urban and outback Australia but both are without doubt icons in the annals of 20th century Australian art.

In the year 2000, the Olympic year, we displayed the Australian collections in a critically edited way under the title *Australian Icons*. The Head Curator of Australian Art, Barry Pearce, looked at the history of Australian art and the resources of our Australian collections and selected twenty artists as representative of that story. It was a fascinating and revealing exercise. The great strengths of our outstanding Australian collection were there for all to see: Streeton, Roberts, Lambert, Dobell, Rees, Whiteley et al. But this exercise also demonstrated that what we had probably always assumed to be strengths were not necessarily so. Our Nolan and Williams collections were, for example, arguably less representative and complete as they should be and in the years since much has already been achieved to redress that situation.

That Olympic year display also re-affirmed the great depth and quality of our Gallery's Australian art collection and its rollcall of indisputable icons. It is imperative and indeed our responsibility to sustain and to enhance that outstanding representation and to thus add any icon of Australian art that becomes available. Thus when we heard of two great and signal Australian paintings becoming available we of course made every effort to acquire them. That we have done so is due to the great generosity of Susan Rothwell, a member of the Foundation board of Trustees, who provided the funds to purchase the Cossington Smith, and to a group of benefactors which has raised the funds to purchase the Drysdale. In this endeavour we owe a great debt of appreciation to Peter Weiss and his colleagues from the Foundation board, especially Geoff Ainsworth and Mark Nelson, for their successful efforts in both contributing to and raising the necessary funds.



Susan Rothwell Art Gallery of New South Wales Foundation Trustee

Grace Cossington Smith's *Centre of a city* c.1925 is a still recognisable image of the City of Sydney, showing a view of Martin Place looking towards George Street with the Post Office tower at left against a sky of exploding radiance. It is the perfect complement to the artist's masterpiece *The Curve of the Bridge* 1928–29, which the Gallery acquired in 1991. These two works form an iconic pairing of Sydney imagery that can now be kept together for posterity.

Centre of a city remained in Grace Cossington Smith's possession most of her life and only came to the foreground as a major work when her career was 'resurrected' by a retrospective at the Gallery in 1973.

It had been shown at the Macquarie Galleries the previous year, where it was

unsold, however after the retrospective highlighted the gifted vision of the artist for the first time to all but a few intimates, *Centre of a city* was immediately purchased by Fairfax when shown again at her Macquarie Galleries exhibition in 1976. This painting has been on loan to the Gallery since 1996 and has already become a highly popular part of the display of the early modern Australian collection.

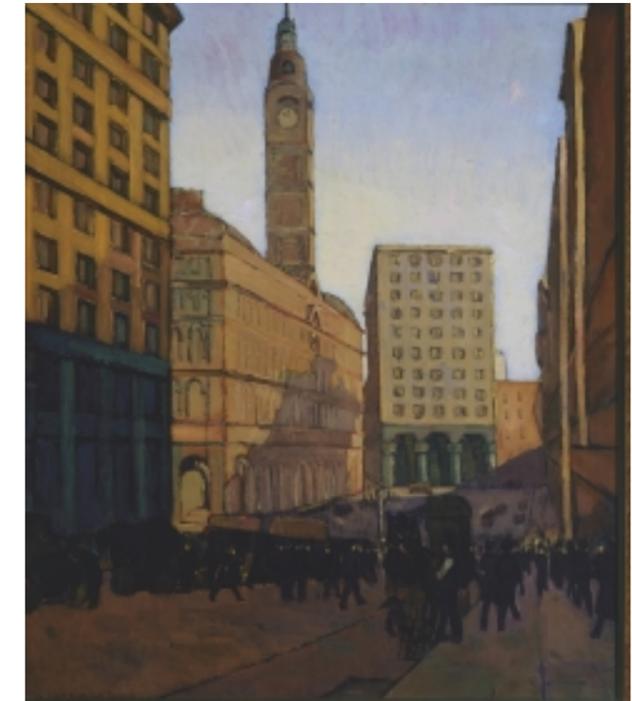
In his monograph on Cossington Smith published in 1990 Bruce James wrote of this image as

'... a great painting; a self-aware masterpiece ... Like no work of hers before it, yet paraphrasing the experiments of her first decade as a painter, *Centre of a city* is Cossington Smith's affirmation of personal worth in impersonal circumstances ... It is an image, as well, of reconciliation with the modern world, no longer reviled but understood, confronted and embraced ... She represents an Australian city, or rather, represents Australia by a city, not a pastoral panorama'.

