



THE ROYAL AGRICULTURAL SOCIETY OF VICTORIA LIMITED

2000/2001 ANNUAL REPORT

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T H E R A S

The Royal Agricultural Society of Victoria Limited (RAS) makes a unique 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 Show is the celebration of the year in Victorian agriculture and agricultural business. A total of 129 regional Shows, conducted under the auspices of the Victorian Agricultural Societies Association, lead into the Royal Melbourne Show, together with a range of Field Days and commercial competitions run by the RAS. These 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 RAS, through the Show, provides total market opportunities with annual cumulative benefits estimated at \$400 million a year (The Economic Importance of the Show, NIEIR Report, 2000).



The 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 Agricultural Show was held in 1871 at Emerald Hill. Twelve years later the first Show was held at our home, the present Ascot Vale Showgrounds site.

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.





P R E S I D E N T ' S M E S S A G E

It has been a year of major challenges for the RAS as we continue to maintain our relevance to agribusiness.

The No.1 challenge was to submit a detailed proposal to the Victorian Government for financial assistance for the refurbishment of the Showgrounds.

We are pleased to note the commitment by the Victorian Government in the 2001 State Budget to work towards finalising a program for redevelopment over the following months of 2001.

Another key challenge has been to demonstrate the significance of the RAS and the Royal Show to mainstream commercial agriculture in line with structural and technological changes occurring within the industry. We also have been called upon to demonstrate that the Show's competition format is consistent with today's commercial realities.

We are handling the changes required through constant liaison with key industry organisations and authorities which are at the forefront of the latest technology and management practices, including the Department of Natural Resources and Environment, the Department of Agriculture, the Meat and Livestock Association and the National Meat Association.

These organisations provide the necessary consultative depth and support to ensure our judging criteria and procedures keep pace with the constantly changing commercial environment of farming.

An added dimension to our relevance has been to launch a program to promote the broader leadership role of the RAS.

This has involved a positioning program in the public arena to advance the RAS as an organisation that has appropriate and authoritative views on commercial agriculture and agribusiness - that it does much more than run our major celebration, the Royal Melbourne Show. Trained spokespeople from within the Council and Management are being used to articulate our position on significant areas of agriculture and agribusiness.

Another major challenge is the survival of Show Societies throughout Victoria, and indeed Australia, which are under threat because of rising costs which are the major cause of a decline in numbers due to competition for the available dollar.

There is much to be done.

We all recognise that without change in this 21st century, Agricultural Shows will "wither on the vine". We need to identify what changes have to be made, what our stakeholders are seeking, the customer base we are serving and the new marketing programs which are needed to deliver appropriate outcomes for all.

We must continue to do what we do best, using the best people and the best exhibits. Above all, we need to use the most modern techniques to make sure we do it well.

Only then can we hope to make our future secure.

We thank all of our stakeholders and I particularly enjoyed working with the Board, Council, Executive, staff and consultants in what has been a year of major challenges.

J. H. Seymour
PRESIDENT

YEAR IN REVIEW

The result for the year to 31 March 2001 is an operating profit after abnormal items of \$130,630 (2000: \$1,003,871).

Although expenditure has been contained at the same level as 2000, income from show admissions was approximately \$835,000 less than the previous financial year.

The main reasons were:

- the counter-attraction of the Olympic Games in Sydney
- the effects of the introduction of the Goods and Services Tax - and
- adverse weather which impacted the second week of the Show, with Monday recording the lowest attendance that day in the past 10 years



The 2000 Royal Melbourne Show attracted a total attendance of 537,000 visitors which was down approximately 15% on the previous year.

Total entries were again close to 32,000 with numbers maintained or increased in a number of the key sections.

A total of 1244 beef cattle competed in 2000 with the feature beef breeds, the Shorthorn and the Lowline.

The Supreme Beef Breed Senior Bull ribbon (2nd week) was awarded to *Eumemerring Sudden Impact*, a Beef Shorthorn owned by the **Spencer Family** of Yuroke, Victoria.

The Supreme Beef Breed Female title was won by a Shorthorn, *Nunyara Carnation 3rd*, owned by **Miss G Job** of Cumnock, NSW. The Supreme Small Beef Breed Bull award went to a Lowline, *Ardrossan Findon*, owned by **G & J Knight** of Taradale, Victoria, and the Supreme Small Beef Breed Female also was a Lowline, *Broken Arrow Starlight*, owned by **A & J Ristrom**, of Red Hill, Victoria.

