



RAS ANNUAL REPORT 2004/2005



THE ROYAL AGRICULTURAL
SOCIETY OF VICTORIA LIMITED

OFFICE BEARERS

Patron

Mr John Landy AC MBE
Governor of Victoria

President

J H (Jack) Seymour

Vice President

C J (John) Fox

Board of Directors

J H (Jack) Seymour – Chairman
C J (John) Fox – Deputy Chairman
I I (Ian) Bucknall
M (Michael) Carroll
R C E (Richard) Cust
B E (Barrie) Laws
G J (Geoff) Phillips
A (Anabel) Shears-Carter
S C (Stephen) Spargo

Chief Executive Officer

S R (Stephen) Carter

Company Secretary/ Chief Operating Officer

A (Adnan) Mansour

Registered office

The Royal Agricultural Society
of Victoria Limited
ACN 006 728 785
ABN 66 006 728 785
Melbourne Showgrounds
Epsom Road Ascot Vale 3032
Victoria AUSTRALIA

Email: rasvadmin@rasv.com.au

Website: www.rasv.com.au

Administration office

Wool House
2nd Floor 369 Royal Parade
Parkville 3052
Victoria AUSTRALIA

Telephone +61 3 9914 2400
Facsimile +61 3 9914 2492
Email: rasvadmin@rasv.com.au

Auditors

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

Bankers

National Australia Bank
Limited
271 Collins Street
Melbourne 3000
Victoria AUSTRALIA

Solicitors

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

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RAS BOARD MEMBERS, COUNCILLORS, VOLUNTEERS AND STAFF

DECEMBER 2004



COUNCILLORS

JUNE 2005

LIFE COUNCILLORS

RT Balderstone CMG MC
J Balfour Brown
W R R Beggs AM
A C Bott
J K Buchanan AM
J M Burston
R M Butler
K A Finnin
C B Gardiner
R B Gerrard MBE
A Gibson
W McL Greaves
J G W Head OAM
C R Kelly
C O Moore
I K Morton AM
J W Rae OAM
A J Russell
G R Starritt AM OBE
I McK Starritt
F R I Stephens
K W Urquhart

COUNCIL MEMBERS

J Allen
D G Beard
R S Bell
I I Bucknall
Hon. Bob Cameron MP
Minister for Agriculture
M Carroll
B M Crotty
Dr R C E Cust
N A Edwards APM
Prof. L Falvey
C J Fox
R F Haselgrove AM
W H Hill
K Jordan
N E King
L R Latta
B E Laws
E R Lithgow
C R Lyons
P McMahon
M T Marriott
F J Neeson
G J Phillips
B W A Redpath
P J B Ronald
I McC Rough
A F Rowden
J H Seymour
A Shears-Carter
S R Shelmerdine AM
S C Spargo
G B Starritt
J C Watson AM

*Opposite: Background picture -
The Administration Building under
demolition. February 2005.*



THE RAS

The Royal Agricultural Society of Victoria Limited (RAS) had its origins in 1848 when its forerunner, The Port Phillip Farmers Society, was formed from a number of earlier farmers' organisations in the Colony of Victoria.

The first Show was staged by our forebears in 1855 on the Sydney Road "Show-yard" opposite Melbourne University. The first Agricultural Show was held in 1871 at Emerald Hill. Twelve years later in 1883, the first Show was held at the present Ascot Vale Showgrounds site.

The Royal Agricultural Society of Victoria Limited makes a unique and dynamic contribution to Victoria.

Each year it connects 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 RAS provides substantial economic benefits to Victoria. Two independent studies commissioned by Government have shown that the activities of the RAS, including the Royal

Melbourne Show, make a cumulative contribution of about \$400 million a year in economic benefits to the State.

Our Vision is:

Thriving agribusiness and provincial communities.

Our Mission is:

A creative catalyst for superior outcomes for agribusiness and provincial communities, through competitions, showcasing, commercial venue management and knowledge exchange; a bridge between urban and provincial communities.

The Values adopted by the RAS to achieve the Vision and Mission are:

- relationship-oriented
- community minded
- representative of our stakeholders
- leaders and innovators
- commercially-focused

PRESIDENT'S MESSAGE



This has been a year of great achievement for The Royal Agricultural Society of Victoria Limited (RAS).

The financial result for the year is the most positive in many years. The other major highlight is the commencement of the long-awaited redevelopment of the Melbourne Showgrounds under the Joint Venture partnership between the Victorian Government and the RAS.

These two accomplishments provide the foundation for the successful long term future of

the RAS, the Royal Melbourne Show and the Showgrounds.

We thank all those concerned in the planning and successful implementation of these programs.

REDEVELOPMENT

The Victorian Government and the RAS announced in December 2004 that the consortium known as PPP Solutions had been selected as the preferred bidder for the Showgrounds redevelopment project. This was the culmination of more than two years of detailed and dedicated research, analysis, negotiation and discussion by the Joint Venture teams.

Demolition of a range of old buildings and the refurbishment of those listed for retention as part of our heritage commenced in February 2005 to prepare the way for the total project, due to be completed in time for the Royal Melbourne Show in 2006.

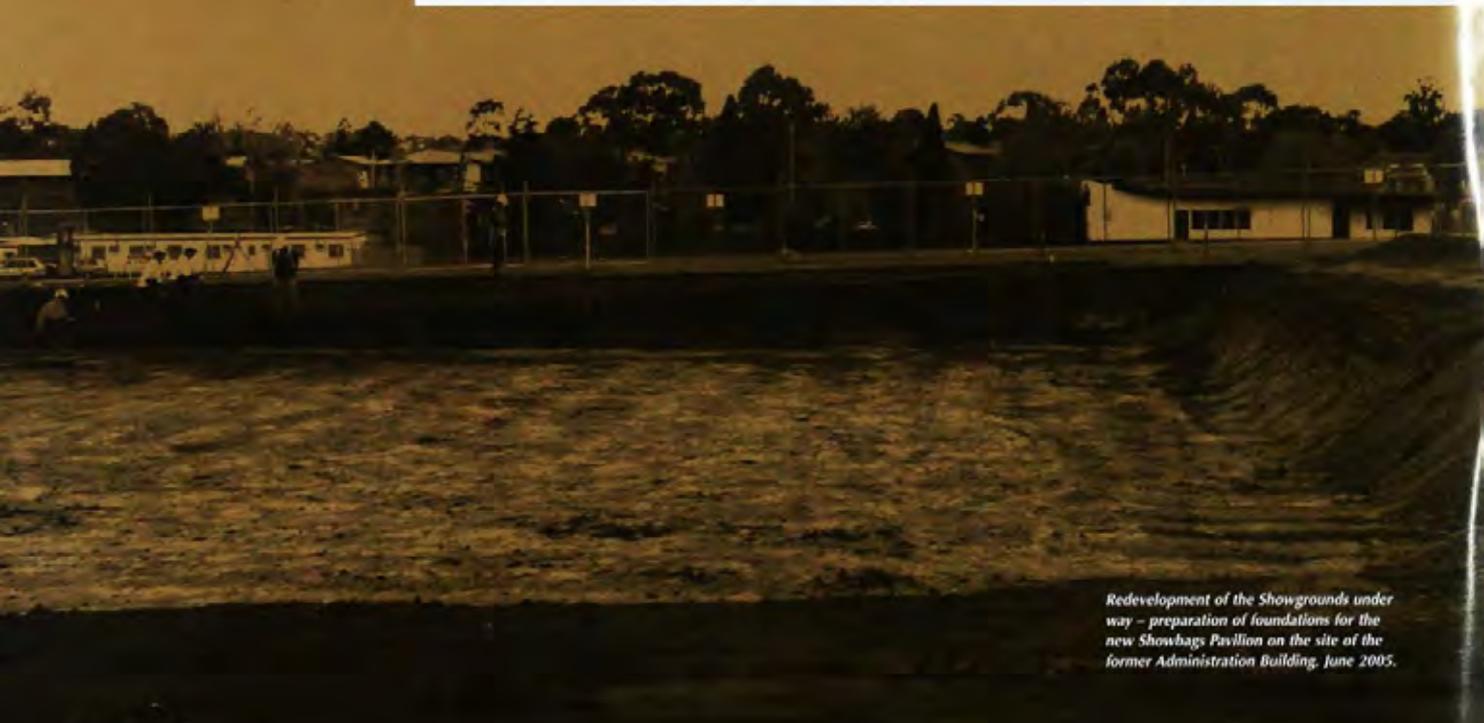
The new facilities will guarantee the future of the Royal Melbourne Show, which is one of Victoria's most popular and enduring public events, and continue to link the country to the city, creating a central hub to promote Victoria's agribusiness.

