

## Art Gallery of NSW Financial statements 08–09

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# Financial commentary

## Financial performance

The Gallery had an excellent year, with most of its programs yielding very good results. The financial surplus for the year was \$27.5 million. The net surplus includes capital grants and donations which are committed to acquire works of art and/or for capital projects and reported in the Balance Sheet in accordance with accounting standards. Thus the net surplus does not represent surplus cash available to the Gallery for operational requirements. The following factors contributed to this result:

- Donations received from individuals, the Art Gallery Foundation of NSW, the Art Gallery Society of NSW and corporate contributors for the major acquisition of Paul Cézanne's *Bords de la Marne* (\$16.2 million). This resulted in a one-off material increase in income. Donations are recorded as income for accounting purposes.
- Improved net earnings (\$4.3 million) overall for exhibitions, Gallery Shop and venue hire. The exhibitions that generated most income were *Monet and the Impressionists* and *The lost Buddhas*. This assisted in offsetting the core business deficit, which was mainly due to the impact of pay increases and left a net operating surplus that will be preserved for operational expenses.
- The Gallery holds some of its bequests and special funds in the NSW government TCorp medium- and long-term investment facilities. The performance of this portfolio improved this year on the previous year.
- In July this year, the first instalment of the agreed pay increase under the salary award of 4% per annum for the next three years was paid to Gallery staff.

## Government contribution

The NSW government's recurrent contribution comprised 37% of our operating revenues in 2008–09. However, the inclusion of the government's capital contribution for the off-site storage facility and other building works increases the government contribution to 43% of total revenues.

## Donations and bequests/taxation incentives

During the year, the Gallery acquired over \$18.6 million of artworks, of which \$1.4 million was gifts of artworks. This was made possible by the substantial contribution this year from donors and benefactors, particularly for the Cézanne painting. Donations were also received in support of various initiatives, such as scholarships, prizes and research. The Australian government's Cultural Gifts scheme has created a major incentive for artists and donors to provide gifts of artworks to the Gallery. These contributions are a significant resource for the acquisition of artworks and for special projects that would not otherwise have been feasible.

Subject to the conditions of individual bequests, a component of the donations may be preserved as a capital base. At the end of June 2009, the total amount of bequests and special funds amounted to \$23.8 million, much of which was given to the Gallery for specific purposes (primarily art acquisitions and other projects, such as art prizes and awards). These consist of more than 90 bequests and special funds.

## Financial stewardship

The Gallery applies rigorous budgetary and expenditure control to ensure stewardship of assets, cash flow management and revenue enhancement. The Gallery's accounting and management reporting system enables us to produce timely reports on a cost centre and business activity level, so that management, the Board of Trustees and the NSW government can monitor financial aspects of the Gallery and direct resources in a timely and effective manner. The Gallery prides itself in providing its monthly results within five working days after the end of the month. An upgraded Sun-Vision management reporting software was installed this year and has enhanced this process.

## Fixed assets

The Gallery has \$1.026 billion in net assets, comprising \$813.2 million in artworks and the library collection, \$175.5 million in land and building and \$44.4 million in other minor assets, offset by \$7.2 million of liabilities. The significant addition during the year was the Cézanne painting to the Gallery's collection of artworks.

## Investments

The Gallery's policy is to invest its bequests and special funds in a portfolio comprising term deposits and TCorp's Hour Glass facilities – in particular, the medium- and long-term growth facilities. These investments are in accordance with New South Wales Treasury requirements under the *Public Authorities (Financial Arrangements) Act 1987*, which confines investments to term deposits with approved banks and financial institutions and TCorp, the NSW government investment facility.

A large proportion of funds (\$30.2 million, 77% as at 30 June 2009) is held in cash, which enabled us to achieve 6.1% pa (weighted average) on bank deposits (compared with the benchmark of 5.48%). The equity investment returns during 2008–09 improved compared to the previous year, producing a positive return of 0.73% on TCorp’s medium-term facility (compared with the benchmark of 0.15%) but a decline of -10.33% on TCorp’s long-term facility (compared with the benchmark of -10.88%). The benchmarks quoted are sourced from the TCorp Hour Glass Facility Performance Summary for June 2009.

#### Commercial services

Our visitors continue to enjoy the visitor facilities of the Gallery, including the Gallery Shop, food and beverage services in the cafe and restaurant, and venue hire functions, which complement their experience at the Gallery.

The shop provides high-quality art books, catalogues and art-inspired merchandise, such as prints and posters, relating to the Gallery’s collection and temporary exhibitions. The largest art museum book store in Australia, the shop made around \$5 million in sales this year including a very successful Monet shop, which generated sales of \$1.7 million.

The food and beverage services provided for visitors include a cafe, a restaurant and a kiosk in the Art Gallery Society’s members lounge. The Gallery also makes its function spaces available for hire by corporate guests, with more than 411 events held in 2008–09. We are pleased to advise Trippas White Catering Ltd won the competitive market tender to continue to provide catering contract services which commenced on 1 August 2008 for a five-year term, with an option for a further three years.

#### Looking forward

In 2009–10 the Gallery will have a busy building program as explained in other sections of this report – see the Building and Environmental Management section. The Gallery will continue to work around these activities to operate its annual program.

The Gallery has estimated the 2009–10 core business budget to be in deficit, mainly due to the partially funded pay increase of 4% per annum. The Gallery will continue to monitor its expenditure and implement more cost-saving strategies to address this matter. The building works and a smaller exhibition program are also expected to restrict the Gallery’s capacity to earn revenue from our commercial visitor services in 2009–10. Nevertheless, the Gallery is committed to maintaining a high level of performance and will work towards improving the delivery of cultural services to the New South Wales community and beyond.

The budget summary below is in accordance with the NSW government’s 2009–10 budget. This differs slightly from the internal budgets, which have more stringent targets.

#### Budget summary for 2009–10

Revenue	\$m
NSW government funding – recurrent	19.7
NSW government funding – capital	15.5
Other revenue	15.7
	50.9
Expenditure	
Personnel	19.8
Insurance	0.5
Depreciation	2.3
Other operating	14.8
	37.4
Surplus	13.5

Note: The figures quoted in the financial commentary have not been subject to audit.