In the dairy cattle section, a good showing of 368 animals competed, with Holstein the feature breed. The Champion Dairy Cow ribbon went to *Blumberg Fireball Maggie*, a Holstein owned by **C Gleeson & A Wright**, of Koroit, Victoria.



YEAR IN REVIEW CONT.



The Show again had a spectacular horses competition with close to 4000 entries in competitions ranging from dressage and harness to showjumping - plus the greatest of all Australian equestrienne competitions, the Garryowen, which was won by South Australian **Vicki Lawrie**, riding *Kings* - her sixth win in the event since 1981.

The Show lived up to its reputation as the premier dog exhibition in the southern hemisphere with nearly 5000 entries. Among these were three breeds on display for the first time:

Eurasier, Lagotto and Havanese. The title of Best in Show was won by *Troymere Diva Damour*, a Standard Poodle owned by **T G Tanner & L M Henery** of Kenthurst, NSW.

In the sheep section, about 700 animals were entered with the feature breed being the Border Leicester. More than 240 goats were entered in competition classes.

For alpacas there was a record total of 324 entries - the biggest competition showing of alpacas outside Peru.

A grand total of 1854 birds were entered in the poultry section.

Among other highlights was the woodchop competition with the performance of 17-year-old **Glen Gillam**, of Neerim South, Victoria, as the Grand Aggregate Winner. He is the youngest competitor ever to win this prestigious award, which dates back to the 1955 Royal Melbourne Show.

The animal attractions of Animal Nursery, Farm Animal Kingdom, Mootown and Fibre Factory again proved to be among the most popular

of the Show, with approximately 85% of visitors spending time in these wonderfully entertaining and educational showpieces. Aquaculture made its debut at the Show with spectacular displays of a wide variety of fish plus tanks of eels, yabbies, abalone, mussels and lobster.

The Show hosted for the first time a major display of orchids as 'The Royal Agricultural Society of Victoria Town & Country Orchid Expo 2000' which included a major competition with prize monies of more than \$4000, and demonstrations on growing and maintaining orchids.

Extreme sport landed at the Show in a big way with the launch of the XS Zone - a brand new skate park featuring a purpose-built vertical ramp that hosted some of the best extreme sports exponents from Australia and the United States.

OTHER HIGHLIGHTS OF THE YEAR



- **The 2001 Royal Melbourne Horse Show** (6-10 January) was very successful with close to 3000 horses and ponies competing in about 700 classes in 25 different sections, including competitions for Pony Clubs, Shetlands, Arabian and Welsh Mountain ponies, Thoroughbreds, Standardbreds, Stock

horses, Miniature horses, Western Breeds, Riding for the Disabled and the VASA saddle horse championships.

- **The 2000 Royal Melbourne Dairy Show** (14-18 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 Supreme Cheese Award was won by **Dairy Farmers** for 'The Estate Selection Blue Vein Toowoomba'.

- **The 2000 Royal Melbourne Wine Show** (28 July - 2 August) - the largest in Australia - attracted a record 4029 entries which surpasses the 1999 record of 3650 wines entered. The coveted Jimmy Watson Trophy was awarded to South

OTHER HIGHLIGHTS OF THE YEAR CONT



Australian winemaker **Punters Corner** of Coonawarra, for its *Punters Corner Shiraz 1999*. The Premier's Gold Trophy for Victorian Wine was awarded to **Morris Wines** for its *Rare Liqueur Muscat - Blend*.

- **The 2000 Liquorland Australian International Beer Awards** (26 - 30 June) - the third largest beer awards in the world - are run by the Society in conjunction with the University of Ballarat and attracted a record 480 entries from Australia and overseas. The number of international entries has grown from approximately 130 in 1995 to more than 220.

Hoegaarden White, a Belgian-brewed beer produced by **Interbrew Belgium**, was named Grand Champion Beer of 2000.

The Premier of Victoria is Patron of the Awards. We also acknowledge the strong support for the Awards by The Hon. Tony Robinson, MP, Parliamentary Secretary for State & Regional Development.

- **Commercial farming competitions** run by the Society throughout the year included The Bank of Melbourne 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

Melbourne Showgrounds profile as the region's best multi-purpose event site has been well established with the annual return of a number of major events.

