



**RASV**

ANNUAL REPORT 2008  
The Royal Agricultural  
Society of Victoria Limited



# 2008 OFFICE BEARERS

## Patron

Professor David de Kretser, AC  
Governor of Victoria

## President

CJ (John) Fox

## Vice President

SC (Stephen) Spargo

## Board of Directors

CJ (John) Fox – Chairman  
II (Ian) Bucknall  
M (Michael) Carroll  
RCE (Richard) Cust  
AJ (Alan) Hawkes  
BE (Barrie) Laws  
GJ (Geoff) Phillips  
JA (Joy) Potter  
PF (Peter) Sheldrake  
SC (Stephen) Spargo

## Chief Executive Officer

M (Mark) O'Sullivan

## Company Secretary / Chief Operating Officer

A (Adnan) Mansour

## Registered Office

Melbourne Showgrounds  
Epsom Road, Ascot Vale 3032  
Victoria Australia  
Telephone + 61 3 9281 7444  
Facsimile + 61 3 9281 7592

## Auditors

PKF  
Chartered Accountants  
Level 14, 140 William Street  
Melbourne 3000  
Victoria Australia

## Bankers

National Australia Bank Limited  
Level 1/330 Collins Street  
Melbourne 3000  
Victoria Australia

## Solicitors

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

# RASV COUNCILLORS

## Life Councillors

RT Balderstone CMG MC  
J Balfour Brown  
WRR Beggs AM  
AC Bott  
JM Burston  
RM Butler  
KA Finnin  
A Gibson  
JGW Head OAM  
CO Moore  
IK Morton AM  
JW Rae OAM  
AJ Russell  
JH Seymour AM  
IMcK Starritt  
FRI Stephens  
KW Urquhart

## Council Members

J Allen  
DG Beard  
RS Bell  
II Bucknall  
M Carroll  
BM Crotty  
RCE Cust  
NA Edwards APM  
L Falvey  
CJ Fox  
RF Haselgrove AM  
J Helper MP  
WH Hill  
K Jordan  
NE King  
LR Latta  
BE Laws  
ER Lithgow  
CR Lyons  
P McMahon  
MT Marriott  
GJ Phillips  
BWA Redpath  
PJB Ronald OAM  
IMcC Rough  
AF Rowden  
A Shears-Carter  
SR Shelmerdine AM  
SC Spargo  
GB Starritt  
JC Watson AM

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# RASV INTRODUCTION

For more than 150 years the Royal Agricultural Society of Victoria (RASV) has been involved in all facets of rural life in Victoria. Through its prestigious range of awards, events and competitions the RASV encourages development and the benchmarking of excellence in the agricultural and rural communities.

The objective of the RASV is to support and promote Victorian agricultural excellence. From its early origins in colonial Victoria organising the first competitive ploughing match in 1848, to today's Royal Melbourne Show, the largest public annual event in Victoria, the RASV continues to play a vital role in connecting the country with the city.

Along with facilitating and organising Australia's best agribusiness events, the RASV was appointed venue manager for the redeveloped Showgrounds. The world-class facility offers increased business opportunities as it provides a diverse range of pavilions and landscaped outdoor spaces offering a flexible and innovative event location for the national and international markets.

## Vision

Facilitate and orchestrate Australia's best agribusiness events – innovative, captivating and distinctive events that bring out the best in Victoria.

## Mission

Make possible events, including agribusiness events, which provide opportunities for showcasing, entertainment, education, and community participation and connection.

## Values

- 1 A friendly, positive and happy work place.
- 2 Professionalism.
- 3 Considerateness and respectfulness.
- 4 Supportiveness.
- 5 Being passionate, committed and motivated.
- 6 Clear shared goals.
- 7 Open shared communication.
- 8 Being accountable to deliver what we say we will deliver.
- 9 Innovation and creativity whilst being respectful of the heritage of the organisation.
- 10 Every person being committed to working as a team.





## PRESIDENT'S MESSAGE

The Royal Agricultural Society of Victoria completed a very challenging year in 2007/08, with the outbreak of Equine Influenza in New South Wales having profound and far-reaching implications on the Royal Melbourne Show and horse activities across the nation.

For the first time in our proud history the 152nd Royal Melbourne Show was held without equestrian events, which contributed to the attendance falling well below the more pleasing crowds of 2006.

We remain proud of our redeveloped facilities which offer a unique environment to display and showcase the endeavours and business interests of so many in our broad community. Within the Showgrounds, easy public access to pavilions with spacious areas for participation, relaxation and catering exceed the expectations of all age groups.

The valued support, cooperation and understanding of our joint venture partners led by the Department of Primary Industries, enabled the RASV to secure the role of venue manager for an initial period of five years including the interim venue management period from 1 April 2007. The Venue Management Business offers significant potential within the events business, particularly where both indoor and outdoor areas are required.

The flexibility of the venue for year-round use was highlighted with the recent Trailer, Truck & Equipment show which occupied the total site and presented an outstanding display of vehicles, equipment and associated services.

We look forward to further enhancing the appeal of the venue within the events market to maximise patronage and revenue throughout the year.

### The Royal Melbourne Show 2007

While the Show was an outstanding event providing value and diversity with participation, education, entertainment and excitement adding to the life enriching experiences for many families, part of its soul was missing without equestrian activities.

The arena without horse competitions was denied the majesty of the Clydesdales, the spectacle of World Cup Showjumping and the beaming smiles from riders of all ages that accompany 'blue ribbon' success.

The early morning activity around the stables, carefully preparing horses for the daily events followed by a hearty breakfast with friends in the CWA dining facilities, was a fellowship and traditional atmosphere that we sadly missed.

A luncheon to celebrate the history of the prestigious Garryowen was held in the presence of our patron, His Excellency Professor David de Kretser AC, Governor of Victoria, and Mrs de Kretser, even though this unique Melbourne Show competition icon could not be held.

While the Show organising team are to be commended for arranging value for patrons with activities and entertainment to replace the horse events at very short notice, the absence of horses created the perception of a carnival atmosphere rather than our more favoured rural tradition.

The public will benefit greatly by a more balanced event with the return of equestrian activities in 2008.

### Recognition

During the year we welcomed Professor Peter Sheldrake to the Board, who filled the casual vacancy following the resignation of Dr Bruce Kefford to undertake additional responsibilities as Deputy Secretary of the Victorian Department of Primary Industries.

We also welcome Alan Hawkes, a serving member of the Audit and Risk Management Committee with extensive financial experience, who has been appointed to fill the casual vacancy following Jack Seymour AM stepping down from the Board after a distinguished term as Chairman and President.

Both Peter and Alan bring exceptional skills to the Board that will be of great value to the RASV as it manages diverse business responsibilities.

We acknowledge with appreciation the valuable contribution of Mr Adrian Nye to the Showgrounds redevelopment project who gave outstanding service in his role as Chairman of the Joint Venture.

