



**THE ROYAL AGRICULTURAL SOCIETY OF VICTORIA LIMITED**

1999/2000 ANNUAL REPORT

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EXCELLENCE IN AGRICULTURE



*The Society's Mission is ...  
to enhance the profitability of agribusiness.*



## COUNCILLORS JUNE 2000

### Life Councillors

R. T. Balderstone CMG, MC  
A. C. Bolt  
J. K. Buchanan AM  
J. M. Burston  
R. M. Butler  
Sir Rupert Clarke Bart AM MBE  
W. D. Crowley QPM  
E. Drinkwater  
K. A. Finlin  
C. B. Gardiner  
J. M. Gardiner  
R. B. Gerrard MBE  
A. Gibson  
W. McL. Greaves  
J. G. W. Head OAM  
G. Howell  
C. R. Kelly  
J. W. Kelly  
R. B. Langdon  
C. D. Moore  
I. K. Morton AM  
J. W. Rae OAM

J. S. A. Rebb  
A. J. Russell  
G. R. Starritt AM OBE  
F. R. I. Stephens  
K. W. Urquhart  
Hon. V. Wilcox CBE QC  
G. P. H. Wilson CMG

### Council Members

J. Allen  
J. Balfour Brown  
D. G. Beard  
W. R. R. Beggs AM  
R. S. Bell  
T. J. Bucknall  
R. C. A. Clarke  
B. M. Crotty  
N. A. Edwards APM  
Prof. L. Falvey  
C. J. Fox  
R. F. Haselgrove  
W. H. Hill

K. Jordan  
N. E. King  
J. R. Latta  
B. E. Laws  
E. R. Lithgow  
C. R. Lyoris  
P. McMahon  
M. T. Marriott  
F. J. Neeson  
D. Nicholas  
G. J. Phillips  
B. W. A. Redpath  
P. J. B. Ronald  
I. McC. Rough  
A. F. Rowden  
J. H. Seymour  
S. Shelmerdine  
G. J. Sheppard  
G. B. Starritt  
I. McK. Starritt  
J. C. Watson



## THE SOCIETY



**T**he Royal Agricultural Society of Victoria makes a unique contribution to Victoria.

Each year it brings the country to the city for the Royal Melbourne Show - to showcase the best in agriculture and rural lifestyle through competition, education, sporting activities, food and much more.

The Show is the culmination of the year in Victorian agriculture and agricultural businesses. A total of 132 regional Shows and Field Days, conducted under the auspices of, and in co-operation with, the Victorian Agricultural Societies Association, lead into the Royal Melbourne Show. The Field Days and commercial competitions include the Commercial Dairy Herd of the Year, the Share Dairy Farmer Competition, the Victorian Farm Management Competition, and the Commercial Flock of the Year Competition.

The Show provides an economic benefit to the State of approximately \$130 million a year, creating 4050 full time job equivalents (PGI Research 1998).

The Royal Agricultural Society of Victoria had its origins in 1848. The first Agricultural Show was held in 1871 at Emerald Hill. Twelve years later the first Show was held at our present Ascot Vale home.

The Society's Mission is to provide:

- A medium for competition in and promotion of agricultural outputs
- A venue for agriculturally based education and entertainment

... so that we enhance the profitability of agribusiness.





*We must  
modernise.*



*The  
Melbourne  
Showgrounds  
must be  
redeveloped.*



*We must  
be up  
with the  
best.*





## PRESIDENT'S MESSAGE



Everyone loves a challenge.

Right now The Royal Agricultural Society of Victoria is facing one of the biggest challenges in its history - to prove that it is continuing to move ahead without destroying its rich heritage.

We have established beyond doubt over the past 152 years that we enhance the profitability of agribusiness through our programs and activities, which leads to relevance in agriculture.

Now we must modernise. We must be up with the best in work practices, in the development of agriculture-based competitions and programs, and above all in the provision of Show facilities for all stakeholders.

In my view, if you consider the enormous diversity that exists across rural and regional Victoria, from the olive groves of the Little Desert to cheese production in East Gippsland, then the Showgrounds can be imagined as fulfilling a function not unlike that of a national embassy in a foreign country. That is, as a central representative location from which the great diversity of the country it represents can be accessed in a variety of ways.

**Jack Seymour**  
PRESIDENT

As 'The Embassy of Victorian Agriculture', the Melbourne Showgrounds must be redeveloped. To realise our objectives, we are working in partnership with the government and are seeking major support from them for the first time in our history.

Is this achievable? At this stage in our discussions I am confident of the Government's willingness and interest to support us. This Government has proved it is action-orientated.

Thank you members for continuing to support us during the negotiations.

We can demonstrate to them the very positive economic and social benefits for Victoria of the Showgrounds and the Royal Melbourne Show. I believe this could help make the Showgrounds one of their top priorities for Government support.

That is our major challenge for the year 2000 and I am appreciative of the support of our Board, Council and Chief Executive during the past year in preparing for this challenge.



*Such results are vital for the financial viability of The Society*



## A MESSAGE FROM THE CHIEF EXECUTIVE



Fig.1



Fig.2

The result for the year to 31 March 2000 has seen a strong Operating Profit before Depreciation of \$2 083 905 (LY \$1 665 759) and the lowest ever ratio of Operating Expenses to Revenue (84.7%) demonstrating the benefits of the improved planning and productivity gains over the last few years. (See Fig. 1). This has allowed us to reduce borrowings by \$1 605 188 in this financial year, over \$1m of which can be viewed as a permanent reduction in indebtedness.

Such results are vital for the ongoing financial viability of the Society as we continue to seek ways to redevelop the Showgrounds in partnership with Government.

With or without redevelopment, however, the Society's future viability depends on our ability to achieve financial security as well as satisfying the increasingly sophisticated customer needs in a highly competitive market. As such a three year Strategic Business Plan was produced and adopted by the Board with two clear objectives:

- Achieving financial viability
- Completing planned redevelopment.