Enquiries continue to be strongest from the retail sector. Proactive sales and marketing of the venue to primary target markets including Film Industry, exhibition organisers, retailers, concert and festival organisers and exam organisers will continue into 2002.

We are building the profile of the Melbourne Showgrounds brand and transforming the public's perception so they see the venue as being open for business all year round and not just at Showtime.

A F F I L I A T I O N S

The RAS is affiliated with the following organisations:

- The Royal Agricultural Society of the Commonwealth
- The Australian Council of Agricultural Societies
- The Victorian Agricultural Societies Association

The RAS supports the Agricultural Societies of Victoria 'Young Citizen Award' which rewards young people living in rural and regional areas who are making a contribution to their community.

The RAS also supports the Nuffield Foundation and the Churchill Foundation, which make valuable contributions to the young people of the wide agricultural and agribusiness communities through the Australian Nuffield Farming Scholars' Association, and to the wider community via the Winston Churchill Memorial Trust Awards.



ACTIVITIES OF THE RAS

The RAS is involved in all facets of rural life in the State. Its activities, competitions, events and educational programs touch the lives of people of all ages.

The best known of RAS activities is the Royal Melbourne Show, which is conducted over 11 days in September and is the biggest public-paying event held in Victoria each year, attracting approximately 600,000 people on average. The RAS also conducts and/or hosts a wide and diverse range of programs, which it has done throughout its 153 year history. In addition to the four major commercial farming competitions and the special Wine, Beer and Dairy events, current programs include the following:

- **Agricultural competitions** which judge the best in their fields - fleece, honey, steer carcase, lamb carcase and bacon pig carcase - with awards presented at the Royal Melbourne Show.
- **Young Cattle Handlers** - The RAS conducts special competitions for Young Handlers in both beef and dairy cattle during the Show. There is also an annual Cattle Handlers Camp held by the RAS in conjunction with Stud Beef Victoria directly after Easter, which attracts handlers aged between 8 and 60 years.

- **Dog competitions** - The Melbourne Showgrounds are the headquarters of the Victorian Canine Association and every weekend, a major dog show is held on the Showgrounds. At the Royal Melbourne Show each year, the RAS stages the biggest dog show in the Southern Hemisphere, and arguably the third biggest in the world.

- **The Agricultural Societies of Victoria Young Citizen Award** -

This is the search for young people living in rural and regional areas who are making a contribution to their community. Farm, as well as town-based young people, are involved and 11 regional winners are taken to the Royal Melbourne Show each year, where the winner is chosen.

The RAS provides administrative support to 25 rural and agribusiness organisations on an on-going basis. The RAS is home also to the **Victorian Agricultural Societies Association** which is the representative and administrative body of 129 country Shows.



The Showgrounds have a rich heritage which dates back to the first Show held at the site in 1883.

The Showgrounds have been used by many organisations over the years, including the **Country Women's Association** for the past 75 years with its renowned luncheon. It includes also being home to the **RAAF and WRAAF** during World War II and these organisations come back annually to commemorate those years with a special service on the grounds.

C O R P O R A T E G O V E R N A N C E

The Directors are responsible for the Corporate Governance practices of the RAS 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 ten Directors;
- other than the Chief Executive, Directors must be Councillors of the RAS and consequently non executive;
- the Board shall not be paid remuneration;
- the Chairman of the Board is also the President of the RAS;
- 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;
- all available information in connection with items to be discussed at a meeting of the Board shall be provided in writing to each Director prior to that meeting.

The primary responsibilities of the Board include:

- the establishment of policy in relation to the long term goals of The RAS;
- approving strategic and business plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the RAS 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.

Human Resources Committee

The Human Resources Committee is chaired by the President, consists of four Non Executive Directors and the Chief Executive and is assisted by the Company Secretary. The Committee is also supported by an external adviser.

The Human Resources Committee generally oversees the RAS human resources policies, procedures and current practices 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 consists of Non Executive Directors and 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

C O R P O R A T E G O V E R N A N C E C O N T

- 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.

Nominations 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 RAS, 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 RAS's system of internal controls. The Board constantly monitors the operational and financial aspects of the RAS'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 RAS. Where considered necessary, appropriate action is taken to ensure that the RAS 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 RAS 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 RAS wishes to conduct its business.