POSITIONING FOR THE FUTURE

Major agribusiness-related events conducted by the RAS in accordance with the program of 'Positioning the Society for the Future' again enjoyed great success, in particular two special RAS competitions and associated seminars.

The commercially export-based Prime Lamb Carcase competition attracted a record number of 1000 producers with 60 finalists declared and more than 16,000 lambs assessed.

The new Beef Cattle Domestic Feed Lot Carcase Competition involved 63 head of cattle in



Redevelopment of the Showgrounds under way - preparation of foundations for the new Showbags Pavilion on the site of the former Administration Building, June 2005.

PRESIDENT'S MESSAGE

a feedlot on a 65 day fattening regimen. They were judged for their growth rate and eating quality using Meat Standards Australia guidelines. The competition was conducted by the RAS and the Department of Primary Industries and was followed by a "Grazing on Beef" Dinner at Rutherglen.

The RAS is working to revitalise other key events under the title of Farm Business Awards. These will integrate the previously held Victorian Farm Management, Commercial Flock of the Year and Dairy Herd of the Year competitions. The Weekly Times is naming rights sponsor of these competitions for the next three years.

The new Awards will be very important as an integral part of the program to grow Victorian agribusiness in line with the State Government's program of developing the value of exports of agricultural-based products.

INVESTMENTS

The strong financial result enabled the RAS Board to make positive investment decisions into both the RAS Education Foundation and to upgrade the Information Technology (IT) services of the RAS.

\$500,000 has been allocated to the Education Foundation which will provide a significant base for the Foundation's work to foster and promote agribusiness education with a focus on innovation, technology and knowledge sharing.

A major investment has been made for a significant upgrade of the IT systems for the RAS which are more than 15 years old. This will enable us to substantially improve our operations in a number of areas.

RESIGNATION

Stephen Carter announced his resignation as Chief Executive Officer of the Royal Agricultural Society of Victoria, effective 30 June 2005.

Stephen joined the RAS in 2001 and has served with distinction over the past four years to establish a very solid foundation for the future success of the organisation.

In partnership with the RAS Redevelopment Sub-Committee and the Board, Stephen achieved the major milestone of the redevelopment of the Melbourne Showgrounds.

Other successes under his leadership include the establishment of a new constitution for the RAS, a revised governance and committee structure, re-structuring of key competitions, and development of a new and highly successful profile for the Royal Melbourne Show.

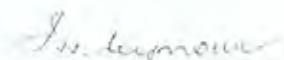
On behalf of the RAS, I thank him for his major contributions to the business of the Society and wish him every success in the future.

VALEDICTION

We were saddened by the passing during the past 12 months of Life Councillors John Kelly and Sir Rupert Clarke, Bart, AM, MBE, and of Councillors Diana Nicholas and Gary Sheppard. All had served the RAS with great distinction over many years.

SUPPORT

We thank all of our stakeholders for their encouragement during the year. In particular, thanks to Council for its continuing support for the new activities and programs of the RAS, and to staff for all their dedicated work in the delivery of a wide range of programs.



J.H. Seymour
President

CHIEF EXECUTIVE OFFICER'S REPORT



The RAS has just completed one of the most successful business years in its history.

The year-end results show a significant net profit following an outstanding year in terms of the outcomes from the 2004 Royal Melbourne Show and the full range of competitions conducted by the RAS.

The RAS is debt free and now has a profitable business which provides a sound basis for moving forward.

The resounding financial result is the positive outcome of a range of programs set in place, commencing two years ago, to restructure the RAS administration teams, to implement clear financial and business planning processes involving

Councillors and Chairpersons of Event Committees, and the outworkings of the changes to the RAS Constitution.

The future of the RAS is further assured with the commencement of the long-awaited redevelopment of the Melbourne Showgrounds. This will transform the Showgrounds into a venue with modern facilities for business development, research, education and entertainment for Victorians all year round.

The project is due to be completed by August 2006, providing the RAS, the Royal Melbourne Show and Victoria with appropriate facilities for decades to come.

2004 ROYAL MELBOURNE SHOW

The 2004 Royal Melbourne Show was one of the most successful with near-record numbers of visitors and more importantly, continuing strong financial yields.

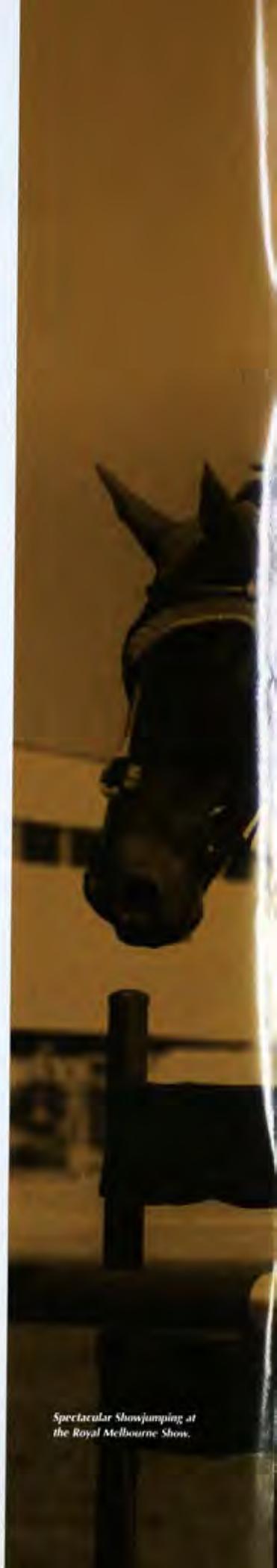
The 'Six New Worlds' layout of the Show, introduced in 2003, was integrated with major new entertainment programs and key attractions,

providing a totally modern Show experience to visitors. This combined all that is best of the traditional Show with the enjoyment of a totally new event.