# Financial summary

	UNIT	2004-05	2005-06	2006-07	2007-08	2008-09	Five-year total	Average p.a.
Total visitors - incl touring/studio	million	1.35	1.69	1.30	1.35	1.71	7.40	1.48
Artworks purchased	\$'m	\$9.0	\$7.7	\$4.7	\$12.4	\$17.2	\$51.0	\$10.2
Donations of artworks	\$'m	\$2.2	\$2.2	\$2.7	\$1.7	\$1.4	\$10.2	\$2.0
<b>Total works of art acquired</b>	<b>\$'m</b>	<b>\$11.2</b>	<b>\$9.9</b>	<b>\$7.4</b>	<b>\$14.1</b>	<b>\$18.6</b>	<b>\$61.2</b>	<b>\$12.2</b>
Exhibition admission revenue	\$'m	\$1.6	\$3.8	\$1.9	\$2.6	\$4.8	\$14.7	\$2.9
Merchandise, books and publications sales	\$'m	\$3.6	\$5.2	\$4.0	\$4.5	\$5.0	\$22.3	\$4.5
Other services/activities	\$'m	\$1.6	\$2.7	\$1.9	\$2.4	\$4.4	\$13.0	\$2.6
Bequests & special funds	\$'m	\$12.4	\$11.3	\$16.0	\$10.1	\$19.0	\$68.8	\$13.8
Other grants & contributions/other misc	\$'m	\$3.2	\$4.6	\$5.7	\$3.4	\$3.7	\$20.7	\$4.1
<b>Total revenue from exhibitions, visitor services and benefaction</b>	<b>\$'m</b>	<b>\$22.4</b>	<b>\$27.5</b>	<b>\$29.5</b>	<b>\$23.1</b>	<b>\$36.9</b>	<b>\$139.4</b>	<b>\$27.9</b>
Personnel expenses		\$16.8	\$17.9	\$17.3	\$19.1	\$20.0	\$91.1	\$18.2
Depreciation		\$2.3	\$2.2	\$2.1	\$2.1	\$2.1	\$10.8	\$2.2
Insurance		\$1.1	\$1.7	\$3.3	\$0.5	\$0.6	\$7.1	\$1.4
Other operating expenses		\$10.1	\$12.5	\$14.2	\$17.8	\$14.3	\$68.9	\$13.8
<b>Total operating expenses</b>	<b>\$'m</b>	<b>\$30.2</b>	<b>\$34.3</b>	<b>\$36.9</b>	<b>\$39.5</b>	<b>\$37.0</b>	<b>\$177.9</b>	<b>\$35.6</b>
Recurrent appropriation	\$'m	\$15.8	\$18.3	\$21.4	\$19.6	\$20.5	\$95.6	\$19.1
Liabilities assumed by government	\$'m	\$2.1	\$0.8	\$1.1	\$1.0	\$1.3	\$6.2	\$1.2
Capital appropriation/other	\$'m	\$2.8	\$1.8	\$5.4	\$13.6	\$5.8	\$29.3	\$5.9
<b>Total govt grants</b>	<b>\$'m</b>	<b>\$20.7</b>	<b>\$20.8</b>	<b>\$27.9</b>	<b>\$34.2</b>	<b>\$27.6</b>	<b>\$131.1</b>	<b>\$26.2</b>
<b>Total revenue</b>	<b>\$'m</b>	<b>\$43.1</b>	<b>\$48.4</b>	<b>\$57.4</b>	<b>\$57.3</b>	<b>\$64.5</b>	<b>\$270.6</b>	<b>\$54.1</b>
Govt's recurrent contribution as a % of operating revenues		44%	41%	43%	47%	37%	42%	42%
Govt contribution as % of total revenue		48%	43%	49%	60%	43%	48%	48%
<b>Net surplus</b>	<b>\$'m</b>	<b>\$12.8</b>	<b>\$14.1</b>	<b>\$20.5</b>	<b>\$17.7</b>	<b>\$27.5</b>	<b>\$92.7</b>	<b>\$18.5</b>
Employees – effective full time (EFT)	number	203	210	208	220	236		
Average salary per head (EFT)	\$'000	\$83	\$85	\$83	\$87	\$85		
<b>Net cash flows</b>	<b>\$'m</b>	<b>-\$0.9</b>	<b>\$5.5</b>	<b>\$4.6</b>	<b>\$13.8</b>	<b>-\$5.1</b>		
<b>Net assets</b>	<b>\$'m</b>	<b>\$768.2</b>	<b>\$786.4</b>	<b>\$953.8</b>	<b>\$998.2</b>	<b>\$1,025.7</b>		

Data in this table has not been subject to audit



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### The Art Gallery of New South Wales Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial report of The Art Gallery of New South Wales Trust (the Trust), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Trust as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Trustee's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

### Independence

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

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



Steven Martin  
Director, Financial Audit Services

20 October 2009  
SYDNEY

## Statutory financial statements

For the year ended 30 June 2009

START OF AUDITED FINANCIAL STATEMENTS

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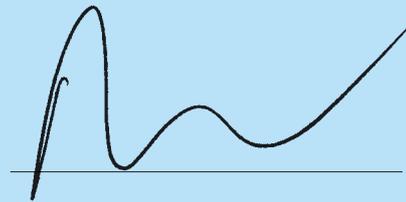
### STATEMENT IN ACCORDANCE WITH SECTION 41C(1C) OF THE PUBLIC FINANCE AND AUDIT ACT 1983 AND THE CHARITABLE FUNDRAISING ACT 1991

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Pursuant to Section 41C (1C) of the *Public Finance and Audit Act 1983*, and the *Charitable Fundraising Act 1991*, and in accordance with a resolution of the Board of Trustees of the Art Gallery of New South Wales Trust, 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 Public Finance and Audit Regulation 2005, applicable Australian Accounting Standards and the Treasurer's Directions;
- (b) In our opinion, the financial statements and notes thereto exhibit a true and fair view of the financial position as at 30 June 2009 and the financial performance for the year then ended;
- (c) The provisions of the *Charitable Fundraising Act 1991*, the regulations under the Act and the conditions attached to the Trust have been complied with;
- (d) In our opinion, the financial statements gives a true and fair view of all income and expenditure with respect to fundraising appeals;
- (e) The balance sheet gives a true and fair view of the state of affairs of the Trust with respect to fundraising appeals; and
- (f) The internal controls exercised by the Trust are appropriate and effective in accounting for all income received and applied by the Trust from any of its fundraising appeals.

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



S Lowy  
President



E G Capon  
Director



P Young  
Chairman  
Finance and Audit Committee



J Wicks  
Assistant Director  
Finance & Resources

Dated: 14 October 2009

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START OF AUDITED FINANCIAL STATEMENTS

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## Income statement

For the year ended 30 June 2009

	Notes	2009 \$'000 Group	2008 \$'000 Group
<b>Income</b>			
Sale of goods and services	2(a)	<b>11,515</b>	9,168
Grants and contributions	2(b)	<b>51,043</b>	47,708
Investment and other income	2(c)	<b>1,996</b>	379
<b>Total income</b>		<b>64,554</b>	57,255
<b>Expenses</b>			
Operating expenses			
Personnel services costs	3(a)	<b>20,036</b>	19,136
Other operating expenses	3(b)	<b>14,832</b>	18,268
Depreciation	3(c)	<b>2,141</b>	2,115
<b>Total expenses</b>		<b>37,009</b>	39,519
<b>SURPLUS FOR THE YEAR</b>		<b>27,545</b>	17,736

## Statement of recognised income and expense

For the year ended 30 June 2009

Net increase in property, plant and equipment asset revaluation reserve	11	–	26,608
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		–	26,608
Surplus for the year		<b>27,545</b>	17,736
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>	11	<b>27,545</b>	44,344