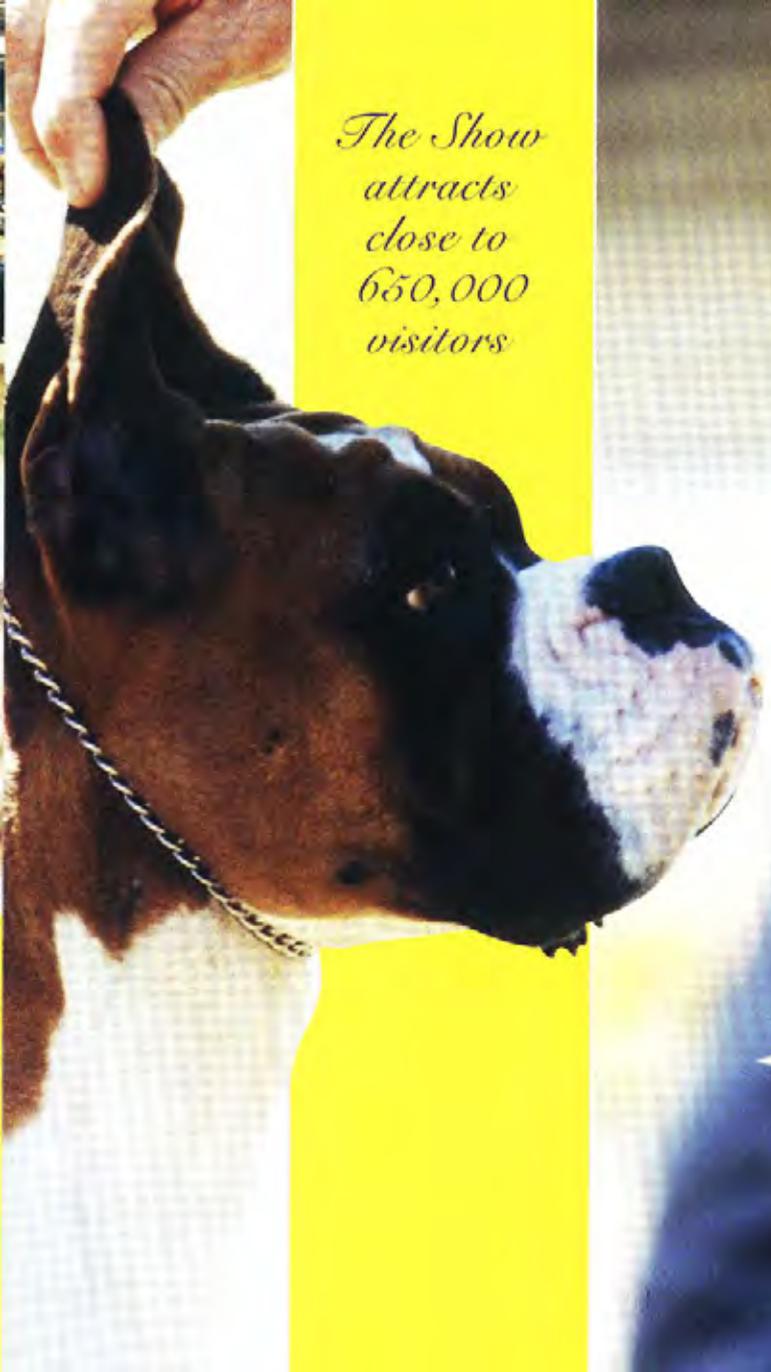
Given our financial resources, strategies were prioritized to provide for sustainable and profitable growth (See Fig. 2).

After the Royal Melbourne Show a major research study was undertaken involving quantitative work, focus groups and one on one interviews. A key objective was to ascertain the views of lapsed showgoers - a vital group for us to attract back. We are confident that a number of the initiatives planned for the 2000 Royal will address their needs whilst continuing to appeal to the very large number of regulars.

I would like to thank the staff for their great efforts this last year; the Board for its direction; the Council for their positive and active help in putting on the Shows; our customers and stakeholders for their loyalty; and you the members for your continuing support.

I look forward to seeing you in September.

**Peter Payne**  
CHIEF EXECUTIVE



*The Show  
attracts  
close to  
650,000  
visitors*



*Live  
demonstrations  
and  
performances*



*Lots  
of new  
attractions*



## HIGHLIGHTS OF THE YEAR



Left: David Foster



**T**he 1999 Royal Melbourne Show attracted a total of about 650,000 visitors following the introduction of a fully automated ticketing system.

More than 32,000 entries were received, with numbers up in many sections including beef cattle, alpacas, sheep and woodchop.

The Melbourne Royal continues to be one of the most coveted in many sections – particularly **Horses**, where a large number of A Grade Showjumpers competed including many who will represent Australia at the Sydney Olympics and Caroline Wagner won her third Garryowen, this time on Trent Nathan who also won Champion Hack of the Show. **Dogs**, where we introduced a new system for judging Best in Show now being followed around Australia – in 1999 won by the McRae's Great Dane 'Liebendane';

**Beef Cattle**, where some 32 breeds competed, whilst the Booth's Red Angus from Chinchilla (Queensland) won the Supreme Interbreed; **Alpacas**, with some 235 entries; **Art & Craft** with over 5,000 entries demonstrating the great creativity drawn to the Show, with Nancy Cookson winning the Florence Monod Award, and a highly successful schools competition.

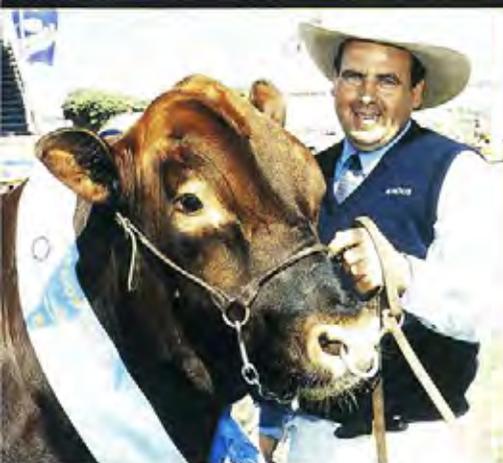
**Woodchop**, where David Foster won his 175th World Championship and New Zealand beating Australia in the Under 21 Test Match.