Communications, promotional and marketing activities conducted by the RAS across Victoria resulted in extremely positive Show messages via advertising and media programs. More than 900 Show stories were broadcast on television and radio, and published in newspapers and magazines.

The positive Show experience will be further developed this year as we celebrate the 150th Royal Melbourne Show. All key elements of the Show will be staged in 2005 on a revised layout, which has been developed to take full account of the site as the Showgrounds redevelopment program will continue throughout September during the Show.

The 150th celebrations will include special activities and events for all our stakeholders and visitors.



Spectacular Showjumping at the Royal Melbourne Show.

COMMUNITY

The diverse community of the RAS includes thousands of stakeholders who provide countless valuable hours of voluntary effort in support of agribusiness activities, especially the Royal Melbourne Show. I wish to thank all our volunteers for their excellent efforts.

In particular I acknowledge the contribution of the Board, Council and Event Committees in the delivery of the activities that are synonymous with the RAS. I pay tribute to our Chairman, Jack Seymour, for his tireless efforts in delivering positive results for the RAS, particularly through his leadership of the Board and Council and also with Government and key external stakeholders.

DEPARTURE

My contract term at the RAS concluded on 30 June 2005 and I am moving to further my career in the wider corporate area.

The past four years have been extremely rewarding for me.

The RAS is an iconic organisation with 157 years of history and tradition.

I believe that as a team, we have established a very solid foundation for the future success of the organisation. The past four years have witnessed significant change. Whilst this change has been essential, I realise that elements of our renewal program have been cause for concern in some areas.

Our efforts have always been about securing a positive and meaningful future for the RAS.

We now move to a phase in our progression that will present us with as many opportunities and challenges as our past. Our ability as an organisation to meaningfully respond to these demands will ultimately decide our relevance.

Finally, I would like to thank the Council, the Board and staff for their support and commitment over the past four years. It has been a privilege to work for the RAS.



Stephen Carter
Chief Executive Officer

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board's overarching objectives are to represent and serve the interests of members, guide and monitor the business and affairs of the RAS, and implement good corporate governance structures consistent with relevant ASX governance principles, specifically to:

- Provide strategic guidance to the RAS.
- Provide input into and approve the organisation's strategic/business plans, budgets and performance targets.
- Lay solid foundations for management and oversight.
- Structure the Board to add value.
- Promote ethical and responsible decision making.
- Safeguard integrity in financial reporting.
- Recognise and manage risk.

- Encourage enhanced performance – from economic, social and environmental standpoints.
- Remunerate fairly and responsibly.
- Recognise the legitimate interests of the RAS's stakeholders.

The Board also aims to foster strong relationships with the RAS's joint venture partner and advance Redevelopment Project objectives.

BOARD COMPOSITION

The Board comprises 10 Directors and is chaired by the person so elected by the Directors.

The Board requires its Directors to have a broad range of expertise and experience, in a field which is complementary to the RAS's activities and strategy, or with appropriate professional qualifications and proven ability to make meaningful contributions to the Board's deliberations.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee is appointed by the Board of Directors and chaired by the person so elected by the Board. The Committee consists of a minimum of three members and is assisted by the Company Secretary.

The Committee provides an efficient mechanism for reviewing, assessing and recommending where necessary to the Board, remuneration and other human resources policies and practices that meet the needs of the RAS and that enhance corporate and individual performance.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee consists of Non Executive Directors and suitably qualified persons.

It is charged with:

- Assisting the Board and RAS senior management in discharging their responsibilities for financial reporting and in maintaining a reliable system of internal controls covering all of the RAS's operations and activities.
- Monitoring the implementation of RAS's relevant strategies, in relation to their risk management components.
- Fostering the organisation's ethical environment.
- Overseeing and appraising the quality of the audits conducted both by the internal and external auditors.
- Fostering and maintaining open lines of communication between the internal and external auditor to ensure information exchange and coordination of activity.
- Monitoring and assessing the adequacy and scope of the RAS's procedural, operating and accounting controls.

- Providing an independent and objective review of operational and financial information provided by management to the Board.

NOMINATIONS COMMITTEE

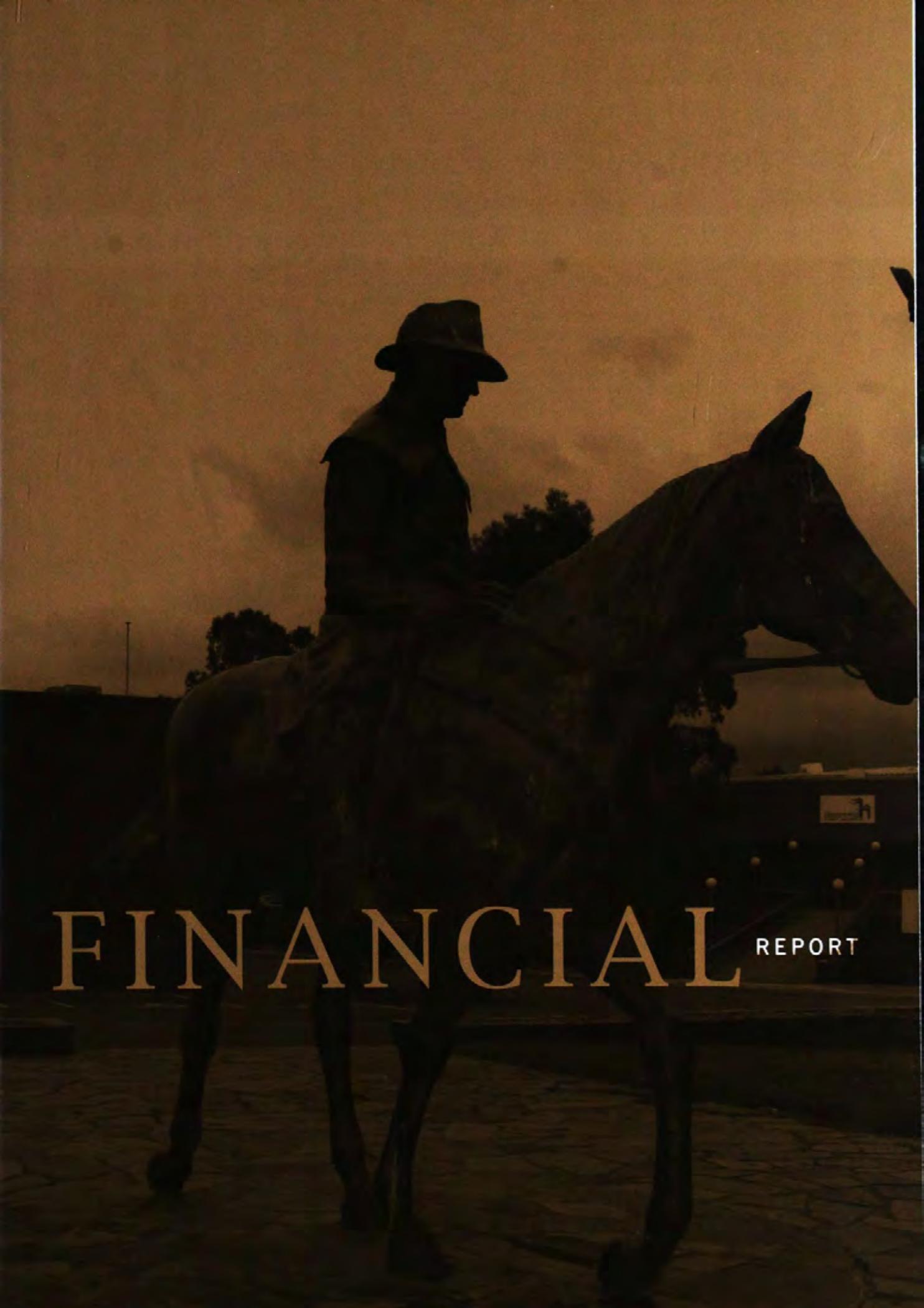
The Nominations Committee is appointed by the Board of Directors and is primarily responsible for making recommendations to the Board regarding the selection and nomination of chairpersons and members of:

- The Board.
- Board Committees.
- Industry Advisory and Show Event Committees.