Adrian stepped down from this position to take up his appointment as President of the Metropolitan Fire and Emergency Services Board.

We welcome Ms Joh Barker to her role as Chair to replace Adrian and look forward to her leadership to ensure the joint venture project realises its potential in maturity.



## Valediction

The Royal Agricultural Society of Victoria has received outstanding service from many of its Councillors who were, for the greater part of its history, the governing body of the organisation.

We were saddened by the loss of former President JK (Keith) Buchanan AM and W McL. (Mac) Greaves a long serving Ringmaster, who each made significant contributions to the RASV in their respective areas of responsibility and interest.

I also take this opportunity of expressing our sadness at the passing of Mrs Marie Hendy, who, having given outstanding service to Victorian Agricultural Shows Ltd, was serving President of the Federal Council of Agricultural Societies.

## Support

Our diverse and demanding business relies heavily on the support of a broad community of stakeholders who continue to encourage and see value in sharing the aspirations of the RASV. We extend our sincere thanks to those individuals, groups and organisations who selflessly enhance and serve the interests of the RASV.

The volunteer base and various business partners who make it possible to stage the Royal Melbourne Show with a wide range of interests presented and conducted in a professional manner; we value your ongoing support.

Special thanks to the leadership, co-operation and information provided by Dr Hugh Millar and his team from DPI, who enabled our Board to understand and prudently respond to the bio-security requirements associated with protecting the horse industry in Victoria from the spread of equine influenza.

Thanks to my Board colleagues for their commitment, advice and support as we continue to face the challenges on a journey of change.

The importance of Councillors and Committees to the core business interests of the RASV by maintaining and improving our grass roots participation and integrity cannot be overstated. To all involved, on behalf of the Board and Management I extend my appreciation for your efforts and support.

To Mark O'Sullivan and his team, your commitment and endeavours are acknowledged with thanks and we look forward to benefiting from the challenges we will share to progress the RASV in the years ahead.

C John Fox  
President



An aerial photograph of a vast agricultural field, likely a vineyard or orchard, showing rows of plants in various shades of green and brown. A single person is standing in the middle of the field, providing a sense of scale. The field is divided into a grid-like pattern of rows.

## CEO'S MESSAGE

The first full year in the revamped Showgrounds has seen significant success for the Royal Agricultural Society of Victoria (RASV).

Once again the Royal Melbourne Show was the highlight on the RASV calendar, although attendances were adversely affected by the decision to cancel Horses in Action due to the outbreak of Equine Influenza. However, the responsible stand and quick response to the outbreak ensured the 2007 Royal Melbourne Show could go ahead.

The challenge presented by Equine Influenza also caused the postponement of the Royal Melbourne Horse Show from January until March 2008. Despite the change of dates this event was a huge success.

During the year, the RASV secured the exclusive venue management rights for the world-class Showgrounds for a five-year term. This means the RASV now has the sole responsibility for attracting more events and exhibitions to the venue.

During the first quarter of the year, RASV showcased the outstanding facilities of the Showgrounds to Australian and international exhibitions and events industry with considerable success. Flexibility, accessibility and state of the art facilities are the hallmarks of the Showgrounds. Combined with the first-rate service provided by our venue team, these qualities were instrumental in attracting a number of major exhibitions and events.

International trade and industry exhibition organiser, Reed International Exhibitions, in conjunction with Gifts and Homewares Association (GHA), staged the renowned Gift and Homewares Fair at the Showgrounds in August last year.

From trade and industry exhibitions, to music festivals, corporate events and university examinations, the Showgrounds established a reputation as one of the country's best venues with local, national and international exhibitors.

The RASV conducted customer research surveys following every major event held at the Showgrounds. The results were encouraging, with event organisers recording that RASV operations and event management staff were unfailingly professional, helpful and friendly. This reputation is invaluable for future growth and a credit to our highly professional staff.



## The RASV continued its commitment to strengthening ties with Victoria's rural community through its important role of being a catalyst and facilitator of Awards and Competitions in order to benchmark against the best.

RASV also conducted visitor surveys following the 2007 Royal Melbourne Show, seeking to understand more about perceptions, expectations and the visiting patterns of patrons.

The survey results made it clear that visitors to the Royal Melbourne Show regard it as an important and iconic Victorian event. The survey revealed a strong emotional connection to the Show, where people enjoy experiencing the 'best of the best' from rural Victoria and celebrating the State's rich cultural heritage.

It is vital to the organisation's ongoing success that RASV continues to deliver and improve on the experiences customers are seeking, and that business practices remain aligned with core values.

The RASV continued its commitment to strengthening ties with Victoria's rural community through its important role of being a catalyst and facilitator of Awards and Competitions in order to benchmark against the best.

Showcasing and promoting Victoria's agribusiness has always been a vital role of the RASV. This year's successful events supporting the State's agribusiness included the Farm Business Awards, Prime Lamb Carcase Competition, Dairy Produce Awards, the Royal Melbourne Wine Show and the Australian International Beer Awards. All reached new highs and it is pleasing to note that the RASV remains well respected for its commitment to improving judging standards and providing a benchmark for measuring excellence in the industry.

The financial result of the RASV for 2007-2008 was encouraging despite the difficulties experienced leading up to last year's Show. Our trading result for the year returned a profit of \$453,691. However, in accordance with Accounting Standards, we are required to report the RASV's interest in the Unincorporated Joint Venture, which results in a book loss of \$3.7 million.


It is important to note this does not have an immediate impact on RASV's liquidity and accurately reflects the RASV's 50% interest in the Joint Venture with the State Government. As a consequence of the Showgrounds redevelopment, the RASV's total equity is currently \$71.5 million, an increase by approximately \$50 million following the redevelopment.

With regard to expenditure variances compared with the previous year, I advise that all variances except for the venue access and service fees are reflective of the first full year of venue operations. For a detailed comparison you are referred to Note 2 in the Notes to the Financial Statements.

Finally, I would like to take this opportunity to thank our President John Fox for his tremendous effort and support during his first year in the role. The high regard in which he is held throughout country Victoria, and his extensive networks, have continued to ensure the RASV strengthens its ties with Victoria's rural community.

Thank you to our Board of Directors, councillors, members, operational and event committees and all staff for their continued support, efforts and hard work throughout the year.

I would also like to express my gratitude to our wonderful volunteers, our sponsors and the media for their phenomenal efforts and invaluable support that has allowed the RASV to achieve significant progress over the past 12 months.



Mark O'Sullivan  
Chief Executive Officer











**BRINGING  
OUT THE BEST  
IN VICTORIA.**



## 2007 ROYAL MELBOURNE SHOW



### Royal Melbourne Show

Held for the second year in the magnificently redeveloped Melbourne Showgrounds, the 2007 Royal Melbourne Show continued to build on its long held tradition of showcasing the best of country Victoria.