The accompanying notes form part of these financial statements

**Balance sheet**

As at 30 June 2009

	Notes	2009 \$'000 Group	2008 \$'000 Group
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	<b>30,216</b>	35,383
Trade and other receivables	5	<b>2,097</b>	1,537
Inventories	6	<b>967</b>	1,243
<b>Total current assets</b>		<b>33,280</b>	38,163
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	7	<b>9,107</b>	9,617
Property plant and equipment	10		
Land		<b>17,250</b>	17,250
Buildings		<b>158,260</b>	143,355
Plant and equipment		<b>1,801</b>	1,501
Collection assets		<b>813,208</b>	795,023
Total property, plant and equipment		<b>990,519</b>	957,129
<b>Total non-current assets</b>		<b>999,626</b>	966,746
<b>Total assets</b>		<b>1,032,906</b>	1,004,909
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	<b>7,154</b>	6,707
<b>Total current liabilities</b>		<b>7,154</b>	6,707
<b>Non-current liabilities</b>			
Trade and other payables	9	<b>19</b>	14
<b>Total non-current liabilities</b>		<b>19</b>	14
<b>Total liabilities</b>		<b>7,173</b>	6,721
<b>Net assets</b>		<b>1,025,733</b>	998,188
<b>EQUITY</b>			
Reserves	11	<b>325,780</b>	326,067
Accumulated funds	11	<b>699,953</b>	672,121
<b>Total equity</b>		<b>1,025,733</b>	998,188

The accompanying notes form part of these financial statements

## Cash flow statement

For the year ended 30 June 2009

	Notes	2009 \$'000 Group	2008 \$'000 Group
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		<b>(18,588)</b>	(17,954)
Other		<b>(16,837)</b>	(19,094)
<b>Total payments</b>		<b>(35,425)</b>	(37,048)
<b>Receipts</b>			
Sale of goods and services		<b>11,459</b>	9,363
Interest received		<b>2,617</b>	2,479
Grants and contributions		<b>46,057</b>	43,106
Other		<b>3,428</b>	5,031
<b>Total receipts</b>		<b>63,561</b>	59,979
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	13	<b>28,136</b>	22,931
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		<b>1,054</b>	4,893
Purchases of property, plant and equipment		<b>(33,854)</b>	(13,308)
Purchases of investments		<b>(503)</b>	(680)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(33,303)</b>	(9,095)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(5,167)</b>	13,836
Opening cash and cash equivalents		<b>35,383</b>	21,547
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<b>30,216</b>	35,383

The accompanying notes form part of these financial statements

# Notes to and forming part of the financial statements

for the year ended 30 June 2009

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Reporting entity

The Art Gallery of NSW Trust (the Gallery) and its controlled entity, as a reporting entity, (together, the Group), comprises all the activities under the Gallery's control including the Gallery's exhibitions, merchandising, venue hire, and catering as well as the activities of its controlled entity the Australian Institute of Asian Culture and Visual Arts (VisAsia).

Other entities associated with the Gallery but not controlled by the Gallery and hence not consolidated include the Art Gallery of NSW Foundation and the Brett Whiteley Foundation.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated. The presentation adopted does not include a separate column for the parent entity in view of the immateriality of the controlled entity. The financial statements of VisAsia are disclosed separately under Note 12.

The Art Gallery of NSW Trust is a statutory body of the NSW State government. The Gallery is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Group is consolidated as part of the NSW Total State Sector Accounts.

These consolidated financial statements have been authorised for issue by the Board of Trustees on 14 October 2009.

### (b) Basis of preparation

The Gallery's financial report is a general purpose financial report, which has been prepared in accordance with:

- applicable Australian Accounting Standards and interpretation
- the requirements for the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005; and
- the Treasurer's Directions.

Property, plant and equipment, collection assets, and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statements items are prepared in accordance with historical cost convention.

Judgements, key assumptions and estimates that management have made 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.

### (c) Changes to accounting policy

There were no changes to accounting policy this year.

### (d) Statement of compliance

The consolidated financial statements and notes comply with Australian Accounting Standards and interpretation.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective from the current annual reporting period.

### (e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below:

#### (i) Grants and contributions

Grants and contributions include donations and grants from Department of Arts, Sports and Recreation. Grants and contributions from other bodies (including donations) are generally recognised as income when the Gallery obtains control over the assets comprising the grants/contributions. Control over grants and contributions is normally obtained when the obligations relating to the receipt have been met and, in the case of donations, upon receipt of cash.

**Notes to and forming part of the financial statements**

for the year ended 30 June 2009

**(ii) Sale of goods**

Revenue from the sale of goods is recognised as revenue when the Gallery transfers the significant risks and rewards of ownership of the assets.

**(iii) Rendering of services**

Revenue is recognised when the service is provided. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

**(iv) Investment income**

Interest income is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. TCorp Hour Glass distributions are recognised in accordance with AASB 118 *Revenue* when the Gallery's right to receive payment is established. The movement in the fair value of the Hour Glass Investment facilities incorporates distributions receivable as well as unrealised movements in fair value and is reported as 'Investment Income'.

**(f) Personnel services and other provisions****(i) Personnel services arrangements**

The Gallery and Department of Arts, Sports and Recreation (DASR) entered into a memorandum of understanding effective from 1 July 2006 which sets out the arrangements for employment and payment of staff working at the Art Gallery of NSW who are considered employees of the DASR. All payments to personnel and related obligations are done in the DASR name and ABN and are classified as 'Personnel Services' costs in these financial statements.

**(ii) Personnel services – salaries and wages, annual leave, sick leave and on-costs**

Based on the memorandum of understanding with DASR, liabilities for personnel services are stated as liabilities to the service provider DASR. Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

If applicable, long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax, which are consequential to the provision of personnel services by DASR, are recognised as liabilities and expenses where the personnel services to which they relate have been recognised.

**(iii) Long service leave and superannuation**

In the financial statements of DASR, the liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. Consequently the Gallery accounts for the equivalent expense and income in its financial statements to reflect this provision of personnel services.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors, specified by NSW Treasury, to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the NSW Treasury circular TC 09-1. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**(g) Insurance**

The Gallery's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience, asset values and risk.

**(h) Accounting for the Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Gallery as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense: and
- receivables and payables are stated with the amount of GST included.

GST is included on a gross basis in the cash flow statement as operating cash flows. The GST component of cash flows arising from investing and financing activities are also classified as operating cash flows.

**(i) Acquisitions of assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Gallery. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or where applicable the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Gifts of artworks or works acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition and brought to account as assets and revenues for the period.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

**(j) Capitalisation thresholds**

Property, plant and equipment, and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

**(k) Revaluation of property, plant and equipment**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost. The Gallery revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Details of the last revaluations are shown at note 11 and were based on independent assessments.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated. For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit. Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

**Notes to and forming part of the financial statements**

for the year ended 30 June 2009

**(l) Impairment of property, plant and equipment**

As a not-for-profit entity with no cash generating units, the Gallery is effectively exempted from AASB 136 *Impairment of Assets and Impairment Testing*. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

**(m) Assets not able to be reliably measured**

The Gallery does not hold any assets other than those recognised in the Balance Sheet.

**(n) Depreciation of property, plant and equipment**

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Gallery.

All material separately identifiable component assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain heritage assets have an extremely long useful life, including original artworks and collections and heritage buildings because of appropriate curatorial and preservation policies that have been adopted. Depreciation for those items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

Depreciation rates for each category of depreciable assets are as follows:

Plant and Equipment	7-20%
Motor Vehicles	20%
Furniture and Fittings	20%
Office Equipment	33%
Computer Equipment	33%
Catering Equipment	20%
Other Equipment	20%
Building Infrastructure	3-7%

These rates are reviewed annually to ensure they reflect the assets' current useful life and residual values.