Political Activity

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

OFFICE BEARERS JUNE 2001

Patron in Chief

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

Patron

Mr John Lardy MBE
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 (Michael) Burston
R G A (Rupert) Clarke
C J (John) Fox
B E (Barrie) Laws
C R (Robert) Lyons
G J (Gary) Sheppard
S C (Stephen) Spargo

Company Secretary

Adnan Mansour

EXECUTIVE STAFF

Chief Executive Officer:

Stephen Carter (from 6/6/01)

Chief Operating Officer:

Adnan Mansour

General Manager (Venue Services):

Michael Martin

Manager, Show Operations:

Tim Morgan

Manager, Public Relations:

Brian Morley

Registered office:

The Royal Agricultural Society
of Victoria Limited
ACN 006 728 785
ABN 66 006 728 785
Melbourne Showgrounds
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Victoria 3032 Australia
Telephone +61 3 9281 7444
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Websites: www.rasv.com.au
www.royalshow.com.au
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



FINANCIAL REPORT

DIRECTORS REPORT

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 2001, 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:

John Horton Seymour

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

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.

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 State official. He also has extensive marketing experience. Currently Vice President.

Ian Ivor Bucknall

Mr Ian Bucknall 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.

John Michael Burston

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

Stephen Charles Spargo

Mr Stephen Spargo 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.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the year ended 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.

DIRECTORS' REPORT CONT.

REVIEW AND RESULTS OF OPERATIONS

The operating profit of the Company for the year after abnormal items was \$130,630 (2000: \$1,003,871).

Major changes were:

- Decrease in the 2000 Show attendance, due to the combined effect of the Olympic Games in Sydney and the introduction of GST, which is evidenced by a reduction in admission revenue of \$835,365, together with decreases in both

sponsorship (\$151,779) and catering premiums (\$49,783).

- Rental revenue increased by \$208,243.
- The directors continued with their policy of reviewing and rationalizing asset holdings which resulted in the sale of land, which netted a surplus of \$390,000 to the Company

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the year ended are:

	Meetings Attended	Meetings Eligible to Attend
I I Bucknall	12	13
J M Burston	11	13
R G A Clarke	12	13
C J Fox	12	13
B E Laws	11	13
C R Lyons	10	13
J H Seymour	13	13
G J Sheppard	12	13
S C Spargo (appointed July 2000)	5	6

DIRECTORS REPORT CONT.

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.

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 strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

DIVIDENDS

The Company is limited by guarantee and is prohibited by its Memorandum and Articles of Association 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.

EVENTS SUBSEQUENT TO BALANCE DATE

On 26th May 2001, a fire destroyed the Arts and Crafts Pavilion and part of the Cumming Stand. All buildings were insured for replacement and reinstatement. As at the date of this report, the Company is awaiting a report from the Insurance and Loss Adjustors to determine the full extent of damage. The financial effect as a result of this event has not yet been determined.

LIKELY DEVELOPMENTS

At the date of this report, the major project of redevelopment of the Showgrounds is still being examined. The timing is dependent on the availability of funds from both the public and private sectors. In the May 2001 State Budget, a \$2million grant was provided to the Company to undertake essential works and further master planning on the Royal Melbourne Showground facilities.

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.

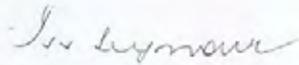
Insurance premiums

During the year ended the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 March 2001 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ended 31 December 2001. 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 CONT.

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



J H Seymour
Director



C J Fox
Director

Dated this 29th day of May 2001
Melbourne, Victoria

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 \$	2000 \$
Revenue	2	<u>13,813,903</u>	<u>13,706,368</u>
Operating profit before abnormal items, depreciation, amortisation and income tax	3(a)	1,275,421	2,083,905
Depreciation and amortisation	3(a)	<u>(1,043,324)</u>	<u>(1,080,034)</u>
Operating profit before abnormal items and income tax		232,097	1,003,871
Abnormal items	3(b)	<u>(101,467)</u>	-
Operating profit before income tax		130,630	1,003,871
Income tax attributable to operating profit	1(b)	-	-
Operating profit after income tax		130,630	1,003,871
Accumulated income at the beginning of the financial year		<u>7,491,941</u>	<u>6,488,070</u>
Accumulated income at the end of the financial year		<u>7,622,571</u>	<u>7,491,941</u>

The profit and loss statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET AS AT 31 MARCH 2001