Melbourne Royal also enjoys an outstanding reputation for its animal and educational attractions – with three totally new developments in 1999

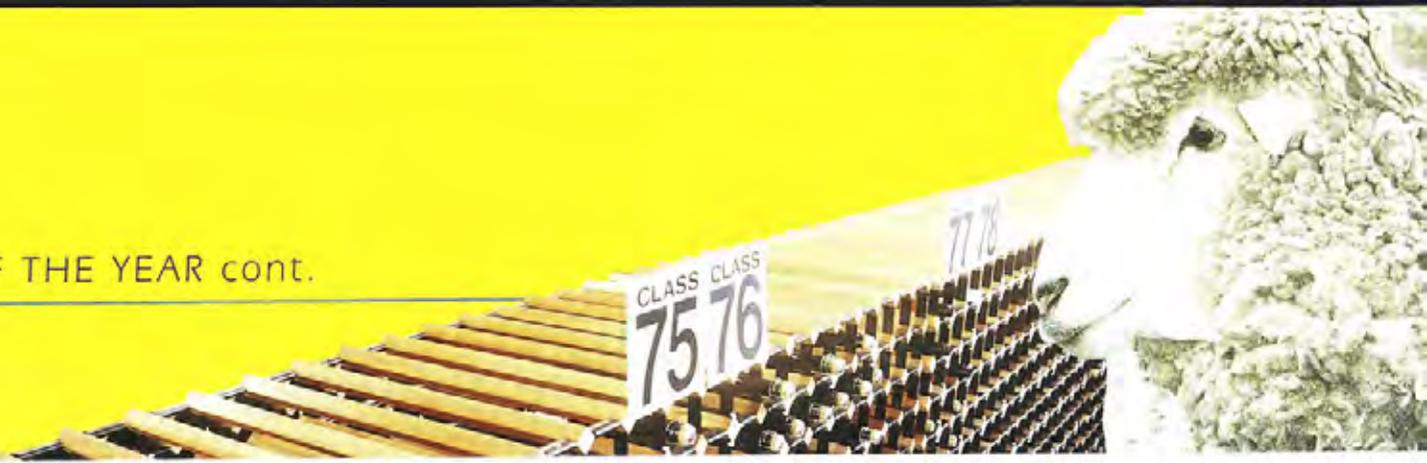
**Fantastic Farm Animal Kingdom** which took visitors directly into a farmyard; **Mootown Dairy Industry Showcase** where visitors watched 'live' milking demonstrations and then were taken through the production of dairy products from farm-to-fridge and **Lone Star Country Music Muster** which featured many of the best country music performers and quality food & beverages.

A great variety of food was available at very affordable prices – from Stavros Tavern to Top of the Bay fish & chips, Lone Star steaks & hamburgers, KFC chicken, Pizza Hut and many more. In addition, the Showtime food experience is enhanced by the Dairy Pavilion, Meat Hall and Horticultural Halls, all of which provide wonderful samples.





## HIGHLIGHTS OF THE YEAR cont.



• **The 2000 Royal Melbourne Horse Show (6-10 Jan)** was staged with great success with more than 3000 horses competing in some 700 classes in 25 different sections, including a new Western Breeds section, plus competitions for Pony Clubs, Shetlands, Arabian and Welsh Mountain ponies, Thoroughbreds, Standardbreds, Stock horses, Miniature horses, Riding for the Disabled and the VASA saddle horse championships.

• **The 1999 Melbourne Sheep and Wool Show (16-19 July)** was conducted in partnership with the Australian Sheep Breeders' Association (ASBA) for the fifth year in succession. Outstanding entries were received in the stock sections, and entries in the ram sales and woolcraft competitions remained consistently high in terms of numbers and quality. Regrettably, the partnership with the ASBA has concluded because of an inability to obtain an appropriate level of sponsorship for the Show to continue in the city of Melbourne.

• **The 1999 Royal Melbourne Dairy Show (23-27 August)** conducted with the support of the Australian Dairy Corporation, attracted strong entries in all classes. This major industry event judges the finest dairy products including cheese, butter, ice cream, yoghurt, chocolate, cheesecake and dairy desserts. The Grand Champion Cheese Award was won by United Milk Tasmania for its *Mild Cheddar*.

• **The 1999 Royal Melbourne Wine Show (30 July - 4 August)** attracted a record 3670 entries, surpassing the previous record of 3329 in 1998. The coveted Jimmy Watson Trophy was awarded to *Wolf Blass' Cabernet Sauvignon 1998*. The Premier's Gold Trophy for Victorian Wine was awarded to Morris Wines for its *Rare Liqueur Tokay Muscadelle Blend*.

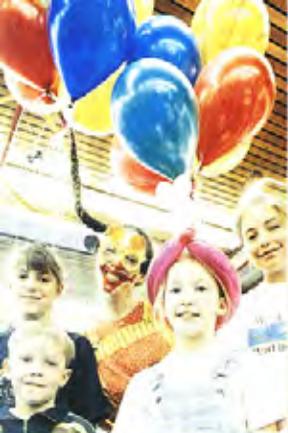
• **The 1999 Liquorland Australian International Beer Awards (27 May - 2 June)** run by the Society in conjunction with the University of Ballarat, attracted 445 entries from Australia and overseas. *Hahn Premium Lager* produced by Tooheys Pty Limited of Sydney was awarded the Grand Champion title. The Premier of Victoria is Patron of the Awards.

• **Commercial farming competitions** run by the Society throughout the year included *The Commonwealth Bank Victorian Farm Management Competition*, *The Genetics Australia Dairy Herd of the Year*, *The Genetics Australia Share Dairy Farmer of the Year* and *The Stock & Land Commercial Flock of the Year*. All attracted strong entries and the public Field Days were well attended. The Society is most appreciative of the support from the Victorian Agricultural Societies Association and the Victorian Government through the Department of Natural Resources and Environment.

### Venue Management - Melbourne Showgrounds

We continue to improve the year round utilisation having identified six priority markets on which we are focusing.

- We won the TET Festival which saw 38,000 of Victoria's Vietnamese community celebrate their New Year (5 & 6 February).
- Some 23,000 people enjoyed the 17th Oktoberfest (22-24 October)
- Big Day Out (23 January) was the largest ever with over 45,000 people
- We continue to work hard with our neighbours in implementing the Community Charter outlined in the Amended Planning Scheme, which was accepted by the Appeals Panel and now awaits Ministerial approval
- A large number of Retail sales continue to be held from the monthly Computer Swap to the pre & post Christmas sales of household goods and toys.
- Our business partnership with Michael O'Brien Catering ensures a quality and flexible food offering both at Showtime and year round with great variety at affordable prices.



## CORPORATE GOVERNANCE



The Directors are responsible for the Corporate Governance practices of The Society and are elected by Council, who in turn are elected by the Membership. The main Corporate Governance practices that were in operation throughout the financial year are summarised below.

### Board of Directors

The Board carries out its responsibilities according to the following mandate:

- the Board should comprise 10 Directors;
- other than the Chief Executive, Directors must be Councillors of The Society and consequently non executive;
- the Board shall not be paid remuneration;
- the Chairman of the Board is also the President of The Society;
- the Directors should possess a broad range of skills, qualifications and experience;
- the Board should meet on a regular basis, with at least 11 meetings each year;

The primary responsibilities of the Board include:

- the establishment of policy in relation to the long term goals of The Society;
- approving strategic and business plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of The Society and monitoring the results on a regular basis;
- the appointment of the Chief Executive and approval of executive remuneration;
- the approval of the annual financial statements; and
- ensuring that regulatory and ethical standards are met, and business risks are effectively monitored and managed.