**(o) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

**(p) Leased assets**

The Gallery does not have any assets subject to finance leases. Operating lease payments are charged to the Income Statement in the periods in which they are incurred.

**(q) Inventories**

The Gallery's inventories are held for sale and are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

The Gallery does not have any inventories acquired at no cost or for nominal consideration. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(r) Financial instruments policies**

The Gallery's principal financial instruments policies and the main risks arising from financial instruments are outlined below, together with the Gallery's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

These financial instruments arise directly from the Gallery's operations or are required to finance its operations. The Gallery does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

**(i) Financial instruments****(a) Cash & term deposits**

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances and received monthly at the normal commercial rate.

The Gallery has placed funds in bank deposits 'at call' or for a fixed term. The interest rate payable is negotiated initially and is fixed for the term of the deposits. These term deposits are usually held to maturity. The fair value includes the interest accrued as at 30 June each year.

**(b) Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. Any changes are accounted for in the income statement when impaired, derecognised or through the amortisation process. The evidence included past experience and current and expected changes in economic conditions and debtors credit ratings. No interest is earned on trade debtors. The carrying amount approximates fair value. Sales are made on 30-day terms.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(c) Investments**

In accordance with the Investment Policy and in line with NSW Treasurer's Direction, the only equity-based investments permitted are in TCorp, a government-approved investment fund. The Gallery determines the classification of its investments after initial recognition and when allowed and appropriate, re-evaluates this at each financial year end.

*Fair value through profit or loss* – The Gallery investments in TCorp Hour Glass medium- and long-term facilities are classified as 'at fair value through profit or loss' based on its investment strategy. The Gallery's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to the investment horizon. The fair value of these investments is determined by reference to quoted current bid prices at the close of business on the balance sheet date. Any change in unit price impacts directly on profit (rather than equity). The movement in the fair value of the Hour Glass Investment facilities incorporates distributions receivable as well as unrealised movements in fair value and is reported in the line item 'Investment Income'.

These investments are generally able to be redeemed with 24 hours notice. The value of the investments represents the Gallery's share of the value of the underlying assets of the funds and is stated at fair value, based on the market value.

TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

**(d) Held to maturity investments and available for sale investments**

The Gallery does not have any financial assets in these categories.

**(e) Payables**

These amounts represent liabilities for goods and services provided to the Gallery and other amounts, including interest. Trade and other payables are recognised initially at fair value usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(f) Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised as a

liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The Gallery has not granted any financial guarantees. However, refer to note 17 regarding disclosures on contingent liabilities.

**(ii) Risk management**

The Gallery's Risk Management Committee has overall responsibility on behalf of the Board for the establishment and oversight of risk management and reviews and recommends policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Gallery, to set risk limits and controls and to monitor risks. Compliance with policies relating to financial matters is managed by the Finance and Audit Committee and reviewed by the Risk Management Committee on a periodic basis.

The Gallery's Investment Policy and its financial management risk analysis were endorsed by the Finance and Audit Committee, the Risk Management Committee and the Board of Trustees during 2007 and 2008. The policy is reviewed annually by the Risk Management Committee.

The risk analysis reviewed the major risks associated with the financial instruments i.e. credit, liquidity, market, interest rate, currency and other risks. Risk impact area and implications arising from each risk factor is analysed and a risk rating has been assigned. The likelihood and the consequences of each risk were analysed and the controls and risk mitigation strategies confirmed.

**(a) Credit risk**

Credit risk arises when there is the possibility of the Gallery's debtors defaulting on their contractual obligations, resulting in a financial loss to the Gallery. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

The Gallery is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. NSW Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The credit risk for trade debtors is the carrying amount (net of any allowance for impairment).

No collateral is held by the Gallery.

Credit risk associated with the Gallery's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. In accordance with the Gallery's Investment Policy cash and term deposits will only be made in those banks and building societies approved by the Reserve Bank/Australian Prudential Regulatory Authority (APRA) and included in the 'AGNSW Approved List' all of which have A ratings or better and no more than 20% of the Gallery's funds or \$6 million (whichever is the smaller) to be invested in any one institution. The Finance Committee during 2007-08 resolved to confine the deposits to the major banks as an added precaution in the current economic climate.

Gallery deposits held with NSW TCorp are guaranteed by the State. The value that best represents the maximum credit risk exposure is the fair value.

**(b) Liquidity risk**

Liquidity risk is the risk that the Gallery will be unable to meet its payment obligations when they fall due.

The Gallery continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets.

The Gallery has no loans or overdrafts and no assets have been pledged as collateral. An overdraft facility is not considered necessary as arrangements have been put in place to call in term deposits at short notice if needed. A penalty of reduced interest rate may sometimes be incurred.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts due to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW 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 an invoice or a statement is received.

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Gallery endeavours to limit the market risk by investing in NSW TCorp funds which provide diversification through asset allocation over a spread of financial assets (cash, bonds, fixed interest securities and equities)

over medium- and long-term investment horizons. NSW TCorp is required to act in the best interest of the unit holders and to administer the investments accordingly. Notwithstanding these controls, market risk is inevitable in the equity markets, which is subject to global volatility.

(d) **Currency risk**

Currency risk is managed by taking out forward cover on foreign currency contracts as soon as the liability arises.

(e) **Interest rate risk**

Interest rate risk is limited as the Gallery only enters into fixed interest terms on its term deposits. The Gallery has no interest-bearing liabilities and therefore is not exposed to interest rate risk on borrowings.

*(iii) Fair value*

Financial instruments are measured at amortised cost, with the exception of TCorp Hour Glass facilities, which are carried at fair value. As discussed, the value of the Hour Glass investment is based on the Gallery's share of the value underlying assets of the facility, based on the market value. However, the fair value of the other classes of financial instruments approximates their carrying value.

*(iv) Impairment of financial assets*

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Gallery will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the Income Statement, where there is objective evidence.

*(v) De-recognition of financial assets and liabilities*

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire; or if the Gallery transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Gallery has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Gallery has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Gallery's continuing involvement in the asset.

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expired.

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**(s) Current assets held for resale**

Current assets held for sale are recognised at lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are held for sale

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**(t) Bequests and special funds**

The Gallery receives monies and gifts of works of art. The aggregate of these contributions received for the year has been stated as revenue in the 'Bequest and Special Purpose Funds' Income Statement in note 11(b). These revenues provide for expenditure in the current year and in future years. Any revenues unspent in the current year have been carried forward for appropriate expenditure in future years.

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**(u) Trustee benefits**

No Trustee of the Gallery has entered into a material contract with the Gallery or the consolidated entity since the end of the previous financial period and there are not material contracts involving Trustees' interests existing at 30 June 2009.

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**(v) Taxation status**

The activities of the Gallery are exempt of income tax. The Gallery is registered for GST purposes and has gift deductible recipient status.

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**(w) Services provided at no cost**

Where material contributions are made to the Gallery at no charge an expense is recorded in the accounts to reflect activities at the Gallery and is offset by an equivalent revenue entry. Services provided by volunteers are calculated using the actual hours worked at an average museum guide salary rate – refer to note 14.