In her sketchbook (now in the National Gallery of Australia) she made ten pencil studies for the composition, exploring ways of expressing her deep love of the architectonic shapes and energy of the modern city; her city.

Russell Drysdale's *Group of Aborigines* 1953 is a profoundly compassionate portrait of humanity set against an archetypal Australian landscape and it must be considered among Drysdale's greatest works. It epitomises Drysdale's pioneering approach in portraying the indigenous people of Australia by investing his subjects with an entirely new sense of dignity. It will take its place in posterity with Drysdale's *Sofala*, as one of the Gallery's most treasured Australian icons.

The Gallery has a reasonable group of paintings by Russell Drysdale, one of Australia's most important artists who lived most of his life in New South Wales, and who with Sidney Nolan occupies a quintessential place in the identity of Australian visual culture in the middle of the twentieth century. Like Nolan, he defined the idea of a continent – its landscape, peoples and mythologies – far beyond its city fringes.



Grace Cossington Smith *Centre of a city* c.1925 oil on canvas on hardboard 82.3 x 70cm Purchased with funds provided by Susan Rothwell, 2002 © Estate of Grace Cossington Smith

However, unlike Nolan whose output was vast, Drysdale produced comparatively few paintings, the most beautiful of which were a result of slow, deliberate meditation.

His imagery has been such an embedded part of the collective Australian psyche, it is easy to forget how pioneering Drysdale was in certain aspects of his subject matter. One of the most important of these was his depiction of Aboriginal people from Cape York Peninsula which the artist began painting as a small series in 1952-53 shortly after returning from London where he had enjoyed recognition through a successful exhibition at the Leicester Galleries.

Stripped of all rhetoric and any trace of false sentiment, *Group of Aborigines* is without doubt the greatest of the Cape York series; a profoundly compassionate portrait of humanity set against an uncluttered, archetypal Australian landscape. There are no props, and no compositional tricks in this picture. In pure painterly terms, with its unforced arrangement of figures, and brushwork caressing the surface into a mysterious whole, it rates among Drysdale's very best.

Two wonderful additions to our collections and next year we may look forward to reporting on yet another great work of art entering the collections through the auspices of the Foundation. As ever something to really look forward to. My thanks as ever to all those who have supported and continue to support the Foundation; to the Board of Trustees, to our outgoing Founding Chairman Rupert Murdoch very special thanks for all the time and effort he gave to us in those early years when we were traipsing through the boardrooms of corporate Australia to such good effect, and my own special welcome to our new Chairman Rowena Danziger who has always been the most reliable and active supporter of this gallery in all its endeavours.



Edmund Capon
Director
5th December, 2003

CHAIRMAN'S REPORT

It has been another successful year for the Foundation and a good year to commence as Chairman of this venerable organization.

20TH ANNIVERSARY CELEBRATION

The Foundation was established in 1983, by a small group of benefactors and some initial support from the NSW government. Since then, it has grown to be a solid organisation with a net worth of over \$18 million. It has contributed over \$17 million of artworks to the Art Gallery of New South Wales, which are now worth about \$30 million, making an impressive record of \$48 million of value for the benefit of the community. May I thank all of those involved, particularly, the founders of the original Trust, the late Sir Tristian Antico, Messrs Charles Lloyd Jones CMB, and Michael Gleeson White AO. I am firmly committed to continuing this tradition of philanthropy and will strive to maintain and enhance the high standards set by my predecessors.



Mrs Rowena Danziger
Chairman of the Art Gallery of New South Wales Foundation

To commemorate the Foundation's 20th anniversary, we initiated a specific fund raising drive spearheaded by our Trustee, Mr Peter Weiss AM, to acquire Russell Drysdale's *Group of Aborigines* 1953, for the Gallery. We have already received pledges totaling \$580,000 at the time of writing this report.

DONATIONS & BEQUESTS

The highlight of the year, was the substantial bequest of \$2.4 million from a long-term supporter the late Dr Mary Heseltine. The late Andrew James Kellett bequest also contributed \$140,000. Their generosity is greatly appreciated and reflects devotion to the Gallery, a sentiment shared by many of our loyal donors. This year \$3.2m was added to the Capital base of donations increasing it to \$17.3 million (23% increase). This plus some accumulated earnings make a total base of \$18.1 million at 30th June 2003.

Mr James Agapitos OAM, another of our energetic Trustees was instrumental in establishing a fund for the 'Promotion of Philanthropy'. Although modest at this stage (\$10,000), the Fund is aimed at encouraging contributions to the Gallery to assist in servicing and increasing our membership, thus enabling the Foundation to continue to devote its earnings to the acquisition of artworks.