Offering an array of first hand rural experiences and a host of new demonstrations and competitions, the Show also took family fun and entertainment to new heights.

Despite some setbacks as a result of the cancellation of horses due to equine influenza, RASV's close work with industry experts enabled us to overcome the situation and ensure the 2007 Royal Melbourne Show went ahead unheeded. Featuring an entertainment lineup that offered visitors first-class performers, the best produce our state has to offer and a range of opportunities to experience country life, the 2007 Show was again enjoyed by hundreds of thousands of Victorians.

While horses were absent, the Show showcased many other animal competitions over the 11-day event. More than 9,000 animals provided visitors with the opportunity to enjoy sheep, cattle, goats and alpacas going through their paces in a range of competitions. The internationally renowned dog show - the biggest in the Southern Hemisphere - was again a favourite with the crowds.

Some of the 2007 event and entertainment highlights included:

- The largest culinary competition ever staged in Australia, held in the Grand Pavilion, provided food lovers with unique opportunities to sample their gastronomic fare.
- The newly introduced tasting experience that attracted a constant stream of food, beer and wine lovers.
- The Coca-Cola Arena where the schedule of exciting performances, including whip cracking, trick riders, rope spinning and a line up of stunt motorbike acts, kept the crowds transfixed.



...the best produce our state has to offer and a range of opportunities to experience country life, the 2007 Show was again enjoyed by hundreds of thousands of Victorians.



## RASV EVENTS & AWARDS



The 2007 Show also took children's entertainment to a new level. Banana fever hit the Showgrounds on 30 September with a special theme day, Banana Sunday. On the day, children were invited to celebrate the 15th birthday of much loved television characters B1 and B2 – a party that was a hit with kids and parents alike.

From the opportunity to experience farm life first hand at the NAB Animal Nursery Discovery Farm, to testing their abilities at the Circus Skills workshop, or enjoying their favorite performers on stage, the Show provided an endless showcase of first-class children's entertainment.

In 2007, the Show not only continued to provide a vital link between the country and the city, but proudly delivered visitors an unforgettable array of unique experiences.

The Show's exciting competitions schedule included more than 5,000 livestock competitive classes with more than 20,000 ribbons, rosettes, and sashes on offer.



## THE 2008 AUSTRALIAN INTERNATIONAL BEER AWARDS

The 2008 Australian International Beer Awards (AIBA) were staged at a gala event in Melbourne, organised by the RASV in conjunction with the University of Ballarat.

The Australian International Beer Awards is the largest of its kind in Australia and the event continues to grow each year. This year attracted a record number of entries.

Internationally recognised as the second largest beer award of its kind in the world, the AIBA was established 15 years ago to reward excellence in the field of brewing and to assist in the promotion of the brewing industry.


An expert panel of judges gathered in Melbourne and Ballarat in March to select the best entries across 53 classes. Strengthening the international flavour of the event, this year's judging panel included three international beer gurus hailing from Romania, Ireland and the Netherlands.

Competing against a record 1,078 entries from 42 countries, Australian breweries were awarded nine of the 13 prestigious Champion Trophies, with Western Australia's Matilda Bay Brewing Company taking home the major title for the evening – Grand Champion Brewery – along with three other awards.

International breweries to taste success at the awards included Britain's Wells and Young's Brewing Company and New Zealand's Cock & Bull, Mac's Brewery and Canterbury Brewery.

Gaining momentum each year, the AIBA is established as a truly global event with the strongest line up of countries outside Australia, including a newcomer from Iceland, The Brewery Egill Skallagrimsson, marking the country's debut entry at the awards.





**The Royal Melbourne Wine Show is Australia's most comprehensive, rigorous and prestigious wine show and the annual awards are recognised by wine producers as an important competition in which to benchmark their product.**

## **2008 ROYAL MELBOURNE WINE SHOW**

For the third consecutive year, a South Australian wine took home the Jimmy Watson Memorial Trophy, the most eagerly sought after wine award in Australia. Awarded annually to the producer of the best one-year-old dry red wine in the Royal Melbourne Wine Show, the Jimmy Watson Memorial Trophy went to McLaren Vale's Scarpantoni Estate Wines for its 2006 Brothers Block Cabernet Sauvignon.

At the presentation dinner, hosted by the RASV at Sofitel Melbourne, Michael and Filippo Scarpantoni were presented the prestigious trophy by Jimmy Watson's son Allan Watson.

Celebrating the State Government's 10th anniversary of involvement with the awards, the Premier's Gold Trophy for the best Victorian wine in show was presented by the Premier of Victoria, The Hon John Brumby, to McIvor Estate from Tooborac, in the Heathcote wine region, for their 2005 McIvor Estate Shiraz.

Maintaining its commitment to the development of the wine industry, the Royal Melbourne Wine Show introduced two new classes of white wine and a single vineyard class to the 2007 award categories. The inaugural Single Vineyard class, acknowledging wine makers producing handcrafted wines, was awarded to Giant Steps for its 2005 Sexton Vineyard Chardonnay. The prize-winning vineyard – which was formerly a horse stud – is located on the slopes of Victoria's Yarra Valley.

The Royal Melbourne Wine Show is Australia's most comprehensive, rigorous and prestigious wine show and the annual awards are recognised by wine producers as an important competition in which to benchmark their product. The judges this year assessed, over a two week period, more than 3,845 entries from more than 490 wineries, across 79 individual classes of wines.

The judging panel included international judge, USA wine writer Josh Reynolds – who spent two weeks judging and touring the wine regions of Victoria.

## RASV EVENTS & AWARDS



### 2008 ROYAL MELBOURNE HORSE SHOW

The Royal Melbourne Horse Show returned bigger and better in 2008, with more than 1,300 horses in attendance – including the world's tallest horse.

Hosting one of the first breed shows of the season, the show welcomed Luscombe Nordram, known as "Noddy" – a four year old Shire Horse standing at over 20 hands (and still growing) – to the event, which was held 12 – 15 March at the National Equestrian Centre, Werribee Park.

Noddy was part of the 'Breeds of the World Showcase', introduced this year to promote horse breeds through interactive education.

As part of the RASV's commitment to the horse breeding industry, the horse program was expanded to include additional breeds, with plans to introduce more breed classes in the future. This year, breed events were increased to include new competitions for Clydesdales, Percherons, Shires, Morgan Horses, Dartmoor Ponies, Irish Draught and Sport Horses plus Australia's first competition for Gypsy Cobs.

In total, 33 horse breeds competed over the four days of competition, with 29 judges viewing more than 600 competition classes.

The new-look event pleased exhibitors and patrons, firmly positioning the Royal Melbourne Horse Show as Australia's most prestigious horse breed show.



### 2007 ROYAL MELBOURNE DAIRY PRODUCE AWARDS

The Royal Melbourne Dairy Produce Awards have been firmly set in the Australian Dairy Calendar for over 50 years, with Gold Medal winners from the Awards eligible to enter the Australian Grand Dairy Awards.