## CORPORATE GOVERNANCE cont.



### Human Resources Committee

The Human Resources Committee generally oversees The Society's human resources policies, procedures and current philosophies related to the management of human resources. In particular it reviews the remuneration of the senior executive and makes recommendations to the Board.

The Committee is also responsible for the identification of prospective participants on Board Committees for recommendation to the Board.



### Audit Committee

The Audit Committee is charged with:

- providing a forum for the effective communication between the Board and the external auditors;
- reviewing and recommending the adoption of the annual financial statements by the Board;
- reviewing the effectiveness of management information systems and systems of internal control; and
- assessing the efficiency and effectiveness of the external audit function, including reviewing the audit plans and audit fees.

The Chief Executive and the Chief Financial Officer are represented on the Committee in an ex-officio capacity and the external auditors are generally invited to attend Committee meetings. The Audit Committee also meets with, and receives regular reports from, the external auditors concerning matters which arise in connection with the performance of their audit role, including the adequacy of key internal controls.

### Nomination Committee

Responsible for assisting the Board and Council in identifying and recruiting personnel with relevant qualifications, skills and experience, who are capable of supporting the aims and objectives of The Society, and help in advancing its long term viability and agricultural relevance.

The Committee is specifically responsible for:

- the review of Council, Committees and Board structures;
- devising procedures and criteria (including experience, mix of skills, and other qualities and competencies) for Board, Council and Committees membership;
- Assessing the effective balance of the Board as a whole, and its Committees



#### Risk Management

The Board is responsible for The Society's system of internal controls. The Board constantly monitors the operational and financial aspects of The Society's activities and through the Audit Committee, the Board considers the recommendations and advice of external auditors and other external advisers on operational and financial risks that face The Society. Where considered necessary, appropriate action is taken to ensure that The Society has an appropriate internal control procedure in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified personnel.

#### Code of Conduct

As part of its commitment to a high standard of conduct, The Society adopts a Code of Conduct to guide executive management and employees in carrying out their duties and responsibilities. The Code of Conduct covers such matters as:

- responsibilities to stakeholders;
- relations with key customers and suppliers;
- employment practices;
- responsibility to the community; and
- guiding principles for the way The Society wishes to conduct its business.

#### Political Activity

The Society is politically impartial and it does not provide donations to any political party.

Left: Councillor Jane Allen  
Australian Stock Horse Lady Rider of the year



## ACTIVITIES OF THE SOCIETY

**T**he Royal Agricultural Society of Victoria is responsible for the Royal Melbourne Show, conducted over 11 days in September each year. The Show is the biggest event held in Victoria each year, attracting close to 650 000 people.