The Committee is also appointed to oversee the implementation of performance evaluation processes for members of the above groups.

POLITICAL ACTIVITY

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



FINANCIAL

REPORT

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report together with the financial report of The Royal Agricultural Society of Victoria Limited ("the Company") for the year ended 31 March 2005 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

NAME	EXPERIENCE AND SPECIAL RESPONSIBILITIES
John Horton Seymour	Jack has extensive experience in banking, business management and strategy. He has been a Councillor and Director since October 1994, and is the current President and Chairman, and a member of the Human Resources and Nominations Committees. He also is Chairman of a Government Business Enterprise.
Charles John Fox	John has experience in mixed farming and in the finance industry. He has been a Councillor since 1989 and a Director since 1993. He is currently Vice President of the Company and Deputy Chairman of the Board.
Ian Ivor Bucknall	Ian is the principal of a mixed farming business, operating a successful stud sheep enterprise. He has been a Councillor since 1986 and a Director since 1993.
Michael Carroll	Michael is General Manager of National Australia Bank's Agribusiness division which includes responsibility for leading a team of over 500 people focused on the agricultural sector. He has extensive experience in Agricultural Finance and working with primary producers, businesses involved in the processing and marketing of agricultural produce, and businesses involved in providing services to agriculture. He was appointed a Director in October 2003.
Richard Charles Embley Cust	Richard has a background in Veterinary Science. He has interests in horse and commercial beef studs. He became a Councillor in 2000, was appointed as a Director in February 2003 and has been a member of the RASV Veterinary Panel since 1972.
Barrie Ernest Laws	Barrie has a background in investment and corporate management. He has rural interests in the beef, dairy and fruit industries and became a Councillor and Director in 1998. He is also Chairman of the Audit and Risk Management Committee.
Charles Robert Lyons	Robert is a partner in a wool sheep grazing business. He has been a Councillor since 1989 and a Director since 1997. He is a former Vice President of the Company, having ceased this role due to constitutional changes which limited the number of vice presidents to one. Robert resigned from the Board in December 2004.
Geoffrey James Phillips	Geoff has a background in rural journalism and marketing with a particular interest in the beef industry. He became a Councillor in 1999 and was appointed a Director in April 2002.
Anabel Shears-Carter	Anabel has broad experience in the agribusiness industry. She is a non-executive Chairperson and Director of a wide range of organisations in various sectors including education, research and development, wine, architecture and conferences & exhibitions. Anabel was appointed a Director on 10 January 2005.
Gary James Sheppard	Gary had been a Councillor since 1990 and a Director since 1997. He had a long association with pure breed poultry and was previously a senior state official. He also had extensive marketing experience. He was a former Vice President of the Company, having ceased this role due to constitutional changes which limited the number of vice presidents to one (sadly he passed away May 2005).
Stephen Charles Spargo	Stephen has experience in commercial law and corporate finance. He has an interest in a small beef stud, and was appointed a Councillor and Director in July 2000.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year ended 31 March 2005 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 and the Royal Melbourne Show.

There were no significant changes in the nature of these activities during the year.

REVIEW AND RESULTS OF OPERATIONS

The operating profit of the Company for the year after tax was \$1,463,174 (2004: profit \$275,451).

Major activities for the year were:

- The continuation of the renewal program instituted by the Company in 2002 has delivered significant improvement in the profit after tax.
- The Company continued its program of business improvement, resulting in cost reductions and significantly higher yields from most activities.
- Show admissions revenue increased by \$525,943 in line with an increase in Show attendances, catering revenue increased by \$136,925 and rental income increased by \$733,889.
- The continuing business improvement has resulted in the extinguishment of interest-bearing debt and improvement in the liquidity of the business.
- The Company made a contribution of \$500,000 to the RAS Education Foundation to further foster and promote agribusiness in accordance with the continuing RAS program of 'Positioning the Society for the Future'.
- Exemption from GST under Section 38-250(2)(v)(ii) of the GST Act has contributed \$596,497 in refunds through GST not being levied on certain classes of ticket prices. The money was applied by way of freezing price increases which otherwise would have been levied. Refer Note 1(m).
- The Company has participated in the on-going redevelopment of the Showgrounds during the year. As part of this redevelopment the Company has incurred costs on behalf of the Joint Venture. These costs have been reimbursed by the State of Victoria and accordingly are not reflected in the financial statements.

DIVIDENDS

The Company is limited by guarantee and is prohibited by its Constitution from paying a dividend to its members.

STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs during the year.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to 31 March 2005 and prior to the date of this report, the Company has transferred its interest in land, and the buildings and improvements upon the land, to a separate entity. The separate entity is a joint venture between the State of Victoria and the Company. The transfer was necessary to facilitate the redevelopment of the Showgrounds. The Company has a 50% participation interest in the joint venture entity. A company called Showgrounds Nominees Pty Ltd has been established as the nominee company for the joint venture. The Company owns 50% of the shares of the nominee company. Further details concerning the transfer of assets are disclosed in Note 20 of the financial statements.

Other than this transfer of assets, there are no matters or circumstances that have arisen since the end of the financial year, other than those disclosed in Note 20 of the notes to the Financial Statements, 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.

DIRECTORS' MEETINGS

The number of directors' meetings and number of directors and Audit and Risk Management Committee meetings attended by each of the directors of the Company during the year are:

	Directors Meetings Attended	Directors Meetings Eligible to Attend	Audit and Risk Mngmnt Mtgs Attended	Audit and Risk Mngmnt Mtgs Eligible to Attend
IJ Bucknall	7	10	-	-
M Carroll	9	10	-	-
RCE Cust	9	10	-	-
CJ Fox	9	10	3	4
BE Laws	10	10	4	4
CR Lyons	7	8	-	-
GJ Phillips	9	10	-	-
JH Seymour	10	10	-	-
A Shears-Carter	2	2	-	-
GJ Sheppard	8	10	-	-
SC Spargo	6	10	-	-

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company's activities expose it to changes in interest rates. It is also exposed to credit, liquidity and cash flow risks from its operations. The Board has confirmed policies and procedures in each of these areas to manage these exposures. Management reports to the Board on a monthly basis as to the monitoring of policies in place, and adherence to the policies is strictly observed.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

Operating cash flows are managed to ensure that the Company is not exposed to any adverse liquidity risks. Adequate standby facilities are maintained to provide liquidity to meet unexpected and material cash outflows in the ordinary course of business.