The 2007 Royal Melbourne Dairy Produce Awards took on a new look with the event being staged at the Royal Melbourne Show, in a newly developed precinct specifically designed to showcase the RASV's award-winning dairy, wine and beer competitions.

This area allowed Show patrons to sample the 'best of the best' in produce and beverages while also incorporating an educational and interactive experience. Presented by the Nine Network's Peter Hitchener, invited guests included judges, exhibitors, media and other representatives from across the dairy industry.

The event was a great opportunity for members of the industry to come together and celebrate their commitment, enthusiasm and passion for one of Australia's major primary industries – and also allowed members of the public the chance to gain a valuable insight into this thriving industry.

The Awards attracted a pleasing 489 entries, allowing the showcase of some of the best talents across a diverse range of categories including butter, cheddar, non bovine products, dips, specialty cheeses, yoghurt, cream, dairy desserts, milks, ice-cream/gelato and chocolate.



## 2007 RASV PRIME LAMB CARCASS AWARDS

The Prime Lamb Carcass Competition was introduced by the RASV to recognise excellence in prime lamb production within the commercial sector.

The competition aims to identify and reward commercial prime lamb producers who demonstrate excellence within the sheep meat industry and meet export market specifications, while providing prime lamb producers with the opportunity to benchmark their flock within the industry.

The 2007 competition attracted a total of 59 entries with almost 20,000 lambs processed. Entries were received from Victoria, New South Wales and South Australia.

Prize money totalling \$7,000 was awarded to the three top consignments at an Awards Presentation and Symposium on Friday 4 April 2007 at the MLA Meat Profit Day in Kyneton with the generous support of The Weekly Times, Meat and Livestock Australia and Castricum Brothers.

The 2007 Prime Lamb Carcass was judged on the highest (\$/kg) and premium dollar value on carcass, with the award going to Deirdre Schlitz of Uondo Pastoral Company Pty Ltd, Kerang.

## SPONSORSHIP & PARTNERS

By helping sponsors and partners create fresh new marketing and brand building opportunities, the RASV continues to ensure the Royal Melbourne Show has the support of some of the State's biggest and best corporate partners.

2007 proved to be another fruitful year for sponsors and helped result in a most memorable Show.

From precinct and pavilion naming rights, to competition sponsorship and corporate hospitality, the 2007 Show delivered a wide variety of unique and attractive sponsorship opportunities.

Major partners and sponsors for the 2007 Show and other RASV events included: The Herald and Weekly Times, City of Melbourne, National Australia Bank, Rural Finance, The Coffee Club, Coca Cola Amatil, Kubota, Safeway, and Mars Petcare.

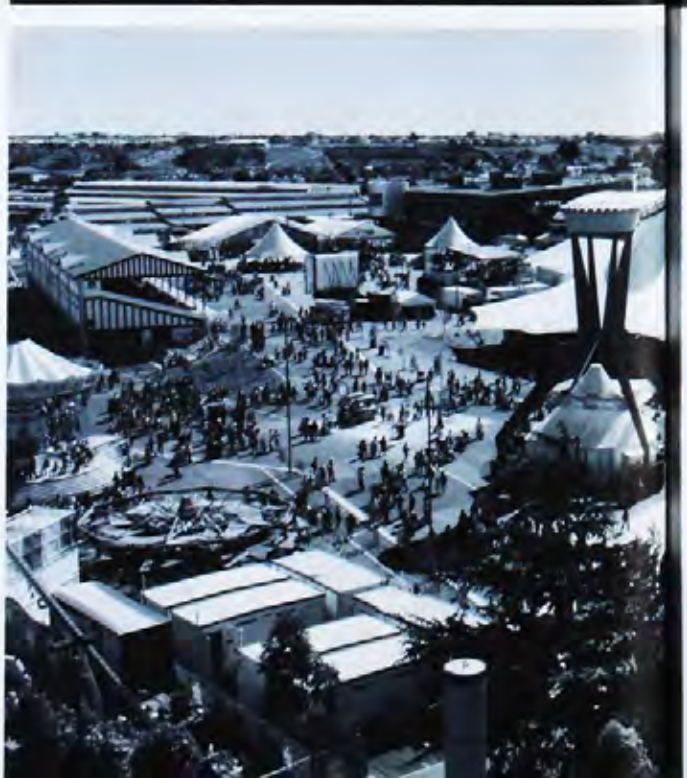
**By helping sponsors and partners create fresh new marketing and brand building opportunities, the RASV continues to ensure the Royal Melbourne Show has the support of some of the State's biggest and best corporate partners.**

## VENUE MANAGEMENT

As Victoria's most versatile venue, the Royal Melbourne Showgrounds continued to attract big crowds over the 12 months with a diverse range of major music festivals, trade shows and exhibitions, corporate events and conferences, Christmas functions, and family days.

Some of the premier events staged during the Showgrounds annual calendar of events included: National Tradesman Expo, LTC Testing, Victoria University Exams, Landscape Expo, AWA Family Day, Soundwave, Stereosonic, The V Festival, the International Trailer, Truck & Equipment show and the Gift and Homewares Trade Fair.

An exciting choice for exhibitors and event organisers looking to hire space within the Melbourne metropolitan area, the Melbourne Showgrounds is also proving popular with organisations hosting community and family day celebrations.





As Victoria's most versatile venue, the Royal Melbourne Showgrounds continued to attract big crowds over the 12 months with a diverse range of major music festivals, trade shows and exhibitions, corporate events and conferences, Christmas functions, and family days.

## The Board's overarching objectives are to represent and serve the interests of members, guide and monitor the business and affairs of the RASV...

### 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 RASV, and implement good corporate governance structures consistent with relevant ASX governance principles, specifically to:

- Provide strategic guidance to the RASV.
- 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 RASV's stakeholders.

The Board will continue to foster strong relationships with the RASV's joint venture partner and ensure that the Redevelopment Project Objectives are achieved.

### 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 RASV'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 RASV 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 independent persons.