The number of Foundation members grew during the year with 100 new members making a total of some 500 of which about 200 are direct Foundation contributors and the others support various other areas in the Gallery. This year, a Collection Benefactor Fund was established for Australian Prints, Drawings and Watercolours and has already gained 29 members.

ACQUISITIONS

Although no direct acquisitions were made this year, the Foundation nevertheless facilitated the acquisition of Russell Drysdale's *Group of Aborigines* 1953, which will be reflected in our financial statements next year. In addition to this effort, I am pleased to report that another of our Trustees, Ms Susan Rothwell made a very generous donation to the Gallery for the acquisition of Grace Cossington Smith's *Centre of a city*, c1925.

INVESTMENTS

The Foundation has two major income streams – interest income and distributions/capital growth (loss) from a managed fund (Westpac Investment Fund). The latter performed poorly this year, due to a general decline in equity markets particularly in the international area. In September 2002, the equity markets were declining at such a rapid rate, the Board felt it prudent to reduce its exposure to equities and authorised the redemption of 50% of the managed fund. The proceeds of approximately \$7 million were invested in term deposits with a selection of banks. Since then the markets have stabilised and are now improving.

In May 2003, the Foundation took receipt of the Heseltine bequest share portfolio (a selection of 35 listed shares valued at \$1.5 million). As the Foundation is not in a position to hold and manage individual investments, it is proposed so sell these shares shortly and invest the proceeds in a combination of cash and managed fund.

Next year is already looking more promising with equity markets and the Australian dollar improving. The latter will make international art acquisitions more affordable.

BOARD OF TRUSTEES

During the year, Mrs. Diana Walder OAM, retired from the Board. Her dedication and contribution to the Foundation has been exemplary and we are all in her debt. Also retiring this year was Ms Louise Davis, representing IBM Australia Ltd, a corporate member of the Foundation. I would like to take this opportunity to thank them both for their contributions.

The Foundation Board has honoured Mr Rupert Murdoch AC with the title of Founding Chairman to mark his many years of support, which has been so important to the development of the Foundation. I replaced him as Chairman and as one of the Art Gallery of New South Wales Trust representatives on the Board. Prior to my taking on this role, our Deputy Chairman Ms Jillian Broadbent AO undertook many of the duties of the Chair and I am most grateful for her efforts. She will continue in her capacity as Deputy Chairman. I am very pleased to take on the role of Chairman and look forward to working with such a fine group of fellow Trustees in carrying out the work of the Foundation.



Ms Diana Walder OAM
Chairman of the Art Gallery of New South Wales Foundation Trustee
(retired 28th April, 2003) at the Foundation's 20th Anniversary Dinner

GENERAL

My thanks to all Foundation members and supporters for their continued generosity and interest. The work of the Foundation is essential if the Gallery is to continue to flourish.

On behalf of the Foundation Trustees, I wish particularly to thank The Hon Bob Carr MP, Premier and Minister for the Arts, and the Foundation's Patron, Her Excellency Professor Marie Bashir, AC Governor of New South Wales, for their interest and support.

Mrs Rowena Danziger
Chairman
28th October 2003

FOUNDATION MEMBERSHIP

Membership of the Art Gallery of New South Wales Foundation is divided into five categories, determined by the level of contribution. The minimum level of commitment required for inclusion in this report and on the Honour Board is \$5,000.

Honorary membership of the Foundation has also been conferred on patrons who have provided in their Will for a gift to the Gallery or Foundation, and on patrons who have donated works to the Gallery. The level of membership conferred is commensurate with one half of the current value of the pledged bequest, or in the case of gifts under TIAS, one half of the value of the gift.

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The Late Mary Heseltine
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 Isolde & Andrew Torna
 Kevin & Dawn Troy
 The Turik Family
 Akky & John Van Ogtrop
 The Vardis Family
 Edward & Morna Vellacott
 Will & Jane Vécars
 Mrs FGD Voss
 Eugenie Vrisakis
 The Hon TW Waddell & Mrs Thea Waddell OAM
 Mr L Walford
 Stephen L Walmsley
 Mr JS Walton
 Mr & Mrs WDT Ward
 Philippa Warner
 Suzanne AR Waterhouse
 Shirley Watkins
 SHW & EM Watson
 Gail Watt
 Watty Limited
 JB Were & Son Charitable Fund
 Mr (the late) & Mrs Morris L West
 Craig Westgate
 RJ White AO
 Michael Whitworth & Dr Candice Bruce
 Drs Eva & Heinz Wicki
 Dr Ian Wilcox
 Cameron Williams
 Robert H Williams
 Willis Corroon Holdings Pty Ltd
 Neil & Lesley Wilson