LIKELY DEVELOPMENTS

At the date of this report, the redevelopment of the Showgrounds is progressing under a joint venture between the Company and the State Government. No adjustment has been made at balance date as to the future value of assets, however refer to Note 20 for details of the transfer of the land assets of the Company. Further information on the impact of redevelopment on revenue and expenses for the forthcoming year is included in the Chairman's report.

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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has an agreement indemnifying those persons who are and have been directors and/or officers, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and/or officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses, insurance contracts for the year ended 31 March 2005 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the period ending 31 December 2005. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

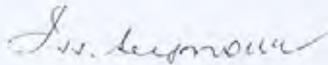
Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2005

AUDITOR INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 17 and forms part of the Director's Report for the year ended 31 March 2005.

Signed in accordance with a resolution of the Board of Directors.



J H Seymour
Director

Dated this 20th day of June 2005
Melbourne, Victoria



B E Laws
Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A Member Firm of PKF International

The Directors
The Royal Agricultural Society of Victoria Limited
Royal Showgrounds
Epsom Road
ASCOT VALE VIC 3032

PKF

Chartered Accountants
& Business Advisers

Level 11, CGU Tower
485 La Trobe Street
Melbourne 3000
GPO Box 509988
Melbourne 3001

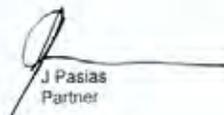
Tel: (03) 9603 1700
Fax: (03) 9602 3870

www.pkf.com.au

As lead engagement partner/auditor for the audit of The Royal Agricultural Society of Victoria Limited
For the year ended 31 March 2005, I declare that, to the best of my knowledge and belief, there have
been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in
relation to the audit/review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the
audit/review.


Chartered Accountants


J Pasias
Partner

23 June 2005
Melbourne

A Victorian Partnership

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	<u>15,969,605</u>	<u>13,652,233</u>
Expenses from ordinary activities:			
Salaries and wages		(4,153,382)	(3,750,029)
Borrowing costs		(73,178)	(137,752)
Advertising		(745,957)	(744,697)
Attractions		(916,064)	(776,170)
Catering		(684,077)	(588,040)
Cleaning		(836,269)	(798,724)
Commission to Third Party Ticket Sellers		(425,625)	(441,321)
Computer/Website Expenses		(169,740)	(176,516)
Donations		(500,394)	(10,300)
Hire Costs		(705,946)	(753,199)
Maintenance		(589,238)	(590,681)
Police, Fire & Security		(439,468)	(410,093)
Printing Costs		(262,460)	(261,249)
Professional Fees		(658,292)	(507,827)
Rates		(78,295)	(71,698)
Signage		(118,544)	(145,752)
Trophies & Prizemoney		(278,791)	(280,301)
Utilities		(327,376)	(280,171)
Other expenses		<u>(1,625,972)</u>	<u>(1,626,633)</u>
Profit before depreciation and income tax	3	2,380,537	1,301,080
Depreciation		<u>(917,363)</u>	<u>(1,025,629)</u>
Profit before income tax		1,463,174	275,451
Income tax expense	1(b)	—	—
Net profit after income tax		<u>1,463,174</u>	<u>275,451</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>1,463,174</u>	<u>275,451</u>

The Statement of Financial Performance is to be read in conjunction with the Notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	4	2,804,499	940,348
Receivables	5	1,734,063	767,294
Inventories	6	22,346	44,755
Other	7	403,238	538,338
TOTAL CURRENT ASSETS		<u>4,964,146</u>	<u>2,290,735</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	36,491,652	36,380,342
Other	7	-	1,000,000
TOTAL NON-CURRENT ASSETS		<u>36,491,652</u>	<u>37,380,342</u>
TOTAL ASSETS		<u>41,455,798</u>	<u>39,671,077</u>
CURRENT LIABILITIES			
Payables	9	2,541,985	992,896
Interest Bearing Liabilities	10	-	1,300,000
Provisions	11	299,161	239,520
TOTAL CURRENT LIABILITIES		<u>2,841,146</u>	<u>2,532,416</u>
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	12	100,661	96,833
Provisions	13	18,643	9,654
TOTAL NON-CURRENT LIABILITIES		<u>119,304</u>	<u>106,487</u>
TOTAL LIABILITIES		<u>2,960,450</u>	<u>2,638,903</u>
NET ASSETS		<u>38,495,348</u>	<u>37,032,174</u>
EQUITY			
Contributed Equity	14	-	-
Reserves	15	27,437,270	27,437,270
Retained Profits	16	11,058,078	9,594,904
TOTAL EQUITY		<u>38,495,348</u>	<u>37,032,174</u>

The Statement of Financial Position is to be read in conjunction with the Notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		17,153,162	13,462,488
Cash payments in the course of operations		(13,996,766)	(12,002,727)
Interest received		109,017	64,695
Interest and other costs of finance		(69,350)	(137,752)
Net Cash provided by Operating Activities	(iii)	<u>3,196,063</u>	<u>1,386,704</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(33,837)	(52,838)
Proceeds from sale of property, plant and equipment		1,925	13,973
Net Cash provided by/(used in) Investing Activities		<u>(31,912)</u>	<u>(38,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds for Trophy Funds		-	2,939
Repayment of Borrowings		(1,300,000)	(1,200,000)
Net Cash provided by/(used in) by Financing Activities		<u>(1,300,000)</u>	<u>(1,197,061)</u>
Net Increase in Cash held		1,864,151	150,778
Cash at Beginning of Financial Year		<u>940,348</u>	<u>789,570</u>
Cash at End of Financial Year	(i)	<u>2,804,499</u>	<u>940,348</u>
NOTES TO THE STATEMENT OF CASH FLOWS			
(i) Reconciliation of Cash			
For the purposes of the Statement of Cash Flows, cash includes cash on hand, in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
		2005	2004
		\$	\$
Cash	4	<u>2,804,499</u>	<u>940,348</u>

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
(ii) Financing Facilities		
The Company has access to a Bill acceptance facility of \$1million (2004: \$4.5million). At 31 March 2005, \$nil (2004: \$1.3million) was in use.		
(iii) Reconciliation of Net Cash provided by Operating Activities to Operating Result		
Operating profit after tax	1,463,174	275,451
Add/(less) non-cash items:		
Depreciation	917,363	1,025,629
Amounts set aside to provisions	68,630	(20,353)
Interest accrued on Trophy Funds	3,828	-
Add/(less) items classified as investing/financing activities:		
Loss/(Gain) on sale of fixed assets	3,239	(13,973)
Changes in Assets and Liabilities:		
Increase in Receivables	(966,769)	(70,823)
Decrease in Other Current Assets	135,100	158,517
Decrease in Inventories	22,409	6,294
Increase in Payables	1,549,089	25,962
Net Cash Provided by/(Used in) Operating Activities	<u>3,196,063</u>	<u>1,386,704</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted by The Royal Agricultural Society of Victoria Limited are stated in order to assist in the general understanding of this financial report. These policies have been consistently applied except as otherwise indicated.

(a) Basis of Accounting

In the opinion of the Directors, the Company is a reporting entity. The financial report has been drawn up as a general purpose financial report.