It is charged with:

- Assisting the Board and RASV senior management in discharging their responsibilities for financial reporting and in maintaining a reliable system of internal controls covering all of the RASV's operations and activities.
- Monitoring the implementation of RASV'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 RASV'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 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:

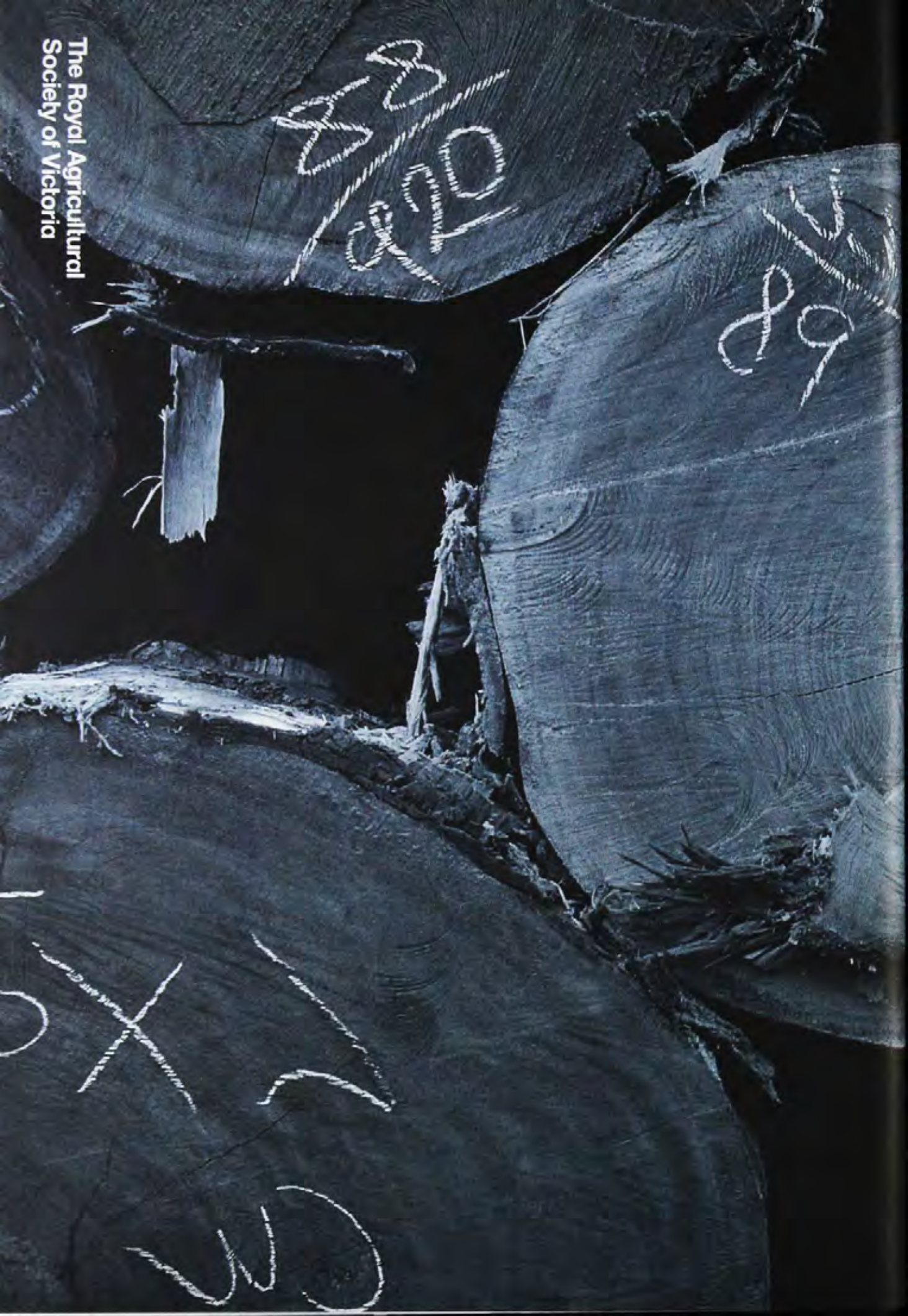
- The Board.
- Board Committees.
- Industry Advisory and Show Event Committees.

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

### **Political Activity**

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





The Royal Agricultural  
Society of Victoria



## **FINANCIAL REPORTS**

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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 2008 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
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 President of the Company and Chairman of the Board.
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. He is currently Vice President of the Company and Deputy Chairman of the Board.
Ian Ivor Bucknall	Ian has had pastoral interests and has operated a successful stud sheep enterprise and consulted on animal breeding services. He has been a Councillor since 1986 and a Director since 1993.
Michael Carroll	Michael serves a range of agribusiness companies in a board and consulting capacity. 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 Gust	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.
Alan John Hawkes	Alan has significant financial, banking and treasury experience and is a member of the Board Audit and Risk Management Committee. He joined the Board in April 2008.
Bruce Kefford	In his role as Deputy Secretary, Department of Primary Industries (DPI) Victoria, Bruce is responsible for strategic direction aimed at enhancing the performance of the agriculture, fisheries and food sectors in Victoria, in terms of wealth creation and sustainable use of natural resources. He was appointed a Director in 2005 and resigned in June 2007.
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.
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.
Joy Anita Potter	Joy has extensive experience in sheep and cattle farming and serves on several agricultural committees. She has an interest in the Arts and is a Board member of the Port Fairy Spring Music Festival. Joy was elected as a Director and her term commenced in August 2007.
John Horton Seymour AM	Jack has extensive experience in banking, business management and strategy. He has been a Councillor and Director since October 1994, and is a member of the Human Resources and Nominations Committees. He also is chairman of a government business enterprise. Jack resigned as a Director in October 2007.
Anabel Shears-Carter	Anabel has broad experience in the agribusiness industry, in addition to being 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 in January 2005 and concluded her term in August 2007.
Peter Francis Sheldrake	Peter is Professor of Business Entrepreneurship at RMIT University and has held a number of educational positions in the private, public and not-for-profit sectors for more than 30 years. Peter was appointed a Director in August 2007.

## Company Secretary

Adnan Mansour

Adnan has extensive financial and general management experience, including leading major projects. Adnan is the Chief Operating Officer and was appointed Company Secretary in 1996. Adnan holds a Bachelor of Business, is a Fellow CPA, CIS and ANZI and is a member of the Australian Institute of Company Directors.

## Principal Activities

The principal activities of the Company during the course of the year ended 31 March 2008 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 venue 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 result of the Company for the year before income tax and joint venture contribution was a profit of \$453,691 (2007: profit of \$1,295,912). After inclusion of the joint venture interest the net loss of the Company for the year after tax was \$3,739,843 (2007: loss \$1,046,563). During the year:

The Company returned to the Showgrounds in August 2006 after the completion of the redevelopment. The 2007/08 financial year reflects the first full year of operations at the redeveloped site.

The Company was significantly impacted during the financial year when the outbreak of Equine Influenza prevented horses from attending the Royal Show.

The result for the Company has been impacted by the operation of the venue management business for the full year. This is reflected in the result for the year with increases in income for rental, catering and parking and increases in expenditure relating to the venue management operations.

The Company was appointed Venue Manager for Melbourne Showgrounds in December 2007 for the provision of venue management services for a term of five years, effective 1st April 2007.

The Company paid fees to the Joint Venture and the Concessionaire as part of its contractual obligations. These fees will be ongoing until the completion of the 25 year term of the Concession.

## Dividends

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

## State of Affairs

Other than as described elsewhere in this report there were no significant changes in the Company's state of affairs during the year.