Julia Wokes
Mr D Wolanski
Ms Vanessa Wood
Donna Woodhill
Wormald International Ltd
Margaret Wright
Susan Yates
Di Yeldham
Dr Ling Yoong
Young & Rubicam
Salvatore Zofrea

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STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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

In accordance with a resolution of the Board of Trustees of the Art Gallery of New South Wales
we 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 Regulation 2000, applicable Accounting Standards, other mandatory reporting requirements and the Treasurer's Directions
- (b) The financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2003 and the operations for the year then ended; and
- (c) At the date of signing we are not aware of circumstances that would render the financial statements misleading or inaccurate.



R. DANZIGER
DIRECTOR
DATED: 14TH OCTOBER 2003



E. CAPON
DIRECTOR
DATED: 14TH OCTOBER 2003



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

ART GALLERY OF NEW SOUTH WALES FOUNDATION

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Art Gallery of New South Wales Foundation:

- (a) presents fairly the Foundation's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

The financial report is the responsibility of the members of the board of the Art Gallery of New South Wales Foundation. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the members of the board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that board members had failed in their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Foundation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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



G J Gibson FCPA
Director of Audit

SYDNEY
20 October 2003

ART GALLERY OF NEW SOUTH WALES FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2002

	NOTES	2003 \$'000	2002 \$'000
Revenues from ordinary activities			
Grants & Contributions - Ordinary	3	369	346
Grants & Contributions - Special Purpose (Drysdale)		252	-
Investment income		628	1,736
Bequests - Cash & Investments		2,562	400
Bequests - Works of Art		17	-
Total Revenues		3,828	2,482
Expenditure from ordinary activities			
Donations to AGNSW of works of art bequeathed		17	-
Audit Fees	7(b)	3	3
Diminution in value of investments (net of unrealised gains)		1,064	2,439
Other sundry items		28	22
Total Expenditure		1,112	2,464
SURPLUS FOR THE YEAR FROM ORDINARY ACTIVITIES		2,716	18
Total revenues, expenses and valuation adjustments attributable to members of the Foundation recognised directly in Equity		-	-
Total changes in Equity other than those resulting from transactions with owners as owners		2,716	18

The accompanying notes form part of these statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	NOTES	2003 \$'000	2002 \$'000
ASSETS			
Current Assets			
Cash at bank	4	100	110
Term Deposits	4	8,166	440
Receivables	5	74	3
Total Current Assets		8,340	553
Non-Current Assets			
Other Financial Assets	6	9,764	14,835
Total Non-Current Assets		9,764	14,835
TOTAL ASSETS		18,104	15,388
LIABILITIES			
Current Liabilities			
Payables	7	3	3
Total liabilities		3	3
NET ASSETS		18,101	15,385
EQUITY			
Accumulated Funds	8	18,101	15,385
TOTAL EQUITY		18,101	15,385

The accompanying notes form part of these statements

ART GALLERY OF NEW SOUTH WALES FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended 30 June 2003

	NOTES	2003 \$'000 INFLOW (OUTFLOW)	2002 \$'000 INFLOW (OUTFLOW)
Cash Flows from Operating Activities			
Receipts - Donations & other revenue		1,662	752
Receipts - Interest Income		217	1
Receipts - Dividend Income		340	1,732
Payments - expenses		(31)	(22)
Net cash flows from Operating Activities		2,188	2,463
Cash Flow from Investing Activities			
Sale/Redemption of Investments		6,795	-
Net (Purchase) of Investments		(1,267)	(1,944)
Net Cash Used in Investing Activities		5,528	(1,944)
Net Increase/(Decrease) in Cash		7,716	519
Opening Cash Balance		550	31
CLOSING CASH BALANCE	4	8,266	550

RECONCILIATION OF SURPLUS TO CASH USED IN OPERATING ACTIVITIES

Surplus from ordinary activities		2,716	18
Deduct Bequest of Shares		(1,521)	-
Add Diminution in Value of Investments		1,064	2,439
Add Decrease (Increase) in Receivables		(71)	3
Add Increase (Decrease) in Payables		-	3
Net Cash from Operating Activities		2,188	2,463

The accompanying notes form part of these statements

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 the 23 August 1982. The Foundation comprises all 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 accrual basis and in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act and Regulation*, 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 and non-current financial assets which are recorded at fair value, 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 distribution of earnings from its investments
- (d) Acquisitions of assets
The cost method of accounting is used for the initial recording of all acquisitions of assets by the Foundation. Cost 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. Any resultant increase is brought to account as a revaluation reserve. Any decrease is offset against the revaluation reserve (if any) or otherwise taken to the Statement of Financial Performance as a Diminution in Value. The comparative investments at cost are shown in Note 6 to the Financial Statements.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

(f) Trustee benefits

No Trustee of the Foundation has received or become entitled to receive a benefit because of the 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 income tax. The Foundation is also registered for GST/ABN and has gift deductible recipient status.