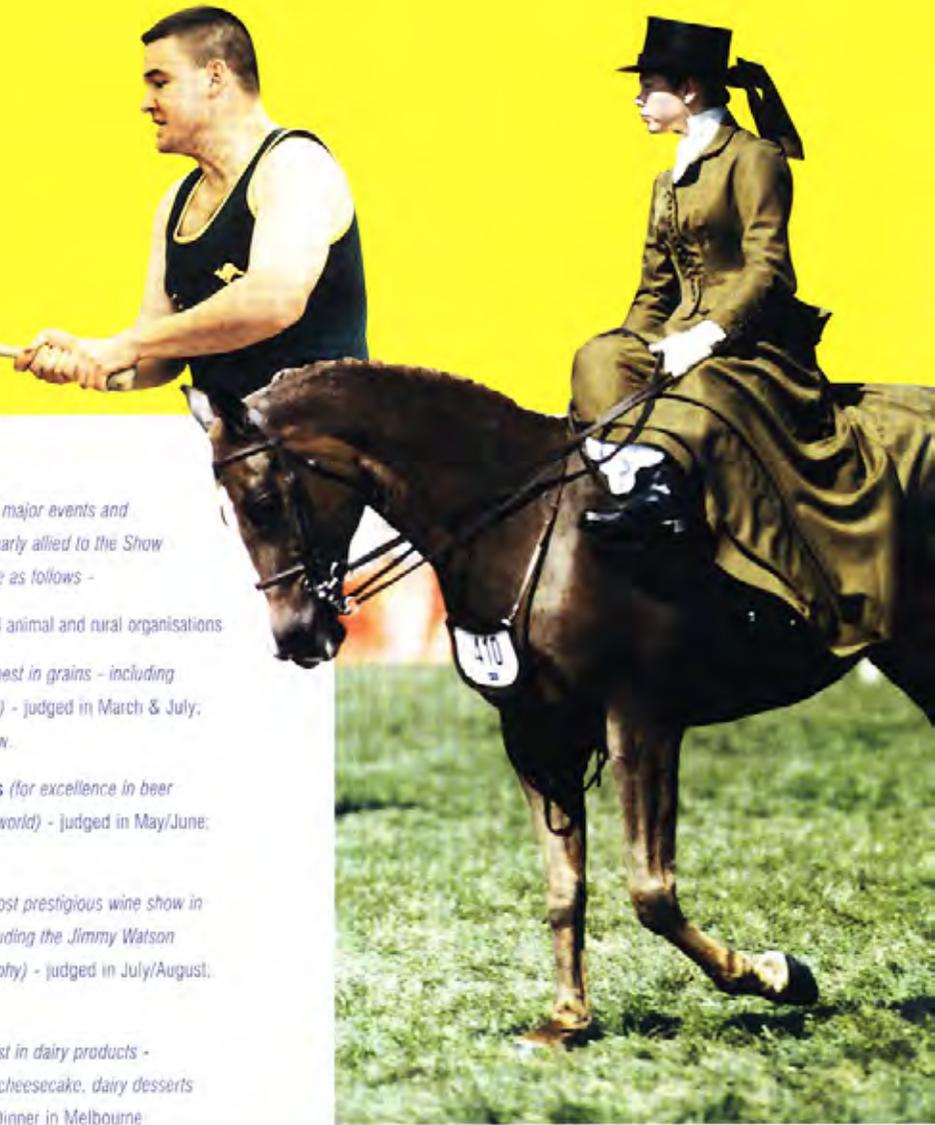
### The Society also runs -

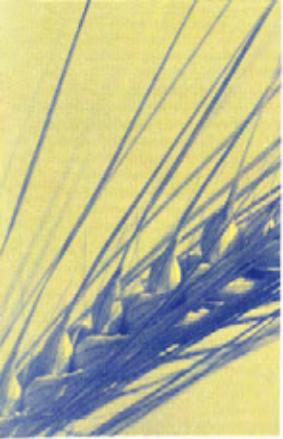
- **The Royal Melbourne Horse Show** (the biggest horse breeders show in the Southern Hemisphere with more than 6000 entries) - held at the Melbourne Showgrounds in the first week of January each year.
- **The Commercial Flock of the Year** (judging the outstanding sheep flocks in Victoria) - Field Days held by regional and State winners
- **The Commercial Dairy Herd of the Year** (judging the outstanding dairy herds in Victoria) - Field Day held by State winner
- **The Share Dairy Farmer of the Year** (judging the outstanding share dairy farms in Victoria) - Field Day held by State winner
- **The Farm Management Competition** (judging the outstanding farms in Victoria) - Field Days held by two State winners
- **Other Agricultural competitions** (judging the best in their fields - hay & chaff, fleece, honey, steer carcass, lamb carcass, goat carcass and bacon pig carcass) - awards presented at Royal Melbourne Show.



The Society is also responsible for a number of major events and activities outside the Royal Show, which are clearly allied to the Show because of their links with agriculture. These are as follows -

- **Agribusiness Support** - Administration of 24 animal and rural organisations
- **The Victorian Grain Quality Awards** (the best in grains - including wheat, oats, barley, safflower, lupins & pulses) - judged in March & July; Awards Presentation at Royal Melbourne Show.
- **The Australian International Beer Awards** (for excellence in beer brewing - the third biggest such event in the world) - judged in May/June; Awards Dinner in Melbourne in July
- **The Royal Melbourne Wine Show** (the most prestigious wine show in Australia, recognising the best in wines - including the Jimmy Watson Memorial Trophy, and the Premier's Wine Trophy) - judged in July/August; Awards Dinner in Melbourne in August
- **The Royal Melbourne Dairy Show** (the best in dairy products - including butter, cheese, ice cream, yoghurt, cheesecake, dairy desserts and chocolate) - judged in August; Awards Dinner in Melbourne in September.





## FINANCIAL REPORT

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## COMPANY INFORMATION

### Registered and Administration Office

Royal Showgrounds  
Epsom Road  
Ascot Vale  
Victoria 3032  
AUSTRALIA

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Facsimile (03) 9376 2973

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Email: [rasv@melbourne.net](mailto:rasv@melbourne.net)

Web sites: [www.rasv.com.au](http://www.rasv.com.au)

[www.royalshow.com.au](http://www.royalshow.com.au)

[www.melbourneshowgrounds.com](http://www.melbourneshowgrounds.com)

### Auditors

P K F  
Chartered Accountants  
485 La Trobe Street  
Melbourne  
Victoria 3000  
AUSTRALIA

### Bankers

National Australia Bank Limited  
271 Collins Street  
Melbourne  
Victoria 3000  
AUSTRALIA

### Solicitors

Arthur Robinson and Hedderwicks  
Stock Exchange Centre  
530 Collins Street  
Melbourne  
Victoria 3000  
AUSTRALIA

## DIRECTORS' REPORT

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The Directors present the following report for the year ended 31 March 2000.

### Directors

The names of the Directors in office during the financial year and at the date of this report are:

#### JOHN HORTON SEYMOUR

Mr. Jack Seymour has extensive experience in banking, business management and strategy. He has been a Councillor and a Director since October 1994, a director of other companies and is the current President.

#### CHARLES JOHN FOX

Mr. John Fox has experience in mixed farming and in the finance industry. He has been a Councillor since 1989 and a Director since 1993. Currently Vice President.

#### CHARLES ROBERT LYONS

Mr. Robert Lyons is a partner in a wool and tree farming business, utilising high input grazing systems. He has been a Councillor since 1989 and a Director since 1997. Currently Vice President.

#### IAN IVOR BUCKNALL

Mr. Ian Bucknall is the principal of a mixed farming business, operating a successful stud sheep enterprise.

#### JOHN MICHAEL BURSTON

Mr. Mike Burston has extensive farming experience. He has been a Councillor since 1973 and a Director since 1993.

#### RUPERT GRANT ALEXANDER CLARKE

Mr. Rupert Clarke has experience in corporate pastoral development and management as well as mixed farming. He has been a Councillor since 1998 and appointed a Director in 1999.

#### BARRIE ERNEST LAWS

Mr. Barrie Laws has a background in investment and corporate management. He has rural interests in beef, dairy and fruit industries and became a Councillor and Director in 1998.

#### GARY JAMES SHEPPARD

Mr. Gary Sheppard has been a Councillor since 1990 and a Director since 1997. He has a long time association with pure breed poultry and was previously a senior public servant. He also has extensive marketing experience. Currently Vice President.

#### ROBERT POTTER (deceased May 1999)

Mr Bob Potter had significant experience within the pastoral and agricultural industry. He became a Councillor in 1982 and a Director in 1993. He held the Office of President from April 1997 to May 1999.

### Principal activities

The principal activities of the company during the year have comprised of promoting the development of all phases of the agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing and industrial resources of Australia and the management of the Melbourne Showgrounds.

### Review and results of operations

The operating profit of the Company for the year after abnormal items was \$1,003,871 (1999: \$4,321,822). Major changes were:

- An increase in sponsorship revenues of \$115,416
- An increase in Depreciation and amortisation costs to \$1,080,034 (1999 \$969,752)
- A reduction in borrowing costs to \$315,969 (1999 \$327,184)
- Increase in other revenue of \$132,194
- The 1999 result included abnormal income of \$4,446,000 being for the transfer of the Government Expo Centre to the Company

There were no significant changes in the state of affairs of the company during the year other than:

- Pending a review of financing facilities within the next six months, a \$3,000,000 Commercial Bill facility has been expressed as Borrowings (Current). The Directors do consider however that future long term financing arrangements will be obtained.

### Dividends

As the Company is limited by guarantee no dividend was recommended or paid.

### Directors' meetings

During the year ended 31 March 2000 the Directors held 13 meetings. Attendances at these meetings were: -

	MEETINGS ATTENDED	MEETINGS ELIGIBLE TO ATTEND
I.I. Bucknall	13	13
J.M. Burston	13	13
R.G.A. Clarke (appointed April 1999)	11	13
C.J. Fox	13	13
B.E. Laws	12	13
C. R. Lyons	13	13
R. Potter (deceased May 1999)	1	1
J.H. Seymour	13	13
G. J. Sheppard	13	13

## DIRECTORS' REPORT cont.

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### Indemnification of officers

The Company paid a premium in respect of a contract insuring its directors and officers against a liability of a nature that is required to be disclosed under sub-section 309 A(3) of the Corporations Law.