## Events Subsequent to Balance Date

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

## 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 Management Meetings Attended	Audit and Risk Management Meetings Eligible to Attend
I J Bucknall	8	9	-	-
M Carroll	8	9	-	-
RCE Cust	4	9	-	-
GJ Fox	9	9	4	5
B Kefford	0	3	-	-
BE Laws	9	9	5	5
GJ Phillips	8	9	-	-
JA Potter	4	4	-	-
JH Seymour	5	5	-	-
A Shears-Carter	5	5	-	-
PF Sheldrake	3	5	-	-
SC Spargo	7	9	-	-

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

## Likely Developments

At the date of this report, planning is underway for proposed enhancements to key infrastructure facilities to underpin future venue revenue growth.

## Performance in relation to Environmental Regulation

The Company does not have exposure to any significant environmental reporting requirements. The Company acknowledges its responsibilities 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 for the year ended 31 March 2008. The contracts insure against certain liability (subject to specific exclusions) for 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.

## **Auditor Independence Declaration**

The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the Directors' Report for the year ended 31 March 2008.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the Corporations Act 2001:

On behalf of the Directors



**C J Fox**  
**Director**



**B E Laws**  
**Director**

Dated this 15th day of July 2008  
Melbourne, Victoria



Chartered Accountants  
& Business Advisers

15 July 2008

Board of Directors  
The Royal Agricultural Society of Victoria Limited  
Melbourne Showgrounds  
Gate 5, Langs Road  
ASCOT VALE VIC 3032

Dear Directors

**INDEPENDENCE DECLARATION**

As engagement partner for the audit of The Royal Agricultural Society of Victoria Limited, for the year ended 31 March 2008, 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 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully  
PKF

**M L Port**  
Partner

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# INCOME STATEMENT

	Note	2008 \$	2007 \$
<b>Continuing Operations</b>			
Revenue	2	16,817,119	16,555,158
<b>Expenses</b>			
Salaries and Wages		(4,290,441)	(4,045,628)
Finance Costs		(3,970)	(3,972)
Advertising, Promotion & Market Research		(1,006,272)	(849,113)
Attractions		(1,017,005)	(1,368,408)
Catering		(863,347)	(554,100)
Cleaning		(804,533)	(913,366)
Commission to Third Party Ticket Sellers		(506,210)	(499,774)
Competition Expenses		(588,788)	(664,806)
Computer/Website Expenses		(171,265)	(219,620)
Contribution to Asset Replenishment Fund		-	(52,914)
Depreciation		(327,483)	(244,463)
Hire Costs		(1,764,451)	(1,488,880)
Insurance Costs		(315,164)	(454,180)
Venue Access & Service Fees		(822,433)	(290,691)
Venue Lease Payment		(50,000)	-
Maintenance & Event Set Up		(630,021)	(687,208)
Police, Fire & Security		(460,151)	(405,366)
Printing Costs		(310,494)	(304,904)
Professional Fees		(1,098,696)	(961,905)
Signage & Theming		(266,802)	(194,344)
Utilities & Rates		(437,007)	(195,897)
Other Expenses		(628,894)	(659,707)
<b>Result before income tax and Joint Venture loss</b>	<b>3</b>	<b>453,691</b>	<b>1,295,912</b>
Joint Venture Revenue	2	3,689,785	3,669,739
Joint Venture Expenses			
Interest Expense – Finance Lease		(5,184,663)	(3,137,919)
Concessionaire Fees		(814,540)	(502,334)
Depreciation		(1,313,974)	(789,098)
Project Expenses		(570,136)	(1,582,863)
<b>Joint Venture loss before income tax</b>		<b>(4,193,534)</b>	<b>(2,342,475)</b>
<b>Loss before income tax</b>		<b>(3,739,843)</b>	<b>(1,046,563)</b>
Income tax expense	1B(b)	-	-
<b>Net loss after income tax attributable to members</b>		<b>(3,739,843)</b>	<b>(1,046,563)</b>

For the year ended 31 March 2008

The Income Statement is to be read in conjunction with the attached notes.

# BALANCE SHEET

	Note	2008 \$	2007 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	4,149,133	2,629,328
Trade and Other Receivables	5	3,672,036	7,781,025
Inventories	6	685	3,600
Prepayments		538,096	464,555
<b>Total Current Assets</b>		<b>8,359,950</b>	<b>10,878,508</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	78,058,324	79,377,910
Receivables	8	43,412,392	41,717,303
<b>Total Non-Current Assets</b>		<b>121,470,716</b>	<b>121,095,213</b>
<b>Total Assets</b>		<b>129,830,666</b>	<b>131,973,721</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	3,362,541	4,072,072
Provisions	10	355,868	270,101
Interest Bearing Liabilities	11	594,264	538,582
<b>Total Current Liabilities</b>		<b>4,312,673</b>	<b>4,880,755</b>
<b>Non-Current Liabilities</b>			
Income in Advance	8	2,747,930	-
Interest Bearing Liabilities	12	51,220,842	51,812,518
Provisions	13	23,029	14,413
<b>Total Non-Current Liabilities</b>		<b>53,991,801</b>	<b>51,826,931</b>
<b>Total Liabilities</b>		<b>58,304,474</b>	<b>56,707,686</b>
<b>Net Assets</b>		<b>71,526,192</b>	<b>75,266,035</b>
<b>Equity</b>			
Contributed Equity	14	-	-
Retained Earnings		71,526,192	75,266,035
<b>Total Equity</b>		<b>71,526,192</b>	<b>75,266,035</b>

As at 31 March 2008

The Balance Sheet is to be read in conjunction with the attached notes.



## STATEMENT OF CHANGES IN EQUITY

	Retained Earnings \$	Total \$
As at 31 March 2006	76,312,598	76,312,598
<b>Changes in Equity</b>		
Loss for the Period	(1,046,563)	(1,046,563)
As at 31 March 2007	75,266,035	75,266,035
<b>Changes in Equity</b>		
Loss for the Period	(3,739,843)	(3,739,843)
As at 31 March 2008	71,526,192	71,526,192

For the year ended 31 March 2008

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

## CASH FLOW STATEMENT

	Note	2008 \$	2007 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and State Funding		23,303,854	20,610,316
Payments to suppliers and employees		(19,380,339)	(15,993,034)
Interest received		3,845,020	197,493
Interest and other costs of finance paid		(5,184,669)	(3,137,919)
<b>Net Cash flows provided by Operating Activities</b>	(iii)	2,383,886	1,676,856
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(325,304)	(1,268,143)
Proceeds from sale/transfer of property, plant and equipment		1,207	8,177
<b>Net Cash flows used in Investing Activities</b>		<b>(324,097)</b>	<b>(1,259,966)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of interest bearing liabilities		(538,582)	(308,338)
Repayment of trophy funds		(1,382)	(4,002)
<b>Net Cash flows used in Financing Activities</b>		<b>(539,964)</b>	<b>(312,340)</b>
Net Increase in Cash held		1,519,805	104,550
Cash and Cash Equivalents at Beginning of Financial Year		2,629,328	2,524,778
Cash and Cash Equivalents at End of Financial Year	(i)	4,149,133	2,629,328

For the year ended 31 March 2008

The Cash Flow Statement is to be read in conjunction with the attached notes.