## Notes to and forming part of the financial statements

for the year ended 30 June 2009

	2009 \$'000 Group	2008 \$'000 Group
<b>2 INCOME</b>		
<b>(a) Sale of goods and services</b>		
Sale of goods		
Merchandise, book and publication sales	4,955	4,510
Rendering of services		
Admission fees	4,809	2,634
Venue hire and catering	1,216	1,182
Other	535	842
	<b>6,560</b>	<b>4,658</b>
	<b>11,515</b>	<b>9,168</b>
<b>(b) Grants and contributions</b>		
From DASR:		
Recurrent grants	20,555	19,632
Capital grants	5,770	13,570
Personnel services benefits and liabilities provided free of charge by DASR	1,297	967
	<b>27,622</b>	<b>34,169</b>
From other institutions and individuals:		
Donations – cash	17,415	8,521
Sponsorship – cash	1,636	1,161
Grants – other	681	222
Sponsorship – in kind	674	353
Donations – works of art	1,419	1,666
Value of services provided by volunteers – note 3(b)	1,596	1,616
	<b>23,421</b>	<b>13,539</b>
	<b>51,043</b>	<b>47,708</b>
<b>(c) Investment and other income</b>		
Investment income		
TCorp Hour Glass investment facilities	(507)	(592)
Interest	1,960	1,763
	<b>1,453</b>	<b>1,171</b>
Workers compensation recovery	13	40
	<b>13</b>	<b>40</b>
Gain/(loss) on disposal of non-current assets		
Proceeds from disposal	1,054	4,893
Written down value of assets disposed	(524)	(5,725)
	<b>530</b>	<b>(832)</b>
	<b>1,996</b>	<b>379</b>

ART GALLERY OF NEW SOUTH WALES TRUST  
**Notes to and forming part of the financial statements**  
for the year ended 30 June 2009

	2009 \$'000 Group	2008 \$'000 Group
<b>3 EXPENSES</b>		
<b>(a) Personnel services costs</b>		
Salaries and wages (including recreation leave)	16,026	15,637
Superannuation – defined benefit plans *	442	452
Superannuation – defined contribution plans	1,247	1,107
Long service leave *	829	488
Workers compensation insurance	326	386
Payroll tax on superannuation *	26	27
Other payroll tax and fringe benefit tax	1,140	1,039
	<b>20,036</b>	<b>19,136</b>
* These are provided free of charge by DASR and a corresponding amount is also shown as grants and contributions.		
There were \$601,735 personnel services costs capitalised and excluded from above.		
<b>(b) Other operating expenses</b>		
Auditor's remuneration – audit of the financial statements	62	67
Cost of sales	2,671	2,756
Travel and accommodation	813	771
Operating lease rental expense – minimum lease payments	191	188
Maintenance (refer reconciliation below)	444	552
Insurance	638	506
Consumables	677	758
Exhibition fees and related costs	1,610	927
Fees – general professional	520	670
Freight, packing and storage	1,073	960
Marketing and promotion	1,179	860
Printing/graphics	466	361
Property expenses	1,627	1,542
Value of services provided by volunteers – note 2(b)	1,596	1,616
Donation to AGNSW Foundation *	–	4,343
Other	1,265	1,391
	<b>14,832</b>	<b>18,268</b>
* This is the proceeds from the sale of the block of units bequeathed by the late Ms Yvonne Diana Buchanan May.		
<b>Reconciliation – total maintenance</b>		
Maintenance expense as above	444	552
Employee-related maintenance expense included in note 3(a)	388	374
Total maintenance expenses included in note 3(a) & 3(b)	<b>832</b>	<b>926</b>
<b>(c) Depreciation expense</b>		
Buildings	1,510	1,545
Plant and equipment	631	570
	<b>2,141</b>	<b>2,115</b>

## Notes to and forming part of the financial statements

for the year ended 30 June 2009

	2009 \$'000 Group	2008 \$'000 Group
<b>4 CURRENT ASSETS – CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,486	619
Short-term deposits	27,730	34,764
	<b>30,216</b>	<b>35,383</b>
For the purpose of the cash flow statement, cash includes cash at bank, cash on hand and short-term deposits. Cash and cash equivalent assets recognised in the balance sheet are reconciled at end of the financial year to the cash flow statement as follows:		
Cash and cash equivalents (as per Balance Sheet)	30,216	35,383
Closing cash and cash equivalents (as per Cash Flow Statement)	30,216	35,383
Refer to note 1(r) for details regarding credit risk, liquidity risk and market risk arising from financial instrument.		
<b>5 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
Trade debtors (sale of goods and services)	227	173
Less: allowance for impairment	–	–
Accrued income	263	412
Other debtors	1,061	281
Prepayments	546	671
Total trade and other receivables	<b>2,097</b>	<b>1,537</b>
	Trade Debtors	Trade Debtors
<b>Movement in the allowance for impairment</b>		
Balance at 1 July	–	(10)
(Increase) / decrease in allowance recognised in income statement	–	10
Balance at 30 June	–	–
<b>6 CURRENT ASSETS – INVENTORIES</b>		
Held for resale		
Stock on hand – at cost	967	1,243
<b>7 NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		
TCorp Hour-Glass investment – medium-term and long-term facilities	9,107	9,617

ART GALLERY OF NEW SOUTH WALES TRUST  
**Notes to and forming part of the financial statements**  
for the year ended 30 June 2009

	2009	2008
	\$'000	\$'000
	Group	Group
<b>8 RESTRICTED ASSETS</b>		
Investments in the following are restricted use assets to the extent that they represent bequests and donations held by the Gallery to be used in accordance with the deed of trust or other documents governing these funds – refer also to note 11(b):		
<b>Bequest and special fund</b>		
Short-term deposits	14,743	13,571
TCorp Hour Glass investment – medium-term and long-term facilities	9,107	9,617
	<b>23,850</b>	23,188
<b>9 CURRENT / NON-CURRENT LIABILITIES – TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,134	2,884
Capital creditors	2,953	1,903
Creditors personnel services:		
Accrued personnel services costs	236	308
Recreation leave	1,463	1,335
Long service leave on-costs	387	291
	<b>7,173</b>	6,721
Current	<b>7,154</b>	6,707
Non-current	<b>19</b>	14
	<b>7,173</b>	6,721

## Notes to and forming part of the financial statements

for the year ended 30 June 2009

**10 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Collection assets \$'000	Total \$'000
<b>At 1 July 2007</b>					
Gross carrying amount	17,250	138,983	8,408	781,740	946,381
Accumulated depreciation and impairment	–	22,775	7,054	–	29,829
At fair value	17,250	116,208	1,354	781,740	916,552
<b>At 30 June 2008</b>					
Gross carrying amount	17,250	168,785	9,005	795,023	990,063
Accumulated depreciation and impairment	–	25,430	7,504	–	32,934
At fair value	17,250	143,355	1,501	795,023	957,129
<b>At 30 June 2009</b>					
Gross carrying amount	<b>17,250</b>	<b>184,189</b>	<b>9,137</b>	<b>813,208</b>	<b>1,023,784</b>
Accumulated depreciation and impairment	–	<b>25,929</b>	<b>7,336</b>	–	<b>33,265</b>
At fair value	<b>17,250</b>	<b>158,260</b>	<b>1,801</b>	<b>813,208</b>	<b>990,519</b>

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the each reporting period are set out below:

**Year ended 30 June 2008**

Fair value at 1 July 2007	17,250	116,208	1,354	781,740	916,552
Additions/transfers	–	2,084	735	14,057	16,876
Disposals	–	–	(18)	(774)	(792)
Depreciation expense	–	(1,545)	(570)	–	(2,115)
Net revaluation increments less revaluation decrements		26,608	–	–	26,608
Fair value at 30 June 2008	17,250	143,355	1,501	795,023	957,129

**Year ended 30 June 2009**

Fair value at 1 July 2008	<b>17,250</b>	<b>143,355</b>	<b>1,501</b>	<b>795,023</b>	<b>957,129</b>
Additions/transfers	–	<b>16,479</b>	<b>952</b>	<b>18,624</b>	<b>36,055</b>
Disposals	–	<b>(64)</b>	<b>(21)</b>	<b>(439)</b>	<b>(524)</b>
Depreciation expense	–	<b>(1,510)</b>	<b>(631)</b>	–	<b>(2,141)</b>
Fair value at 30 June 2009	<b>17,250</b>	<b>158,260</b>	<b>1,801</b>	<b>813,208</b>	<b>990,519</b>

Land was revalued in 2005 at fair value by a registered valuer from the NSW Department of Commerce.

The Gallery's building was revalued in December 2007 at fair value by a senior quantity surveyor from the NSW Department of Commerce.

Library collection was valued in 2006 at fair value by Mr Simon Taaffe, accredited valuer for the Taxation Incentives for the Arts Scheme for Australian books, including artists' books, manuscripts after 1900. Other art works in the collection were valued in 2007 at fair value by Mr Simon Storey MAVA. The increase in value is recorded in the asset revaluation reserve.

These values do not differ materially from their fair values at reporting date.

## 11 CHANGES IN EQUITY

	Accumulated funds total \$'000	Asset revaluation reserve \$'000	Total equity \$'000
(a)			
<b>Balance as at 1 July 2007</b>	<b>654,129</b>	<b>299,715</b>	<b>953,844</b>
Changes in equity – other than transactions with owners as owners			
Surplus for the year	17,736	–	17,736
Increment on revaluation of non-current assets	–	26,608	26,608
Total	17,736	26,608	44,344
Transfers within equity	256	(256)	–
<b>Balance as at 30 June 2008</b>	<b>672,121</b>	<b>326,067</b>	<b>998,188</b>
Changes in equity – other than transactions with owners as owners			
Surplus for the year*	27,545	–	27,545
Total	27,545	–	27,545
Transfers within equity	287	(287)	–
<b>Balance as at 30 June 2009</b>	<b>699,953</b>	<b>325,780</b>	<b>1,025,733</b>

### *Asset Revaluation Reserve*

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Gallery's policy on the 'Revaluation of Property, Plant and Equipment' as discussed in note 1(k).

\* Includes capital grants and donations received for capital expenditure and acquisitions.

	2009 \$'000 Trust	2008 \$'000 Trust
(b) <b>Bequests and special purpose funds</b>		
Included in the total accumulated funds is an amount attributed to the bequests and special purpose funds as follows:		
<b>Revenue</b>		
Sale of goods and services	18	6
Investment income	230	229
Grants and contributions	18,871	9,732
Other income	1,010	139
	<b>20,129</b>	10,106
<b>Expenditure</b>		
Personnel services costs	296	214
Other	368	4,863
	<b>664</b>	5,077
Surplus for the year	<b>19,465</b>	5,029
<b>Equity</b>		
Opening balance	23,188	27,423
Transfers	166	1
Art acquisitions	(18,969)	(9,265)
Surplus for the year	19,465	5,029
Closing balance	<b>23,850</b>	23,188

## Notes to and forming part of the financial statements

for the year ended 30 June 2009

**12 CONTROLLED ENTITIES****The Australian Institute of Asian Culture and Visual Arts Ltd (VisAsia)**

The principal activities of VisAsia is the raising of funds for the promotion of an understanding and appreciation of Asian culture through the arts.

As a controlled entity of the Art Gallery of New South Wales Trust, the opening result, assets and liabilities have been incorporated into the financial statements.

	2009 \$'000 VisAsia	2008 \$'000 VisAsia
<b>Income statement</b>		
Income		
Interest income	63	74
Donations & sponsorships	182	261
	<b>245</b>	<b>335</b>
Expenses		
Other	215	315
<b>SURPLUS FOR THE YEAR</b>	<b>30</b>	<b>20</b>
<b>Balance sheet</b>		
Cash and cash equivalents	1,198	1,161
Trade and other receivables	6	12
Trade and other payables	(6)	(5)
<b>Net assets</b>	<b>1,198</b>	<b>1,168</b>
Accumulated funds	1,198	1,168
<b>Total equity</b>	<b>1,198</b>	<b>1,168</b>

These amounts, net of inter-entity transactions and balances, have been included within the financial statements of the Group under the corresponding classifications.

	2009 \$'000 Group	2008 \$'000 Group
--	-------------------------	-------------------------

**13 RECONCILIATION OF THE SURPLUS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Surplus for the year	27,545	17,736
Net (gain)/loss on sale of non-current assets	(530)	832
Depreciation	2,141	2,115
(Increase)/decrease – other financial assets	1,013	1,305
Gifts of works of art	(1,419)	(1,666)
Increase/(decrease) in trade and other payables	(598)	1,054
(Increase)/decrease in trade and other receivables	(292)	1,306
(Increase)/decrease in inventories	276	249
<b>Net cash flows from operating activities</b>	<b>28,136</b>	<b>22,931</b>

ART GALLERY OF NEW SOUTH WALES TRUST  
**Notes to and forming part of the financial statements**

for the year ended 30 June 2009

	2009	2008
	\$'000	\$'000
	Group	Group

#### 14 NON-CASH FINANCING AND INVESTING ACTIVITIES

The following non-cash transactions are included in the financial statements for the year:

Donations of assets – brought to account by creating an asset and crediting non-cash donations

Works of art	1,419	1,666
--------------	-------	-------

The following items are brought to account as expenses in the income statement and are credited as income in the form of non-cash sponsorships, non-cash donations or services provided free of charge:

Services provided by volunteers	1,596	1,616
Advertising, freight, accommodation, travel, legal fees and similar expenses	674	353

#### 15 FINANCIAL INSTRUMENTS

The Gallery's principal financial instruments are outlined below.

##### (a) Financial instrument categories

Financial assets	Note	Category	Carrying amount	Carrying amount
Trade debtors		Not past due	221	165
		Past due < 3 months	6	8
	5	Trade debtors – total	227	173

The Gallery is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no impaired debtors as at 30 June 2009.

Financial assets at fair value	7	At fair value through profit or loss designated as such upon initial recognition	9,107	9,617
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##### Term deposits

The securities at balance date were earning an average interest rate of 3.4% (2008 7.8%) and over the year the weighted average interest rate was 6.1% (2008 7.4%) on a weighted average balance of \$32,395,000 (2008 \$23,758,000)

##### TCorp Hour Glass Investment facilities

The Gallery has investments in the following TCorp Hour Glass Investment facilities. The Gallery's investments are represented by a number of units in managed investments within the facilities.