In accordance with paragraph 309 A(3)(d) of the Corporations Law, further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

### Significant after balance date events

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

### Performance in relation to environmental regulation

The Company does not have exposure to any significant environmental reporting requirements. The Company is sensitive to environmental issues.

### Likely future developments and expected results

The major project of redevelopment of the Showgrounds is still being examined. The timing is dependent on the availability of funds from both the private and public sectors.

Signed on 13th June, 2000 in accordance with a resolution of the Directors.



J.H. Seymour  
**Director**  
Melbourne, Victoria



C. J. Fox  
**Director**  
Melbourne, Victoria

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE ROYAL AGRICULTURAL SOCIETY OF VICTORIA LIMITED

## **S**cope

We have audited the financial report of The Royal Agricultural Society of Victoria Limited for the financial year ended 31 March 2000 as set out on pages 20 to 32. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

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

## **Audit Opinion**

In our opinion, the financial report of The Royal Agricultural Society of Victoria Limited is in accordance with:

- (a) the Corporations Law, including:
  - i) giving a true and fair view of the company's financial position as at 31 March 2000 and of its performance for the year ended on that date; and
  - ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



**P K F**

Chartered Accountants  
13th June 2000  
Melbourne.

A Victorian Partnership



J. Pasias  
**Partner**

## DIRECTORS' DECLARATION

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In the opinion of the directors of The Royal Agricultural Society of Victoria Limited:

- a) The accompanying financial statements and notes are in accordance with the Corporations Law, comply with the accounting standards and give a true and fair view of the company's financial position as at 31 March 2000 and of its performance for the year ended on that date.
- b) At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on 13th June, 2000 in accordance with a Resolution of the Directors.



J.H. Seymour

**Director**

Melbourne, Victoria



C. J. Fox

**Director**

Melbourne, Victoria

PROFIT AND LOSS ACCOUNT  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2000

	NOTES	2000 \$	1999 \$
Operating Profit before abnormal items depreciation, amortisation and income tax	3(a)	2,083,905	1,665,759
Depreciation and amortisation	3(a)	<u>(1,080,034)</u>	<u>(969,752)</u>
Operating Profit before abnormal items and income tax		1,003,871	696,007
Abnormal items before Income Tax	3(b)	<u>-</u>	<u>3,625,815</u>
Operating Profit before Income Tax		1,003,871	4,321,822
Income Tax attributable to operating Profit	1(f)	<u>-</u>	<u>-</u>
Operating Profit after Income Tax		1,003,871	4,321,822
Accumulated Income at the beginning of the financial year		<u>6,488,070</u>	<u>2,166,248</u>
Accumulated Income at the end of the financial year		<u><u>7,491,941</u></u>	<u><u>6,488,070</u></u>

The accompanying notes form part of these financial statements.

## BALANCE SHEET AS AT 31 MARCH 2000

	NOTES	2000 \$	1999 \$
<b>CURRENT ASSETS</b>			
Cash		2,570	1,260
Receivables	4	505,640	377,752
Inventories	5	31,071	46,612
Prepayments		534,999	327,642
<b>TOTAL CURRENT ASSETS</b>		<b>1,074,280</b>	<b>753,266</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	37,111,918	37,378,154
<b>TOTAL ASSETS</b>		<b>38,186,198</b>	<b>38,131,420</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	7	1,232,652	639,888
Borrowings	8	3,106,058	4,708,742
Provisions	9	276,637	239,880
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,615,347</b>	<b>5,588,510</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	107,467	109,971
Provisions	11	47,121	20,547
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>154,588</b>	<b>130,518</b>
<b>TOTAL LIABILITIES</b>		<b>4,769,935</b>	<b>5,719,028</b>
<b>NET ASSETS</b>		<b>33,416,263</b>	<b>32,412,392</b>
<b>ACCUMULATED FUNDS</b>			
Accumulated Income		7,491,941	6,488,070
Reserves	12	25,924,322	25,924,322
<b>TOTAL ACCUMULATED FUNDS</b>		<b>33,416,263</b>	<b>32,412,392</b>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2000

	NOTES	2000 \$	1999 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		13,928,456	13,435,147
Payments to suppliers and employees		(11,242,379)	(11,627,363)
Interest received		11,884	5,450
Interest and other costs of finance		(315,969)	(327,184)
Net Cash provided by Operating Activities	2	2,381,992	1,486,050
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(815,688)	(690,639)
Proceeds from sale of plant and equipment		41,693	31,370
Government Grant for redevelopment and restructure studies		510,450	-
Payments for redevelopment and restructure studies		(510,450)	(722,380)
Net Cash used in Investing Activities		(773,995)	(1,381,649)
<b>Cash Flows from Financing Activities</b>			
Proceeds for Trophy Funds		2,257	3
Finance Lease payments		(5,826)	(12,418)
Net Cash used in Financing Activities		(3,569)	(12,415)
<b>Net Increase (Decrease) in Cash held</b>			
Cash at the beginning of the year		1,604,428	91,986
		(1,701,656)	(1,793,642)
<b>Cash at the end of the year</b>		<b>(97,228)</b>	<b>(1,701,656)</b>

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2000

	2000	1999
	\$	\$
<b>Notes to the Statement of Cash Flows</b>		
<b>1.Reconciliation of Cash</b>		
For the purpose of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdraft and short term bills of exchange with a maturity no later than three months from balance date. Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash	2,570	1,260
Bank Overdraft	(99,798)	(202,916)
Bank Bills	-	(1,500,000)
	<u>(97,228)</u>	<u>(1,701,656)</u>
<b>2.Reconciliation of Net Cash provided by Operating Activities to Operating Profit after abnormal items</b>		
Operating profit after abnormal items	1,003,871	4,321,822
Gain on transfer of Building	-	(4,446,000)
Depreciation	1,072,687	961,571
Amorisation	7,347	8,181
Gain on disposal of property, plant and equipment	(39,802)	(5,082)
Redevelopment and restructure studies costs written off	-	788,380
Changes in assets and liabilities:		
Increase/(Decrease) in employee provisions	63,331	(21,277)
(Increase)/Decrease in receivables	(127,888)	59,809
Increase/(Decrease) in Income in Advance	388,013	(106,951)
Decrease/(Increase) in inventories	15,541	(26,020)
(Increase)/Decrease in prepayments	(207,358)	34,498
Increase/(Decrease) in trade creditors	206,250	(82,881)
Net Cash provided by Operating Activities	<u>2,381,992</u>	<u>1,486,050</u>

NOTES TO AND  
FORMING PART OF THE  
FINANCIAL STATEMENTS

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS cont.