	Note	2001 \$	2000 \$
CURRENT ASSETS			
Cash	4	2,330	2,570
Receivables	5	704,545	505,640
Inventories	6	21,720	31,071
Other	7	591,716	534,999
TOTAL CURRENT ASSETS		<u>1,320,311</u>	<u>1,074,280</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	37,871,321	37,111,918
TOTAL NON-CURRENT ASSETS		<u>37,871,321</u>	<u>37,111,918</u>
TOTAL ASSETS		<u>39,191,632</u>	<u>38,186,198</u>
CURRENT LIABILITIES			
Accounts Payable	9	1,175,683	1,232,652
Borrowings	10	2,589,184	3,106,058
Provisions	11	256,841	276,637
TOTAL CURRENT LIABILITIES		<u>4,021,708</u>	<u>4,615,347</u>
NON-CURRENT LIABILITIES			
Borrowings	12	88,562	107,467
Provisions	13	21,521	47,121
TOTAL NON-CURRENT LIABILITIES		<u>110,083</u>	<u>154,588</u>
TOTAL LIABILITIES		<u>4,131,791</u>	<u>4,769,935</u>
NET ASSETS		<u>35,059,841</u>	<u>33,416,263</u>
ACCUMULATED FUNDS			
Share Capital	14	-	-
Reserves	15	27,437,270	25,924,322
Accumulated Income		7,622,571	7,491,941
TOTAL ACCUMULATED FUNDS		<u>35,059,841</u>	<u>33,416,263</u>

The balance sheet is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		13,137,885	13,928,456
Cash payments in the course of operations		(12,559,637)	(11,242,379)
Interest received		30,397	11,884
Interest and other costs of finance		(173,326)	(315,969)
Net Cash provided by/(used in) Operating Activities	(iii)	<u>435,319</u>	<u>2,381,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(809,780)	(815,688)
Proceeds from sale of property, plant and equipment		910,000	41,693
Government Grant for redevelopment and restructure studies		487,262	510,450
Payments for redevelopment and restructure studies		(487,262)	(510,450)
Net Cash provided by/(used in) Investing Activities		<u>100,220</u>	<u>(773,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds for Trophy Funds		2,767	2,257
Repayment of borrowings		(500,000)	-
Lease Payments		(6,260)	(5,826)
Net Cash (used in) by Financing Activities		<u>(503,493)</u>	<u>(3,569)</u>
Net Increase in Cash held		32,046	1,604,428
Cash at Beginning of Financial Year		(97,228)	(1,701,656)
Cash at End of Financial Year	(i)	<u>(65,182)</u>	<u>(97,228)</u>

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2001

	2001	2000
(i) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and 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 balance sheet as follows:		
Cash	4	2,330
Bank Overdraft	10	(67,512)
		<u>(65,182)</u>
		<u>2,570</u>
		<u>(99,798)</u>
		<u>(97,228)</u>
(ii) Financing Facilities		
The Company has access to a Bill acceptance facility of \$4million (2000: \$5million).		
At 31 March 2001, \$2.5million (2000:- \$3million) was in use.		
(iii) Reconciliation of Net Cash provided by Operating Activities to Operating Result		
Operating profit after abnormal items	130,630	1,003,871
Add/(less) non-cash items:		
Depreciation	1,035,977	1,072,687
Amortisation	7,347	7,347
Amounts set aside to provisions	(45,396)	63,331
Add/(less) items classified as investing/financing activities:		
Gain on sale of fixed assets	(390,000)	(39,802)
Changes in Assets and Liabilities:		
(Increase)/Decrease in Receivables	(198,905)	(127,888)
(Increase)/Decrease in Other Current Assets	(56,715)	(207,358)
(Increase)/Decrease in Inventories	9,351	15,541
(Decrease)/Increase in Accounts Payable	(56,970)	594,263
Net Cash Provided by Operating Activities	<u>435,319</u>	<u>2,381,992</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

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 statements have been prepared in accordance with the requirements of Law, 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.

(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.

(e) Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and are depreciated/amortised 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 and Amortisation

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

Building and Building Improvements	2.5%
Plant & Equipment	2% - 33.3%
Leased Plant & Equipment	20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

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 at least every three years on an existing use basis of valuation and included in the financial statements at the revalued amounts.

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.

(f) Inventories

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

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(i) 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.

(j) Accounts Payable

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.

(k) 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.

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.

(l) Borrowing Costs

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.