# NOTES TO THE CASH FLOW STATEMENT

## Notes to the Cash Flow Statement

### (i) Reconciliation of Cash

For the purposes of the Cash Flow Statement, 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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash	4	4,149,133	2,629,328
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### (ii) Financing Facilities

A commercial bill facility of \$1 million (2007: \$1 million) exists with National Australia Bank Limited. The facility is available for one year. At 31 March 2008, \$nil (2007: \$nil) was in use.

The commercial bill facility is secured by the Company's interest in the Joint Venture as well as by way of a fixed and a floating charge on all assets. Liquidity risk is considered low.

### (iii) Reconciliation of Net Cash provided by Operating Activities to Operating Result

	2008 \$	2007 \$
Net loss after tax	(3,739,843)	(1,046,563)
Add/(less) non-cash items:		
Depreciation	1,641,456	1,033,561
Interest accrued on Trophy Funds	3,970	3,972
Assets transferred from Redevelopment Project	-	(915,430)
Loss/(Gain) on sale of fixed assets	2,227	(8,177)
Joint Venture Interest Income	-	(3,531,356)
Provision for Doubtful Debts	17,623	-
Changes in Assets and Liabilities:		
Decrease in Receivables	2,396,277	3,351,675
(Increase) in Prepayments	(73,541)	(69,705)
Decrease in Inventories	2,915	8,482
Increase in Payables	2,038,399	2,880,317
Increase/(Decrease) in Provisions	94,383	(29,920)
Net Cash Provided by Operating Activities	2,383,866	1,676,856

For the year ended 31 March 2008

# NOTES TO THE FINANCIAL STATEMENTS

## 1 A) Corporate Information

The financial report of the Company for the year ended 31 March 2008 was authorized for issue in accordance with a resolution of the Directors on 8th July 2008.

The Company is a company limited by guarantee incorporated and domiciled in Australia.

The nature of operations and principal activities of the Company are described in the Directors report.

The Company's registered office and principal place of business is at Royal Melbourne Showgrounds, Epsom Road, Ascot Vale, Victoria, 3032.

## 1 B) Summary of Significant Accounting Policies

The principal accounting policies adopted by the Company 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 Preparation

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. All amounts are presented in Australian dollars unless otherwise noted.

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, including Australian equivalents to International Financial Reporting Standards (IFRS), and other mandatory professional reporting requirements 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 Cash Equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. These 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) Trade and Other 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) Prepayments

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 Balance Sheet. Prepayments are amortised as an expense in the Income Statement in following years as the economic benefits of the payment are consumed.

### (f) Plant and Equipment

#### Acquisition

Items of plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the straight line method.

#### Depreciation

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

Building & Improvements	2.5% - 10%
Plant & Equipment	10% - 33.3%
Motor Vehicles	20%

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.

#### Subsequent Additional Costs

Costs incurred on 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) Employee Benefits**

##### **Wages, Salaries and Annual Leave**

The provision for employee benefits 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 include related on-costs.

##### **Long Service Leave**

The provision for employee benefits 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 benefits 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 benefits, 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. Each employee has the ability to choose the fund they wish their contributions to be paid into and also have the ability to choose from a range of investment options within the superannuation fund. The employer contributions where an employee has not elected to choose a superannuation fund are either paid into an accumulation scheme managed by BT Funds Management Ltd for permanent staff or an industry accumulation scheme, HOST PLUS, for casual staff.

#### **(i) Revenue Recognition**

##### **Rendering of Services**

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**

Rental income is recognised as it accrues over the period that the properties are leased to third parties.

##### **Interest Income**

Interest revenue is recognised as it accrues.

##### **Sale of Assets**

The net profit or loss on asset sales not originally purchased for the intention of resale are included as revenue or expense at the date an unconditional contract of sale is signed.

#### **(j) Trade and Other 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 payables 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.

Exemption from GST has been determined under Section 38-250(2)(v)(ii) of the GST Act for certain classes of admissions and entries relating to the Royal Show. 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 cash flow statement 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) Finance Costs**

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and future lease finance charges. Finance costs are expensed as incurred.

#### **(m) Joint Venture**

Joint ventures are contractual arrangements between the Company and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Interests in jointly controlled operations and jointly controlled assets are accounted for by recognising in the Company's financial statements its share of the assets, liabilities and any income and expenses of such joint ventures.

#### **(n) Impairment**

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the income statement.

#### **(o) Impact of New and Revised Accounting Standards or Interpretations that are not yet effective**

There have been a number of amendments made to Accounting Standards issued by the Australian Accounting Standards Board ("AASB") that are not yet effective.

The directors do not believe that the new and revised standards issued by the AASB that are not yet effective will have any material impact on the financial statements.

#### **(p) Significant Judgements and Key Assumptions**

There are no significant judgements or key assumptions made by management in the application of accounting policies that are considered to have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

#### **(q) Leases**

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased asset and operating leases under which the lessor retains substantially all the risks and rewards. Where an asset is acquired by means of a finance lease, the fair value of the leased property or the present value of minimum lease payments, if lower, is established as an asset at the beginning of the lease term. A corresponding liability is also established and each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. Operating lease rental expense is recognized as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the user's benefit.

The buildings of the joint venture have been accounted for on a finance lease basis.

#### **(r) Financial Risk Management**

Financial Risk Management is the responsibility of the Board, which takes advice from the Audit & Risk Management Committee under an authorized Investment Policy. This policy outlines the key objective of achieving the maximum possible investment return within approved investment criteria and risk parameters, utilizing a balanced portfolio of investments with varied maturity dates to minimize the effect of interest rate movements.

The following authorized investment instruments have been determined:

- Cash Deposits
- Short Term Money Market Trust Accounts
- Fixed Interest Term Deposits
- Government Securities & Bonds
- Bank Bills

Authorized investment instruments may only be transacted with the following institutions:

- Commonwealth Government
- State Government
- Australian Banks or institutions with a Standard & Poors rating of BBB+ or higher

Several financial instruments are specifically prohibited, these are:

Foreign Exchange Transactions

Derivatives

Australian or Foreign share transactions

Any transaction undertaken solely for the purpose of speculating

As a general rule, no more than 30% of available funds or \$2 Million (whichever is the lesser) available for investment should be placed into any one investment without prior ratification of the Board. Any recommendation for the utilization of investment instruments or institutions not separately authorized within the Investment Policy must be presented to the Board for approval. A mechanism of reporting all current investment instruments to the Audit & Risk Management Committee is undertaken.