Facility	Investment sectors	Investment horizon		
Medium term growth facility	cash	4 years to 7 years	4,405	4,374
Long term growth facility	cash	7 years and over	4,702	5,243
Total			9,107	9,617

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

## Notes to and forming part of the financial statements

for the year ended 30 June 2009

		2009 \$'000 Group	2008 \$'000 Group
<b>(b) Sensitivity analysis</b>			
	Change in unit price %	Impact on profit/loss	
Medium-term growth facility	+/- 7.50	<b>330</b>	328
Long-term growth facility	+/- 15.00	<b>705</b>	786

**Returns**

Medium-term growth facility	Achieved	<b>0.73%</b>	-0.57%
	Benchmark	<b>0.15%</b>	-0.79%
Long-term growth facility	Achieved	<b>-10.33%</b>	-10.27%
	Benchmark	<b>-10.88%</b>	-10.51%

**Payables**

## Financial liabilities

Trade and other payables – non-interest bearing	<b>7,173</b>	6,721
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The table below summarises the maturity profile of the Gallery's financial liabilities.

	Maturity dates		
	< 1 yr	1–5 yr	> 5 yrs
<b>2009 payables</b>			
Accrued salaries	236	–	–
Creditors	3,741	–	–
	<b>3,977</b>	–	–
<b>2008 payables</b>			
Accrued salaries	308	–	–
Creditors	3,340	–	–
	<b>3,648</b>	–	–

**16 POST BALANCE DATE EVENTS**

There are no significant post balance events that will impact the financial statements.

**17 CONTINGENT LIABILITIES**

The Treasury Managed Fund normally calculates hindsight premiums each year. There are no other contingent liabilities. (2008 Nil)

	2009	2008
	\$'000	\$'000
	Group	Group

## 18 COMMITMENTS FOR EXPENDITURE

### (a) Capital commitments

There are \$9,898,261 (incl GST) capital commitments outstanding as at 30 June 2009. (2008 Nil).

### (b) Other expenditure commitments

There are no material other expenditure commitments outstanding as at 30 June 2009. (2008 Nil)

### (c) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	160	166
Later than one year and not later than five years	85	394
<b>Total (including GST)</b>	<b>245</b>	<b>560</b>

The total operating lease commitments above include input tax credits of \$22,270 (2008 \$50,900) that are expected to be recovered from the Australian Taxation Office. There were no other contingents assets as at 30 June 2009.

The Gallery leases a number of industrial units for off-site storage. Lease rentals (including GST) are payable to the lessors monthly in advance. Bank guarantees have been given in lieu of security deposits.

The lease commitments also include the lease payments of a motor vehicle from State Fleet.

## 19 RESULTS OF FUNDRAISING APPEALS

The Gallery receives many donations of cash and artworks as a result of its day to day activities. In addition, fundraising dinners and other special fundraising events were conducted during the year and the results are as follows:

Donation – in cash		3,885	280
Sponsorship – in cash		211	25
Other fundraising		147	198
Gross income from fundraising	A	4,243	503
Cost of fundraising	B	359	166
Net surplus from fundraising	C	3,884	337
Cost of services provided	D	2,760	130
Transferred accumulated funds		1,124	207
		<b>3,884</b>	<b>337</b>

The following ratios are provided:

Cost of fundraising to gross income from fundraising	B/A	8%	33%
Net surplus from fundraising to gross income from fundraising	C/A	92%	67%
Cost of services provided to total expenditure	D/(B+D)	88%	44%
Cost of services provided to gross income from fundraising	D/A	65%	26%

**Notes to and forming part of the financial statements**

for the year ended 30 June 2009

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**20 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Gallery did not early adopt any new accounting standards and interpretations that are not yet effective. At the date of authorisation of the financial statements, the following Standards and Interpretations were on issue and applicable to the Gallery, but not yet effective:

AASB 3 'Business Combinations' that is operative for 30 June 2010 and 31 December 2010 year ends

AASB 8 'Operating Segments' that is operative for 31 December 2009 and 30 June 2010 year ends

AASB 101 'Presentation of Financial Statements', that is operative for 31 December 2009 and 30 June 2010 year ends

AASB 123 'Borrowing Costs' that is operative for 31 December 2009 and 30 June 2010 year ends

AASB 127 'Consolidate and Separate Financial Statements' (Revised), that is operative for 31 December 2009 and 30 June 2010 year ends

AASB 1039 'Concise Financial Reports' that is operative for 31 December 2009 and 30 June 2010 year ends

The Gallery has assessed the impact of these new standards and interpretations and considers the impact to be insignificant.

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END OF AUDITED FINANCIAL STATEMENTS

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## General access information

### Access

The Gallery is open every day except Easter Friday and Christmas Day between the hours of 10am and 5pm. The Gallery is open late each Wednesday night until 9pm. General admission is free. Entry fees may apply to a limited number of major temporary exhibitions.

### Guided tours

Volunteer guides offer a range of free guided tours of the collection and major exhibitions.

**General tours:** daily one-hour tours revealing highlights of the collection and the Gallery. Mondays, 1pm and 2pm; Tuesdays to Sundays, 11am, 1pm and 2pm.

**Yiribana tours:** of the Aboriginal and Torres Strait Islander gallery. Daily, 1pm.

**Asian galleries tours:** daily, 12 noon.

**Community ambassador tours:** Asian-language tours of the permanent collection: Japanese – Fridays, 11am; Cantonese – Tuesdays, 11am; Mandarin – Thursdays, 11am.

**Signing Art:** Auslan-interpreted tours. Last Sunday of each month (excluding December/January), 1.30pm.

**In Touch at the Gallery:** sensory exploration tours for the blind and vision impaired. Available for booked groups or individuals at any time during Gallery opening hours. Two weeks' notice required.

**Private groups:** tours tailored to the needs of groups. During Gallery hours or with private evening functions. Inquiries phone (02) 9225 1703.

### Exhibitions and events information

A free regular publication *Highlights*, which details current exhibitions, public programs, including guided tours, films, lectures and performances, visitor facilities, access information and opening hours, is available from the Gallery.

An email newsletter covering exhibitions, courses, lectures, special events, films and workshops is published monthly. You can register for this electronic information service on our website ([www.artgallery.nsw.gov.au/aboutus/artmail](http://www.artgallery.nsw.gov.au/aboutus/artmail)) or email us at [artmail@ag.nsw.gov.au](mailto:artmail@ag.nsw.gov.au) and let us know you want to subscribe.

### Research library and archive

The Gallery's research library and archive is open to the public Tuesdays to Fridays between 10am and 4pm (excluding public holidays) and until 7.30pm each Wednesday night. The library is located on lower level 1 and has the most comprehensive collection of fine art books in NSW. Inquiries phone (02) 9225 1785.

The library provides a free opinion, conservation and identification service (excluding valuations) every Thursday, 10am to 12 noon.

### Study room for prints, drawings and photography

The study room for prints, drawings and photography, located on lower level 2, is open to the public weekdays, 10am to 4pm, excluding public holidays. The study room assistant will attend to and supervise visitors. Appointments are advisable but not essential. School groups are welcome. Inquiries phone (02) 9225 1758.

### Brett Whiteley Studio

Located at 2 Raper Street, Surry Hills, the Brett Whiteley Studio is open Saturdays and Sundays, 10am to 5pm, except Christmas Day. On Thursdays the studio is open by appointment for education groups. Admission is free. Inquiries phone (02) 9225 1740.