(m) Bank Loans

Bank Loans are carried on the balance sheet 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 STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 £	2000 £
2. REVENUE		
Admissions Revenue	4,311,147	5,146,512
Members Subscriptions	247,847	259,178
Rental income	4,045,726	3,837,483
Catering Premiums	1,022,382	1,072,165
Sponsorship	1,324,364	1,476,143
Interest	30,397	11,884
Proceeds from sale of non-current assets	910,000	41,693
Other revenue	1,922,040	1,861,310
	<u>13,813,903</u>	<u>13,706,368</u>
3. OPERATING PROFIT BEFORE INCOME TAX		
(a) Operating profit has been arrived at after charging/(crediting) the following items:		
Interest and finance costs paid to other parties	173,326	209,317
Depreciation of property, plant and equipment	1,035,977	1,072,687
Amortisation of leasehold plant and equipment	7,347	7,347
Finance charges on capitalised leases	1,812	2,247
Lease rental expense - operating leases	99,032	58,102
Net loss/(gain) on sale of property, plant and equipment	(390,000)	(39,802)
Amounts set aside to provision for employee entitlements	(45,397)	63,331
	<u></u>	<u></u>
(b) Abnormal Items - (Income)/Expense		
Redevelopment & Restructure Studies Grant	(487,262)	(510,450)
Redevelopment & Restructure Studies Costs	487,262	510,450
Redundancy Payments	101,467	-
	<u>101,467</u>	<u>-</u>
4. CASH		
Cash on hand	<u>2,330</u>	<u>2,750</u>

Interest rates at 31 March 2001 on cash accounts are Nil. (2000: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 £	2000 £
5. RECEIVABLES (CURRENT)		
Trade Debtors	655,019	323,440
Sundry and Other Debtors	79,526	212,200
Provision for Doubtful Debts	(30,000)	(30,000)
	<u>704,545</u>	<u>505,640</u>
The weighted average effective interest rate on term debtors at 31 March 2001 is Nil. (2000: Nil)		
<u>Credit risk exposures</u>		
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.		
6. INVENTORIES (CURRENT)		
Consumables, at cost	<u>21,720</u>	<u>31,071</u>
7. OTHER CURRENT ASSETS		
Prepayments	<u>591,716</u>	<u>534,999</u>
8. PROPERTY, PLANT AND EQUIPMENT		
Crown Grant Land - at directors' valuation (2001 and 1998)	-	-
Freehold Land - at independent valuation (2001)	16,450,000	-
Freehold Land - at independent valuation (1998)	-	10,540,000
	<u>16,450,000</u>	<u>10,540,000</u>
Buildings and Building Improvements		
- At Valuation (2001)	18,847,000	-
- At Valuation (1998)	-	25,126,000
- At cost	-	76,580
	<u>18,847,000</u>	<u>25,202,580</u>
- Accumulated depreciation	-	(1,230,923)
	<u>18,847,000</u>	<u>23,971,657</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 \$	2000 \$
8. PROPERTY, PLANT AND EQUIPMENT (cont.)		
Plant and Equipment		
- At cost	6,986,385	6,504,303
- Accumulated depreciation	<u>(4,431,046)</u>	<u>(3,930,371)</u>
	<u>2,555,339</u>	<u>2,573,932</u>
Leased Plant and Equipment		
- At capitalised cost	36,737	36,737
- Accumulated amortisation	<u>(17,755)</u>	<u>(10,408)</u>
	<u>18,982</u>	<u>26,329</u>
Total property, plant and equipment - Net book value	<u>37,871,321</u>	<u>37,111,918</u>
<p>An independent valuation of Freehold Land, Buildings and Improvements was carried out at 31 March 2001 and was on the basis of the open market value of the properties concerned in their 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 revalued at nil by the directors.</p>		
9. ACCOUNTS PAYABLE (CURRENT)		
Creditors and accruals	675,657	567,198
Income in Advance	<u>500,026</u>	<u>665,454</u>
	<u>1,175,683</u>	<u>1,232,652</u>
10. BORROWINGS (CURRENT)		
Bank Overdraft	67,512	99,798
Loans - Commercial Bills	2,500,000	3,000,000
Lease Liabilities	<u>21,672</u>	<u>6,260</u>
	<u>2,589,184</u>	<u>3,106,058</u>

A commercial bill facility exists with National Australia Bank Limited. The facility is available for 1 year and bears interest at 5.90% at 31 March 2001 (2000: 6.26%).