The financial report has been prepared on the accrual basis of accounting as defined in AASB 1001, Accounting Policies – Disclosure, using the historical cost convention and a going concern assumption. Except where stated, it does not take into account changing money values or current valuations of non-current assets.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial period amounts and other disclosures.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001 the recognition and measurement aspects of all applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) that have a material effect.

The Company has incurred expenditures of \$978,167 in relation to the redevelopment of the Showgrounds on behalf of the Joint Venture. The State has funded these expenditures relating to the redevelopment and accordingly they have not been recognised in the Statement of Financial Performance.

(b) Income Tax

The Royal Agricultural Society of Victoria Limited has an exemption from income tax under Division 50 of the Income Tax Assessment Act (1997).

(c) Cash and Short Term Deposits

Cash and short term deposits are carried at face value of the amounts deposited. The carrying amounts of cash and short term deposits approximate net fair value. Interest revenue is accrued at the market or contracted rates and is received on a monthly or quarterly basis.

(d) Receivables

Trade debtors are generally settled within 60 days and are carried at amounts due. The collectability of debts is assessed at period end and specific provision is made for any doubtful accounts. The carrying amount of trade debtors approximates net fair value.

NOTES TO THE FINANCIAL OF STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Other Current Assets

Expenses paid in the current financial year for which the economic benefits have not been completely consumed at balance date, have been deferred and recorded as a prepayment in the Statement of Financial Position. Prepayments are amortised as an expense in the Statement of Financial Performance in the following year as the economic benefits of the payment are consumed.

(f) Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the straight line method. The cost of property, plant and equipment constructed by the Company includes the cost of materials and direct labour. The proportion of other incidental costs directly attributable to its construction are also capitalised to the cost of property, plant and equipment.

Depreciation

The depreciation rates used for each class of asset are as follows:

Building and Building Improvements	2.5% - 5 %
Plant & Equipment	2% - 33.3%

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

Revaluations

Buildings are independently valued every three years on an existing use basis.

In applying Accounting Standard AASB 1041 "Revaluation of Non-Current Assets", the Directors have elected to measure each class of non-current assets as follows:

Class	Measurement Basis
Land	Fair Value
Buildings and Building Improvements	Fair Value
Plant and Equipment	Cost

Land, Buildings and Building Improvements which had previously been revalued in 2001 based on a valuation conducted by an independent valuer are currently measured at the same amount plus any subsequent additions at cost. For the current year the Directors consider this measurement basis, less accumulated depreciation, represents fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the Company in future years. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

(h) Provision for Employee Entitlements

Wages, Salaries and Annual Leave

The provision for employee entitlements to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related on-costs.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash out flows to be made by the employer resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the provision for employee entitlements, consideration has been given to future increases in wage and salary rates, and the Company's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation

Contributions to employee superannuation funds are charged against income as they are made. The employer contributions are paid to an accumulation scheme managed by BT Funds Management Ltd.

(i) Bank Loans

Bank Loans are carried at their principal amount subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in other creditors and accruals.

NOTES TO THE FINANCIAL OF STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(j) Non-Current Assets

The carrying amount of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(k) Revenue Recognition

Revenue for services is recognised when the service has been performed on an accruals basis. Show admission 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. Rental income is recognised as it accrues over the period that the properties are leased to third parties. Interest revenue is recognised as it accrues. The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days. The carrying value of accounts payable approximate net fair value.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Exemption from GST has been determined under Section 38-250(2)(v)(iii) of the GST Act for certain classes of admissions and entries relating to the Royal Show. This has resulted in a refund for GST incorrectly paid to the Australian Taxation Office for GST on supplies that were deemed to be GST-free. The determination of GST-free status for admissions and entry fees is carried out on an annual basis.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)		
<i>(n) Borrowing Costs</i>		
Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease future finance charges. Borrowing costs are expensed as incurred.		
2. REVENUE		
Revenue from Operating Activities		
Admissions Revenue	5,829,986	5,304,043
Members Subscriptions	292,227	261,913
Rental Income	4,927,286	4,193,397
Catering Premiums	1,148,488	1,011,563
Sponsorship	922,036	876,701
Competition Income	995,049	902,441
Secretarial and Management Fees	236,174	217,338
Parking Revenue	358,144	313,813
Total revenue from operating activities	<u>14,709,390</u>	<u>13,081,209</u>
Revenue from Non-Operating Activities		
GST Reimbursement	596,497	-
Interest	109,017	64,695
(Loss)/proceeds from sale of non-current assets	(3,239)	13,973
Other revenue	557,940	492,356
Total revenue from non-operating activities	<u>1,260,215</u>	<u>571,024</u>
Total revenue from ordinary activities	<u>15,969,605</u>	<u>13,652,233</u>
3. PROFIT/(LOSS) BEFORE INCOME TAX		
(a) Operating result has been arrived at after charging/(crediting) the following items:		
Lease rental expense - operating leases	85,176	28,273
Bad and doubtful debts	-	4,398
Net (loss)/gain on sale of property, plant and equipment	(3,239)	13,973
Amounts set aside to provision for employee entitlements	(68,630)	20,353
(b) Significant items included in arriving at the Operating results:		
Recovery of GST previously paid	596,497	-
Contribution to the RAS Education Foundation	500,000	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
4. CASH ASSETS (CURRENT)		
Cash on hand	893	1,974
Cash at bank	<u>2,803,606</u>	<u>938,374</u>
	<u>2,804,499</u>	<u>940,348</u>
Interest rates at 31 March 2005 on cash accounts were 5.31% (2004: 4.325%).		
5. RECEIVABLES (CURRENT)		
Trade Debtors	642,911	295,302
Costs of Redevelopment due from the State (i)	813,610	134,613
Sundry Debtors	<u>277,542</u>	<u>337,379</u>
	<u>1,734,063</u>	<u>767,294</u>
No interest is charged on receivables.		
(i) Costs associated with the RASV for redevelopment will be borne by the Joint Venture. As at 31 March 2005, amounts due from the State Government were \$813,610. These are preliminary costs expected to be reimbursed.		
Credit Risk Exposures		
Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company minimises concentrations of credit risk by undertaking transactions with a large number of customers. The Company is not materially exposed to any individual customer.		
The maximum credit risk exposure of receivables is represented by the carrying amount of assets recognised in the Statement of Financial Position.		
6. INVENTORIES (CURRENT)		
Consumables, at cost	<u>22,346</u>	<u>44,755</u>
7. OTHER ASSETS		
Prepayments (Current)	<u>403,238</u>	<u>538,338</u>
Deposit on capital structure - Epicure Enclosure (Non-current)	<u>-</u>	<u>1,000,000</u>
The payment made toward the purchase of the capital structure has been transferred to the asset Property, Plant & Equipment. This will form part of the redevelopment and will be transferred to the Joint Venture along with the other land and buildings.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