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial report constitutes a general purpose financial report that has been drawn up in accordance with applicable Accounting Standards, the Corporations Law and other mandatory professional reporting requirements.

### a) Basis of Accounting

The financial statements have been prepared in accordance with historical cost principles and except where stated do not take into account current valuations of non-current assets.

The carrying amounts of non-current assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from continued use and subsequent disposal. The expected net cash flows included in determining the recoverable amounts have not been discounted to their present values.

### b) Limited by Guarantee

The company is limited by guarantee, thereby the company has been formed on the principle of having the liability of its members limited by the memorandum of association to the respective amounts that the members undertake to contribute to the property of the company in the event of it being wound up.

### c) Inventories

Inventories have been valued at the lower of cost and net realisable value and represent maintenance stock and Show Shop supplies.

### d) Revaluation of Property

Revaluation of property is performed in accordance with a policy of regular revaluation on the basis of market value for the existing use. Also see note 6.

### e) Depreciation on Property, Plant & Equipment

Items of property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives using the straight line method. Depreciation rates are as follows:

Building and Improvements	2.5% pa
Plant and Equipment	2% - 33.3% pa

### f) Income Tax

Any income derived by the company is exempt from Income Tax under Division 50 of the Income Tax Assessment Act.

### g) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, without transferring the legal ownership, and operating leases under which the lessor effectively retains substantially all the risk and benefits.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the period of the

lease. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Operating lease payments are charged to expense in the periods in which they are incurred.

### h) Employee Entitlements

The following liabilities arising in respect of employee entitlements are measured at their nominal amounts:

- wages and salaries and annual leave regardless whether they are expected to be settled within twelve months of balance date.
- other employee entitlements which are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of the estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures. Related on-costs are included.

### i) Revenue

Revenue for services is recognised when the service has been performed on an accruals basis. Show admissions revenue is recognised at the time of the Royal Show being held. Non-cash sponsorship revenue is not recorded in the financial statements of the Company.

	2000	1999
	\$	\$
<b>2. OPERATING REVENUE</b>		
Admissions revenue	5,146,512	5,151,359
Members Subscriptions	259,178	262,946
Rental	3,837,483	3,995,964
Catering Premiums	1,072,165	1,098,142
Other revenue:		
Sponsorship	1,476,143	1,360,727
Interest	11,884	5,450
Other	1,861,310	1,729,116
Proceeds from sale of Non-Current Assets	41,693	31,370
Total Operating Revenue	<u>13,706,368</u>	<u>13,635,074</u>
<b>3. OPERATING PROFIT BEFORE INCOME TAX</b>		
The operating profit before income tax has been determined after:		
<b>(a) Charging as Expense:</b>		
Depreciation of Fixed Assets	1,072,687	961,571
Amortisation of Leased Assets	7,347	8,181
Interest Cost	209,317	218,903
Amounts transferred to provisions		
- Annual Leave	6,498	(26,468)
- Long Service Leave	56,833	5,191
Lease Finance Charges	2,247	1,188
Rental Expense	58,102	11,502
(Profit) on sale of Non-Current Assets	<u>(39,801)</u>	<u>(5,082)</u>
<b>(b) Abnormal Items - (Income)/Expense</b>		
Redevelopment & Restructure Studies Grant	(510,450)	-
Redevelopment & Restructure Studies Costs	510,450	788,380
Redundancy Payments	-	31,805
Transfer ownership of Government Expo Pavilion (i)	-	(4,446,000)
	<u>-</u>	<u>(3,625,815)</u>
(i) In accordance with the terms of the lease, the Government Expo Centre was transferred from the Victorian Government to the Company, and was recognised as revenue to satisfy UIG Abstract 11 requirements.		
<b>(c) Employer Superannuation Contributions</b>		
The employer contributions are paid to an accumulation scheme managed by B T Funds Management Ltd.		

NOTES TO AND  
FORMING PART OF THE  
FINANCIAL STATEMENTS cont.

	2000	1999
	\$	\$
<b>4. RECEIVABLES</b>		
Trade Debtors	323,440	327,849
Sundry and other Debtors	212,200	79,903
Less Provision for Doubtful Debts	(30,000)	(30,000)
	<u>505,640</u>	<u>377,752</u>
The carrying value of trade debtors approximates net fair value.		
<b>5. INVENTORIES</b>		
Consumables and Show Shop stock at cost	<u>31,071</u>	<u>46,612</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Crown Grant Land at 1998 Directors Valuation	-	-
Freehold Land at 1998 Independent Valuation (i)	<u>10,540,000</u>	<u>10,540,000</u>
	10,540,000	10,540,000
Buildings and Improvements		
- At 1998 Independent Valuation	25,126,000	25,126,000
Buildings and Improvements at cost	<u>76,580</u>	<u>29,730</u>
	25,202,580	25,155,730
Less Accumulated Depreciation	<u>(1,230,923)</u>	<u>(600,859)</u>
	23,971,657	24,554,871
Plant and Equipment at Cost	6,504,303	5,839,052
Less Accumulated Depreciation	<u>(3,930,371)</u>	<u>(3,589,445)</u>
	2,573,932	2,249,607
Plant and Equipment under Finance Lease	36,737	36,737
Less Accumulated Amortisation	<u>(10,408)</u>	<u>(3,061)</u>
	26,329	33,676
Property, Plant and Equipment	<u>37,111,918</u>	<u>37,378,154</u>
(i) Independent valuations of Freehold Land, Buildings and Improvements were made in 1998 on the basis of market value for the existing use by F.L. Julier AVLE (VAL) registered Valuer Victoria, Tasmania and Western Australia, for and on behalf of Edward Rushton Pty. Ltd. The revaluation was made in accordance with a policy of regular revaluation. The Crown Grant Land, which includes restrictions on its use to which present usages comply, was valued at nil by the directors due to a reassessment of the accounting treatment.		