### Photography

Photography of the permanent collection is allowed by members of the public providing no flash or tripods are used. Photos are not to be taken of special exhibitions or photography works. Quality photographs of the collection can be obtained from the Gallery's image reproduction officer. Photography for publication or other commercial purposes is allowed only after written application to the Gallery. Inquiries phone (02) 9225 1798.

### Gallery shop

Open daily, 10am to 5pm, Wednesday night until 8.45pm, the Gallery Shop offers the finest range of art books in Australia and also specialises in school and library supply. The shop stocks an extensive range of art posters, cards, replicas and giftware. Inquiries phone (02) 9255 1718. A selected range of Gallery Shop merchandise is also available online ([www.artgallery.nsw.gov.au/shop](http://www.artgallery.nsw.gov.au/shop)).

### Cafe and restaurant

The cafe is situated on lower level 1 and is open daily, 10am to 4.30pm, Wednesday night until 8.45pm operating as the ArtBar. The restaurant is situated on the ground floor and is open daily, 11am to 4.30pm. For restaurant bookings phone (02) 9225 1819.

The Gallery is also available for private exhibition viewings and functions in the evenings. For venue hire inquiries phone the Gallery's venue manager on (02) 9225 1836.

### Visitors with special needs

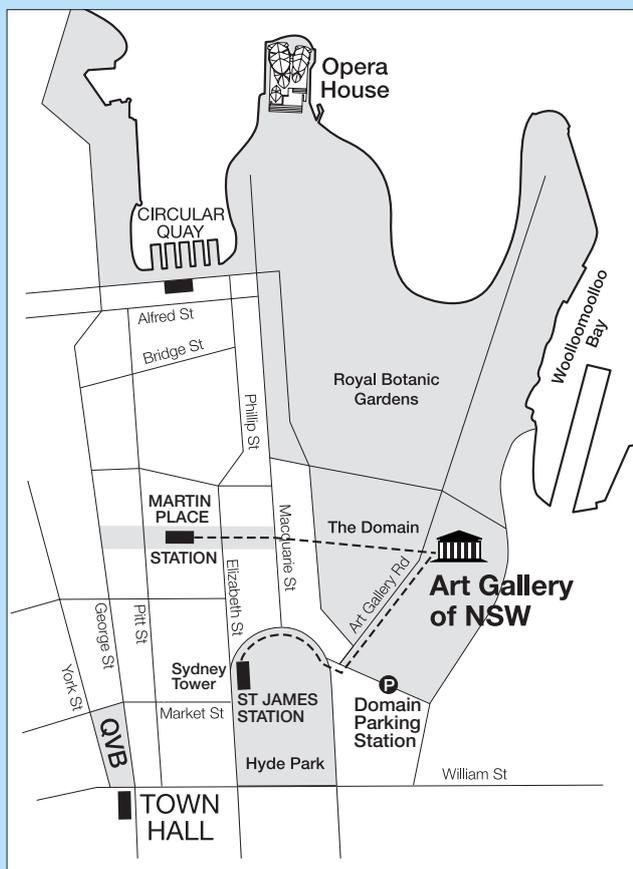
Wheelchairs are available at the Gallery's rear entrance, where there is a ramp and an elevator giving access to most parts of the Gallery. The Gallery's rear carpark has two designated spaces for the disabled, but it is advisable to confirm availability by phoning (02) 9225 1775. The Domain Theatre and Centenary Auditorium are fitted with audio induction-loop systems and an FM-transmitter system is used for guided tours if requested. Signing Art tours conducted for deaf people, using Auslan, are held on the last Sunday of every month at 1.30pm (excluding December/January). The service is free apart from exhibition entry fees, if applicable.

### Membership

You are invited to join the Art Gallery Society of New South Wales and share in the many pleasures of membership. Stay informed about what's on in the Gallery, choose from over 200 special events and enjoy membership privileges and priorities all year long. Inquiries phone (02) 9225 1878.

### 2008-09 annual report production

The total external costs incurred in the production of the Gallery's 2008-09 Annual Report are approximately \$32 000 (this includes design, text editing, print management and print production). The report, in hard copy, is provided free to key stakeholders and other interested parties. It is printed on paper certified by the FSC (Forest Stewardship Council); the main text is on 55% recycled paper, and the appendices and financial pages on 100% recycled post consumer waste. It is also available as free downloadable pdf files, divided into three key segments (main text, appendices, financial statements), in the About Us section of our website ([www.artgallery.nsw.gov.au/aboutus](http://www.artgallery.nsw.gov.au/aboutus)). The annual report team this year was: report coordinator: Trish Kernahan; editor: Margaret Malone; designer: Vivien Sung; photographers: Jenni Carter, Felicity Jenkins, Johan Palsson, Diana Panuccio, Maya Kanamori; Andrew Quilty; copyright clearance: Donna Brett.



### Contact information

**Physical and postal address:**  
 Art Gallery of New South Wales  
 Art Gallery Road  
 The Domain  
 SYDNEY NSW 2000

### Electronic communications:

Administration switchboard  
 (02) 9225 1700  
 Information desk (02) 9225 1744  
 Recorded 'What's on' information  
 (02) 9225 1790  
 TTY (02) 9225 1808  
 Australia-wide toll-free number  
 1800-NSW-ART (1800-679-278)  
 General facsimile (02) 9225 1701  
 Website: [www.artgallery.nsw.gov.au](http://www.artgallery.nsw.gov.au)  
 Email: [artmail@ag.nsw.gov.au](mailto:artmail@ag.nsw.gov.au)

### Social networking:

Join us on Facebook:  
[www.facebook.com/artgalleryofnsw](http://www.facebook.com/artgalleryofnsw)  
 See photographs on Flickr:  
[www.flickr.com/photos/31243265@n02/](http://www.flickr.com/photos/31243265@n02/)  
 Follow us on Twitter:  
[twitter.com/artgalleryofnsw](https://twitter.com/artgalleryofnsw)  
 Watch us on YouTube:  
[www.youtube.com/user/artgallerynsw](http://www.youtube.com/user/artgallerynsw)

### Getting here

**Buses:** Bus 441 stops at the Gallery en route to the Queen Victoria Building. The service runs every 20 minutes on weekdays and every 30 minutes on weekends. Call the STA on 131 500 or visit [www.131500.info](http://www.131500.info) for more details. The Gallery is on the Sydney Explorer bus route – stop 6. A free courtesy minibus operates 7pm to 9.30pm every Wednesday night. It makes its final run from the Gallery at 9.15pm. The bus loops down past Mrs Macquarie's Chair, then on to the Domain Parking Station, Wilson Parking Station (Sydney Hospital) and Martin Place train station.

**Trains:** closest train stations are St James and Martin Place. Both are a ten-minute walk.

**Bike racks:** are situated on either side of the front entrance.

**Parking:** There is limited metered parking outside the Gallery and additional metered parking in Mrs Macquarie's Road. The Domain Parking Station is open daily with a special discount rate of \$12 for 3 hours (weekdays only) for visitors to major exhibitions with admission charges. Just have your parking ticket stamped by our staff at the information desk on the ground floor.

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