		2005 \$	2004 \$		
8. PROPERTY, PLANT AND EQUIPMENT					
Crown Grant Land – at directors' valuation					
Freehold Land – at directors' valuation		16,450,000	16,450,000		
		<u>16,450,000</u>	<u>16,450,000</u>		
Buildings and Improvements					
- at directors' valuation		19,533,212	19,533,212		
- at cost		1,000,000	-		
- accumulated depreciation		<u>(2,007,648)</u>	<u>(1,502,162)</u>		
		<u>18,525,564</u>	<u>18,031,050</u>		
Plant and Equipment					
- at cost		6,910,348	7,936,660		
- accumulated depreciation		<u>(5,394,260)</u>	<u>(6,037,368)</u>		
		<u>1,516,088</u>	<u>1,899,292</u>		
Total property, plant and equipment - Net book value		<u>36,491,652</u>	<u>36,380,342</u>		
<i>Reconciliation of Movements in 2005</i>					
Asset Class	Opening Balance \$	Additions \$	Depreciation/ Amortisation \$	Disposals \$	Closing Balance \$
Building and Improvements	18,031,050	1,000,000	(505,486)	-	18,525,564
Plant and Equipment	<u>1,899,292</u>	<u>33,837</u>	<u>(411,877)</u>	<u>(5,164)</u>	<u>1,516,088</u>
	<u>19,930,342</u>	<u>1,033,837</u>	<u>(917,363)</u>	<u>(5,164)</u>	<u>20,041,652</u>
<i>Reconciliation of Movements in 2004</i>					
Asset Class	Opening Balance \$	Additions \$	Depreciation/ Amortisation \$	Disposals \$	Closing Balance \$
Building and Improvements	18,536,536	-	(505,486)	-	18,031,050
Plant and Equipment	<u>2,366,597</u>	<u>52,839</u>	<u>(499,574)</u>	<u>(20,570)</u>	<u>1,899,292</u>
	<u>20,903,133</u>	<u>52,839</u>	<u>(1,005,060)</u>	<u>(20,570)</u>	<u>19,930,342</u>
<p>The Company has not revalued its land, buildings and improvements as at 31 March 2005 on the basis that it has transferred these assets after the year end to Showgrounds Nominees Pty Ltd which is a nominee company for a joint venture between the State of Victoria and the Company for the purposes of the redevelopment of the Showgrounds. For the purposes of the redevelopment, the land and the buildings and improvements upon the land were independently valued by the Victorian Valuer General on 9 July 2004. The valuation by the Valuer General confirmed that the value of the land, buildings and improvements at that date was in excess of \$50M. Refer Note 20 for further detail.</p>					

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
9. PAYABLES (CURRENT)		
Creditors and Accruals	2,097,508	723,665
Income in Advance	<u>444,477</u>	<u>269,231</u>
	<u>2,541,985</u>	<u>992,896</u>
10. INTEREST BEARING LIABILITIES (CURRENT)		
Loans – Commercial Bills	<u>-</u>	<u>1,300,000</u>
<p>A commercial bill facility exists with National Australia Bank Limited. The facility is available for one year and had an average interest rate of 6.2% for the year ended 31 March 2005 (2004: 5.8%).</p> <p>The commercial bill is secured by our interest in the Joint Venture as well as by way of a fixed and a floating charge on all assets.</p>		
11. PROVISIONS (CURRENT)		
Employee Entitlements	<u>299,161</u>	<u>239,520</u>
12. INTEREST BEARING LIABILITIES (NON-CURRENT)		
Trophy Funds	<u>100,661</u>	<u>96,833</u>
13. PROVISIONS (NON-CURRENT)		
Employee Entitlements	<u>18,643</u>	<u>9,654</u>
14. CONTRIBUTED EQUITY		
<p>The Royal Agricultural Society of Victoria Limited is a company limited by guarantee, thereby the Company has been formed on the principle of having the liability of its members limited by the Memorandum and Articles 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.</p>		
15. RESERVES		
Asset Revaluation Reserve	<u>27,437,270</u>	<u>27,437,270</u>
<p>The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can not be used to pay dividends because the Company is limited by guarantee and is prohibited by its Constitution from paying dividends to its members.</p>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
16. RETAINED PROFITS		
Balance at beginning of year	9,594,904	9,319,453
Net profit after tax	<u>1,463,174</u>	<u>275,451</u>
Balance at end of year	<u>11,058,078</u>	<u>9,594,904</u>
17. COMMITMENTS		
Future operating lease rentals not provided for in the financial statements.		
Payable:		
Not longer than one year	55,892	99,191
Longer than one year but not longer than two years	41,428	54,411
Longer than two years but not longer than five years	<u>26,144</u>	<u>44,083</u>
	<u>123,464</u>	<u>197,685</u>
Operating leases have an average lease term of 4 years. Assets that are subject to operating leases include motor vehicles and office equipment.		
Capital expenditure contracted for at 31 March, but not provided for in the financial statements.		
Payable:		
Longer than one year but not longer than two years	<u>-</u>	<u>704,000</u>
18. SEGMENT REPORTING		
The Company promotes the development of agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing, and industrial resources within the geographical segment of Australia.		
19. EMPLOYEE BENEFITS		
Aggregate employee benefits, including on-costs:		
- Accrued salaries and wages	66,139	56,324
- Provisions (Current)	299,161	239,520
- Provisions (Non-current)	<u>18,643</u>	<u>9,654</u>
	<u>383,943</u>	<u>305,498</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

20. EVENTS SUBSEQUENT TO BALANCE DATE

As reflected in the Statement of Financial Position at 31 March 2005, and more specifically at Note 8 to the financial report, the Company held assets comprising of land and buildings and improvements on the land at a carrying value of \$34,975,567. Subsequent to balance date, and prior to the date of this report, these assets have been transferred to a joint venture entity in accordance with agreements entered into between the Company and the State of Victoria to facilitate the redevelopment of the Showgrounds.

An entity has been established, Showgrounds Nominees Pty Ltd, which will act as nominee for the joint venture. The Royal Agricultural Society of Victoria Limited will own 50% of the shares in the nominee company and will be a 50% participant in the joint venture itself.

Under the present agreements and the redevelopment proposal, the company has transferred the land and the buildings and improvements to the joint venture entity, and the State of Victoria will spend an amount of approximately \$101 million redeveloping the Showgrounds.

As part of the planned redevelopment process, a number of buildings will be demolished, a number of existing buildings will be extensively renovated, and some totally new buildings and facilities will be constructed.

These assets of the Company have been transferred to the joint venture, in accordance with agreements with the State of Victoria and the joint venture, at no consideration other than a 50% participation in the joint venture entity and the ownership of 50% of the shares of the nominee company.

The land and buildings and improvements upon the land were independently valued by the Victorian Valuer General on 9 July 2004 in excess of \$50 million. This valuation has not been reflected in the financial report at 31 March 2005.

The future financial reports of the Company will not record an interest in the physical assets transferred to the joint venture. The future financial reports of the Company will reflect the company's 50% participation in the joint venture which will hold the Showgrounds land and the redeveloped buildings, improvements and infrastructure, which will comprise the Royal Melbourne Showgrounds.

The Company's accounting for its interest in the joint venture will be undertaken in accordance with relevant prevailing accounting and reporting standards. The Company presently believes that the appropriate carrying value of its interest in the joint venture will exceed the carrying value of land, buildings and improvements of \$34,975,567, reflected in the Statement of Financial Position at 31 March 2005.