	2000	1999
	\$	\$
<b>7. ACCOUNTS PAYABLE (CURRENT)</b>		
Sundry Creditors and Accruals	567,198	362,447
Income in Advance	665,454	277,441
	<u>1,232,652</u>	<u>639,888</u>
The carrying value of accounts payable approximates net fair value.		
<b>8. BORROWINGS (CURRENT)</b>		
Bank Overdraft	99,798	202,916
Bank Bills – Secured	3,000,000	4,500,000
Lease Liability	6,260	5,826
	<u>3,106,058</u>	<u>4,708,742</u>
Refer to note 18.		
<b>9. PROVISIONS (CURRENT)</b>		
Long Service Leave	177,547	147,288
Annual Leave	99,090	92,592
	<u>276,637</u>	<u>239,880</u>
<b>10. BORROWINGS (NON-CURRENT)</b>		
Lease Liability	21,672	27,932
Trophy Funds	85,795	82,039
	<u>107,467</u>	<u>109,971</u>
<b>11. PROVISIONS (NON-CURRENT)</b>		
Long Service Leave	47,121	20,547
<b>12. RESERVES</b>		
Asset Revaluation Reserve		
Balance at the beginning of the year	25,924,322	36,028,524
Revaluation of Property, Buildings & Improvements	-	(10,104,302)
Balance at the end of the year	<u>25,924,322</u>	<u>25,924,322</u>

NOTES TO AND  
FORMING PART OF THE  
FINANCIAL STATEMENTS cont.

	2000	1999
	\$	\$
<b>13. COMMITMENTS</b>		
<b>Finance Leases - Analysis of Commitments</b>		
Payable:-		
Not later than one year	8,072	8,073
Later than 1 year but not later than 2 years	22,405	30,478
Total minimum lease payments	30,477	38,551
Less future finance charges	(2,545)	(4,793)
Lease Liabilities	<u>27,932</u>	<u>33,758</u>
Current Liability (note 8)	6,260	5,826
Non-Current Liability (note 10)	<u>21,672</u>	<u>27,932</u>
	<u>27,932</u>	<u>33,758</u>
<b>Operating Lease Commitments</b>		
Non-cancellable operating lease rentals payable as follows:		
Due not later than one year	22,175	4,820
Due later than one year but not later than two years	22,175	4,820
Due later than two year but not later than five years	83,396	14,460
Due later than five years	-	6,427
	<u>127,746</u>	<u>30,527</u>
<b>14. AUDITORS REMUNERATION</b>		
Fees for auditing the financial report	26,000	25,000
Other services	28,346	11,743
Redevelopment consulting services (Pannell Kerr Forster Consulting Australia Pty Ltd)	39,353	-
	<u>93,699</u>	<u>36,743</u>
<b>15. DIRECTORS' REMUNERATION</b>		
Amounts received or due and receivable by directors of the company	Nil	Nil

## 16. RELATED PARTY TRANSACTIONS

### Director/Director Related Entities

- i. The Company performs accounting and secretarial functions for various animal breed societies. The fees charged for these services were \$219,156 in 2000 (1999: \$225,967). The various Societies may be considered to be related parties by virtue of the incidence of common directors.
- ii. The names of all the Directors who have held office during the period are:

Ian Ivor Bucknall	Charles Robert Lyons
John Michael Burston	John Horton Seymour
Rupert Grant Alexander Clarke (appointed April 1999)	Barrie Ernest Laws
Charles John Fox	Gary James Sheppard
Robert Potter (deceased May 1999)	
- iii. Mr. C.J. Fox is associated with an organisation that provides sponsorship monies and/or donated goods and services to the Company. The total values of these transactions were \$25,000 (1999: \$52,000).
- iv. Directors and Councilors had related party transactions at arms length with the Company involving the purchase of goods and/or services at cost.

## 17. SEGMENT INFORMATION

The Company promotes the development of the agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing and industrial resources generally within the geographical segment of Australia.

## 18. FINANCING ARRANGEMENTS

- i. Registered mortgages are held by National Australia Bank Limited as security over land and buildings to secure borrowings. The Company has at balance date an overdraft facility, a revolving lease facility to \$350,000 and unused Commercial Bill facilities of \$2,000,000. The approved Commercial Bill facility totals \$5,000,000 of which \$4,000,000 is renewable on the 30 November 2000 and \$1,000,000 is renewable on 30 November 2002.
- ii. The Directors consider future long term financing will be able to be sourced subsequent to these dates.

NOTES TO AND  
FORMING PART OF THE  
FINANCIAL STATEMENTS cont.

19. FINANCIAL INSTRUMENTS

**Interest Rate Risk Exposure**

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below.

**2000**

**Financial Assets**

No interest is receivable on cash. No material amounts of interest were charged on accounts receivable for 2000.

Financial Liabilities	Fixed Interest Rate	Floating Interest Rate	Total
	\$	\$	\$
Bank Overdraft	-	99,798	99,798
Bank Bills	-	3,000,000	3,000,000
Lease Liabilities	27,932	-	27,932
Trophy Funds	-	85,795	85,795
Total	27,932	3,185,593	3,213,525
Weighted Average Interest Rate	7.8%	6.2%	

**1999**

**Financial Assets**

No interest is receivable on cash. No material amounts of interest were charged on accounts receivable for 1999.

Financial Liabilities	Fixed Interest Rate	Floating Interest Rate	Total
	\$	\$	\$
Bank Overdraft	-	202,916	202,916
Bank Bills	1,000,000	3,500,000	4,500,000
Lease Liabilities	33,758	-	33,758
Trophy Funds	-	82,039	82,039
Total	1,033,758	3,784,955	4,818,713
Weighted Average Interest Rate	7.8%	5.3%	

**Credit Risk Exposure**

The credit risk on financial assets that have been recognised on the balance sheet, is the carrying amount, net of any provisions for doubtful debts. The Company is not materially exposed to any individual customer.



## OFFICE BEARERS June 2000



### **Patron in Chief**

His Excellency, the Honourable  
Sir William Deane, AC, KBE  
Governor General of the Commonwealth of Australia

### **Patron**

His Excellency, the Honourable  
Sir James Gobbo AC  
Governor of Victoria

### **President**

J H (Jack) Seymour

### **Vice Presidents**

C J (John) Fox  
C R (Robert) Lyons  
G J (Gary) Sheppard

### **Board of Directors**

J H (Jack) Seymour – Chairman  
I I (Ian) Bucknall  
J M (Mike) Burston  
R G A (Rupert) Clarke  
C J (John) Fox  
B E (Barry) Laws  
C R (Robert) Lyons  
G J (Gary) Sheppard

### **Company Secretary**

Adnan Mansour

### **Executive Staff**

Chief Executive: Peter Payne

### **General Managers:**

Agricultural Events & Marketing: Jamie Aitken  
Corporate Services: Adnan Mansour  
Facilities: Michael Martin

### **Registered office:**

**The Royal Agricultural Society of Victoria Limited**

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EXCELLENCE IN AGRICULTURE

**THE ROYAL  
AGRICULTURAL SOCIETY  
OF VICTORIA LIMITED**

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