2 PROGRAM STATEMENT

The Foundation operates one program. The objective of this program 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

Grants & Contributions and Bequests received in cash cannot be used for general operations and must, under the provisions of the Trust Deed, be transferred to capital reserves which must be preserved. Bequests of Works of Art are donated directly to the AGNSW Trust, subject to approval by the Trust.

4 CURRENT ASSETS - CASH & TERM DEPOSITS

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.

	2003 \$'000	2002 \$'000
Cash at bank - operating account	100	110
Term Deposits	8,166	440
Total Cash/Term Deposits	<u>8,266</u>	<u>550</u>

The Cash/Term Deposits for the year earned a return of 4.6% (2002 1%) on the average investment balance for the year \$5.909m (2002 \$0.550m)

5 CURRENT ASSETS - RECEIVABLES

Receivables - Distribution from Investments	<u>74</u>	<u>3</u>
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ART GALLERY OF NEW SOUTH WALES FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6 OTHER FINANCIAL ASSETS	AT FAIR VALUE		AT FAIR VALUE	
	2003 \$'000	COST 2003 \$'000	2002 \$'000	COST 2002 \$'000
Listed Shares/Fixed securities	2,568	2,541	-	-
Investment Fund	7,196	9,465	14,835	18,439
Total investments	<u>9,764</u>	<u>12,006</u>	<u>14,835</u>	<u>18,439</u>
Add: Unrealised gains		27		
Less: Provision for diminution		2,269	-	3,604
	<u>9,764</u>	<u>9,764</u>	<u>14,835</u>	<u>14,835</u>

Included in cash and investments are restricted use assets representing the Capital - Refer Note 8

17,309	<u>14,126</u>
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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 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 periodic basis. Due to the volatility of securities markets, the Foundation has set aside an amount for Investment Fluctuation (Note 8). The Fund investments for the year earned a negative return of 8.8% (2002 -4.7%) on the average investment balance for the year \$8.748m (2002 \$15.083m)

During the year, the Foundation inherited an amount of \$1.5m in listed securities and invested \$1m in listed securities. The returns on these were minimal having been acquired late in the financial year. The Foundation intends to disposal of the inherited securities

7 CURRENT LIABILITIES

(a) Payables

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 210.01. If trade terms are not specified, payment is made not later than the end of the month following in which the invoice or statement is received. Treasurer's Direction 210.01 allows the Minister to award interest for late payment. No such award was made during the year.

(b) AUDIT FEES

Audit fees are for the audit of the financial report. The Auditors received no other benefits other than those disclosed in the Statement of Financial Performance.

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

8 CHANGES IN EQUITY	ACCUMULATED FUNDS			Total Equity \$'000
	Capital \$'000	General \$'000	Fluctuation Reserve \$'000	
Balance as at 1 July 2001	13,380	987	1,000	15,367
Changes in Equity-other than transactions with owners as owners				
Surplus for the year	-	18	-	18
Transfer of donations	746	(746)	-	-
Total	746	(728)	-	18
Balance as at 30 June 2002	14,126	259	1,000	15,385
Changes in Equity-other than transactions with owners as owners				
Surplus for the year	-	2,716	-	2,716
Transfer of donations	3,183	(3,183)	-	-
Transfer to(from) Reserve	-	250	(250)	-
Total	3,183	(217)	(250)	2,716
Balance as at 30 June 2003	17,309	42	750	18,101

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.

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 in excess of two years.

10 COMMITMENTS FOR EXPENDITURE

At the date of this report, the Trustees are not aware of any material commitments for expenditure

11 CONTINGENT LIABILITIES & CONTINGENT ASSETS

At the date of this report, the Trustees are not aware of any material contingent liabilities.
 At the date of this report, the Trust was notified of a bequest but details have yet to be provided by the Executors, subject to probate application.

12 EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report, the Foundation had redeemed a substantial part of its listed securities and invested the proceeds in term deposits.

End of Audited Financial Statements