Other than the above, there are no matters or circumstances that have arisen since the end of the financial year, other than those already disclosed in the attached financial statements, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
21. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS		
For the year ended 31 March 2006, the Royal Agricultural Society of Victoria must comply with the International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.		
Adoption of Australian equivalents to IFRS (AIFRS) may result in changes to accounting policies that have impacts on the reported financial position and performance of an entity.		
The impact of these new standards has been evaluated.		
It is expected that the adoption of AIFRS will have no material impact and will only require some modification in presentational format and disclosures of the financial report, particularly in regard to the Joint Venture and the Asset Revaluation Reserve. AIFRS relating to the Joint Venture will be considered further when the company accounts for the Joint Venture for the year ended 31 March 2006.		
22. AUDITORS REMUNERATION		
Total of all remuneration received and receivable in connection with:		
(a) Audit of the Annual Financial Report	26,000	26,000
(b) Other Services:		
Audit of the Royal Melbourne Show	9,500	8,500
Management Accounting Services	126,345	4,485
	<u>161,845</u>	<u>38,985</u>
23. DIRECTORS REMUNERATION		
Directors of the Company do not receive remuneration for services provided.	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

24. RELATED PARTY TRANSACTIONS

- i. The Company performs accounting and secretarial functions for various animal breed societies. The fees charged for these services were \$226,110 (2004: \$215,178).
- ii. The names of all Directors who have held office during the year are:
 - Ian Ivor Bucknall
 - Michael Carroll
 - Richard Charles Embley Cust
 - Charles John Fox
 - Barrie Ernest Laws
 - Charles Robert Lyons (resigned December 2004)
 - Geoffrey James Phillips
 - Anabel Shears-Carter (appointed January 2005)
 - Gary James Sheppard (deceased May 2005)
 - John Horton Seymour
 - Stephen Charles Spargo
- iii. Mr I I Bucknall is a director of Australian Stockscan Services Pty Ltd, a company that provides sheep scanning services to the Company. The total amount paid by the Company was \$2,819 (2004: \$2,741).
- iv. Mr M Carroll is associated with the Company's bankers who provide financial services at arms length terms and conditions.
- v. Mr C J Fox and Mr J H Seymour are associated with an organisation that provides sponsorship monies and/or donated goods and services to the Company. The total value of these transactions were \$25,000 (2004: \$25,000).
- vi. Mr G J Phillips is a director of a firm that provides consultancy services to Stock & Land Beef Week and the Angus Society of Australia. The Company provides secretarial services to both Stock & Land Beef Week and the Angus Society of Australia at arms length.
- vii. Mr S C Spargo is a partner of Allens Arthur Robinson whose firm provides legal services to the Company. The total amount paid by the Company for the legal services provided by the firm was \$550,370 (2004: \$78,280). Of this amount, \$535,806 relates to the redevelopment of the Showgrounds which has been reimbursed by Major Projects Victoria.
- viii. Directors and Councillors had related party transactions at arms length with the Company involving the purchase of goods/services considered to be trivial or domestic in nature and for which disclosure is not required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

25. OTHER STATUTORY INFORMATION

The Company is incorporated and domiciled in Australia.

The registered office and principal place of business is:

Royal Melbourne Showgrounds
Epsom Road
ASCOT VALE VIC 3032

The Administration Office is:

369 Royal Parade
PARKVILLE VIC 3052

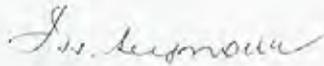
The number of employees was 38 as at 31 March 2005 (2004: 42).

DIRECTORS' DECLARATION

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

- a) the accompanying financial statements and notes, set out on pages 18 to 34, are in accordance with the Corporations Act 2001, comply with the accounting standards and give a true and fair view of the Company's financial position as at 31 March 2005 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 in accordance with a resolution of the directors.



J H Seymour
Director



B E Laws
Director

Dated this 20th day of June 2005.
Melbourne

INDEPENDENT AUDIT REPORT

A Member Firm of PKF International

PKF

Chartered Accountants
& Business Advisers

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the director's declaration for The Royal Agricultural Society of Victoria Limited, for the year ended 31 March 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of The Royal Agricultural Society of Victoria Limited. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2005 and of its performance for the year ended on that date, and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



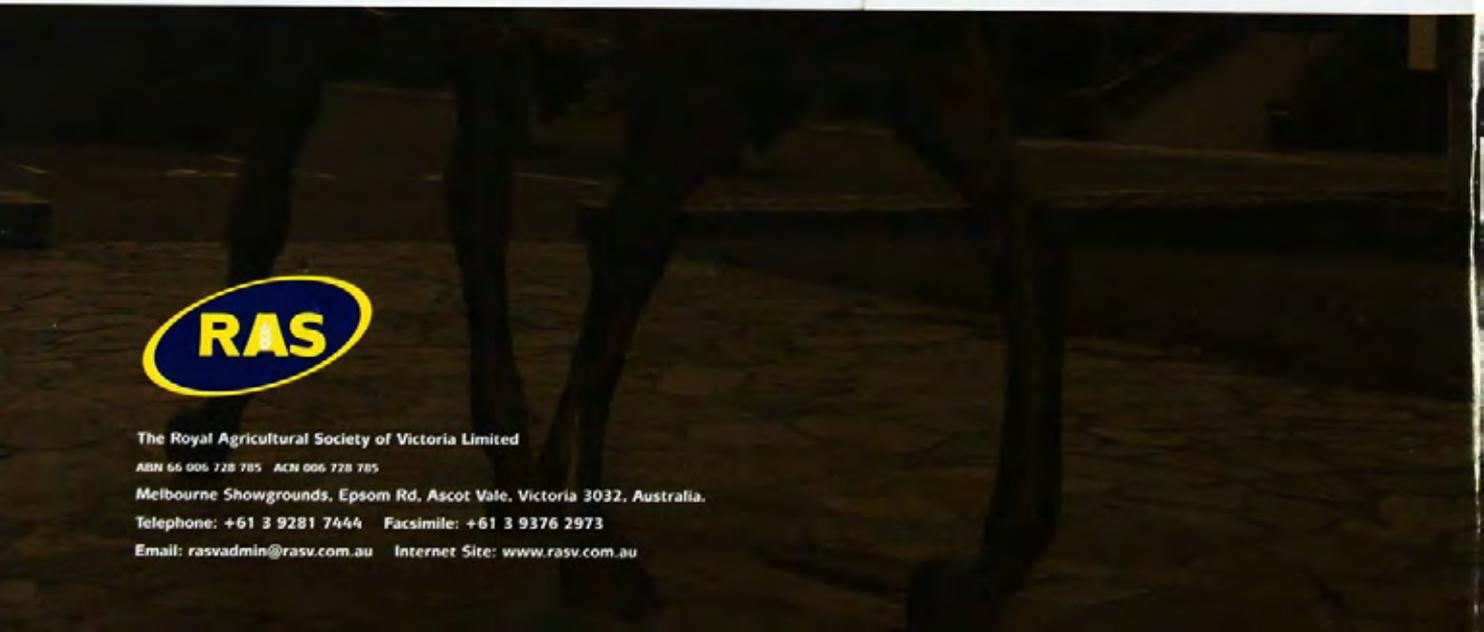
PKF
Chartered Accountants



J Perlas
Partner

24 June 2005
Melbourne

A Victorian Partnership



The Royal Agricultural Society of Victoria Limited

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