The commercial bill is secured by a mortgage over the freehold land and buildings of The Royal Agricultural Society of Victoria Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 \$	2000 \$
11. PROVISIONS (CURRENT)		
Employee entitlements	<u>256,841</u>	<u>276,637</u>
12. BORROWINGS (NON-CURRENT)		
Lease Liabilities	-	21,672
Trophy Funds	<u>88,562</u>	<u>85,795</u>
	<u>88,562</u>	<u>107,467</u>
13. PROVISIONS (NON-CURRENT)		
Employee entitlements	<u>21,521</u>	<u>47,121</u>
14. SHARE CAPITAL		
<p>The Royal Agricultural Society of Victoria 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>25,924,322</u>
Movement in Reserves		
Balance at beginning of year	25,924,322	25,924,322
Revaluation of Freehold Land, Buildings & Improvements	1,512,948	-
Balance at end of year	<u>27,437,270</u>	<u>25,924,322</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 \$	2000 \$
16. COMMITMENTS		
(i) Operating Lease		
Future operating lease rentals not provided for in the financial statements.		
Payable:		
Not longer than one year	71,698	22,175
Longer than one year but not longer than two years	50,517	22,175
Longer than two years but not longer than five years	76,097	83,396
	<u>198,312</u>	<u>127,746</u>
(ii) Hire Purchase Lease		
Hire Purchase lease rentals are payable as follows:		
Payable:		
Not longer than one year	22,405	8,072
Longer than one year but not longer than two years	-	22,405
Total minimum lease payments	22,405	30,477
Less future finance charges	(733)	(2,545)
	<u>21,672</u>	<u>27,932</u>
17. SEGMENT REPORTING		
The Company promotes the development of agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing and industrial resources within the geographical segment of Australia.		
18. EMPLOYEE ENTITLEMENTS		
Aggregate employee entitlements, including on-costs:		
- Current	256,841	276,637
- Non-current	21,521	47,121
	<u>278,362</u>	<u>323,758</u>
19. EVENTS SUBSEQUENT TO BALANCE DATE		
On 26th May 2001, a fire destroyed the Arts and Crafts Pavilion and part of the Cumming Stand. All buildings were insured for replacement and reinstatement. As at the date of this report, the Company is awaiting a report from the Insurance and Loss Adjustors to determine the full extent of damage. The financial effect as a result of this event has not yet been determined.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001 - CONT.

	2001 \$	2000 \$
20. AUDITORS REMUNERATION		
Total of all remuneration received and receivable in connection with:		
(a) Audit of the Financial Report:		
Auditors of the Company	28,000	26,000
(b) Other Services:		
Auditors of the Company	52,194	28,346
Other - Redevelopment consulting services (Pannell Kerr Forster Consulting Australia P/L)	-	39,353
	<u>80,194</u>	<u>93,699</u>
21. DIRECTORS REMUNERATION		
Amounts received or due and receivable by Directors of the Company		
	<u>-</u>	<u>-</u>
22. RELATED PARTY TRANSACTIONS		
i.) The Company performs accounting and secretarial functions for various animal breed societies. The fees charged for these services were \$221,430. (2000: \$219,156)		
ii.) The names of all Directors who have held office during the period are:		
Ian Ivor Bucknall	Charles Robert Lyons	
John Michael Burston	Gary James Sheppard	
Rupert Grant Alexander Clarke	John Horton Seymour	
Charles John Fox	Stephen Charles Spargo (appointed July 2000)	
Barrie Ernest Laws		
iii.) Mr C J Fox is associated with an organization that provides sponsorship monies and/or donated goods and services to the Company. The total value of these transactions were \$25,000 (2000: \$25,000)		
iv.) Mr S C Spargo is partner of Arthur Robinson & Hedderwicks whose firm provides legal services to the Company. The total amount paid by the Company for the legal services provided by the firm was \$56,808.		
v.) Directors and Councillors had related party transactions at arms length with the Company involving the purchase of goods/services at cost.		

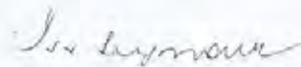
DIRECTORS DECLARATION

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 30, 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 2001 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



C J Fox
DIRECTOR

Dated this 29th day of May 2001.
Melbourne

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

SCOPE

We have audited the financial report of The Royal Agricultural Society of Victoria for the financial year ended 31 March 2001 as set out on pages 18 to 31. 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 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 2001 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.



PKF
Chartered Accountants
29th May 2001
Melbourne



J Pasias
Partner

A Victorian Partnership