<b>2. Revenue</b>	<b>2008 \$</b>	<b>2007 \$</b>
<b>Rendering of Services</b>		
Admissions Revenue	5,658,701	6,520,174
Members Subscriptions	225,509	220,624
Rental Income	5,686,085	4,272,132
Catering Premiums	1,395,100	928,711
Sponsorship	1,434,784	1,233,309
Competition Income	926,773	1,102,828
Secretarial and Management Fees	89,630	169,208
Parking Revenue	386,832	224,231
	15,803,414	14,671,217
<b>Other Income</b>		
GST Reimbursement	-	123,075
Joint Venture Interest Income	3,412,647	3,550,601
Joint Venture Other Income	277,138	119,138
Reimbursement of Transitional Costs	-	250,000
Assets transferred to Company from Redevelopment Project	-	915,430
Interest	232,374	197,493
Gain/(loss) on disposal of property, plant & equipment	(2,227)	8,177
Other revenue	783,558	389,766
	4,703,490	5,553,680
<b>Total Revenue</b>	<b>20,506,904</b>	<b>20,224,897</b>

### 3. Items included in result

Lease rental expense - operating leases	151,290	88,312
Employee benefits expense	268,196	216,369
Superannuation contribution expense	268,374	248,520
Salaries - permanent employees	2,696,562	2,657,855

### 4. Cash and Cash Equivalents

Cash on hand	1,500	1,300
Cash at bank and on deposit	4,147,633	2,628,028
	4,149,133	2,629,328

Average interest rates at 31 March 2008 on cash accounts were 7.11% (2007: 5.91%).

## 5. Trade and other Receivables

Trade Receivables	494,220	388,454
Allowance for Doubtful Debts	(17,623)	-
	476,597	388,454
Costs of Redevelopment due from the State	-	231,809
Sundry Receivables	3,195,439	7,160,762
	3,672,036	7,781,025

### (a) Trade Receivables and Allowance for Bad Debt

Trade Debtors are subject to normal terms of trade which provide for settlement within 14 days. The carrying values of receivables approximate fair values. All credit and recovery risk has been provided for in the balance sheet.

As at 31 March 2008 debts that were past due but not doubtful amounted to \$171,194 (2006: \$318,681). No net receivables are considered impaired at 31 March 2008 or 31 March 2007 and all are deemed to be recoverable.

At 31 March, the ageing analysis of trade receivables is as follows:

	As at March 2008		As at March 2007	
	Debtor	Allowance	Debtor	Allowance
Current	305,403	-	301,582	-
31 - 60 days	50,296	-	18,595	-
61 - 90 days	30,250	-	1,007	-
91 days and over	108,271	(17,623)	299,079	-
Closing Balance	494,220	(17,623)	620,263	-

### (b) Other Receivables and Prepayments

Sundry receivables have reduced significantly due to a reduction in the appropriation required from the State Government's \$100.7 million funding commitment to the Joint Venture. This is due to the finalisation of the construction phase of the redevelopment project.

6. Inventories (Current)	2008 \$	2007 \$
Finished Goods	685	3,800

7. Property, Plant and Equipment	2008 \$	2007 \$
Land - at cost	25,500,000	25,500,000
Buildings & Structures		
- at cost	52,732,300	52,558,924
- accumulated depreciation	(2,110,206)	(789,098)
	50,622,094	51,769,826
Motor Vehicles		
- at cost	29,535	40,444
- accumulated depreciation	(14,820)	(15,072)
	14,715	25,372
Plant and Equipment		
- at cost	3,404,587	3,252,659
- accumulated depreciation	(1,483,072)	(1,169,947)
	1,921,515	2,082,712
Total land, buildings and structures, motor vehicles, plant and equipment	78,068,324	79,377,910
- Net book value		

#### Reconciliation of Movements in 2008

Asset Class	Opening Balance \$	Additions \$	Depreciation/ Amortisation \$	Disposals \$	Closing Balance \$
Land	25,500,000	-	-	-	25,500,000
Buildings & Structures	51,769,826	173,376	(1,321,108)	-	50,822,094
Motor Vehicles	25,372	-	(7,223)	(3,434)	14,715
Plant and Equipment	2,082,712	151,928	(313,125)	-	1,921,515
	79,377,910	325,304	(1,641,456)	(3,434)	78,058,324

#### Reconciliation of Movements in 2007

Asset Class	Opening Balance \$	Additions \$	Depreciation/ Amortisation \$	Disposals \$	Closing Balance \$
Land	25,500,000	-	-	-	25,500,000
Buildings & Structures	-	52,558,924	(789,098)	-	51,769,826
Motor Vehicles	33,141	-	(7,769)	-	25,372
Plant and Equipment	135,834	2,183,572	(236,694)	-	2,082,712
	25,668,975	54,742,496	(1,033,561)	-	79,377,910

The Company transferred its land, buildings and improvements during the year ended 31 March 2006 to Showgrounds Nominees Pty Ltd which is a nominee company for a joint venture between the State of Victoria and the Company for the redevelopment of the Showgrounds. The Company retains a 50% interest in the Joint Venture. Refer to note 8.

## 8. Investment in Joint Venture

The redevelopment of the Showgrounds, which was completed in August 2006, was delivered under the Government's Partnerships Victoria methodology.

The State has made a funding commitment of approximately \$100.7 million and RASV has transferred its land with buildings and improvements to the Joint Venture. The State and the Company are each 50% participants in the Joint Venture.

The Joint Venture structure involves an unincorporated Joint Venture which delivered the project and an incorporated entity known as the Project Company - Showground Nominees Pty Ltd - which has the role of holding the project land on a bare trust basis for and on behalf of the Joint Venture participants. Each participant, the State and the Company, owns 50% of the shares in the Project Company.

As Showgrounds Nominees Pty Ltd holds the Showgrounds land on a bare trust basis for the State and the Company as 50% participants in the Joint Venture, the financial statements have been prepared on the basis that the Company has indirectly recognised its 50% interest via its accounting for the Joint Venture.

The reporting date for the Joint Venture is 30 June 2008. Interim information has been extracted for the purpose of preparation of the Company's financial statements as at 31 March 2008, from financial statements prepared by an external accountancy practice, Moore Stephens, who have been engaged since 1 July 2007 by the unincorporated Joint Venture, to complete quarterly financial management reporting.



The Company's interest in the assets and liabilities of the jointly controlled operation at 31 March 2008 are as follows:

Name of Entity	Principal Activity	Interest	
		2008	2007
		%	%
Unincorporated joint Venture	To carry out the redevelopment of the Royal Melbourne Showgrounds	50	50
		2008	2007
<b>Current Assets</b>		\$	\$
Cash		1,574,891	88,973
Prepayments		-	33,772
Receivables		3,109,689	7,189,127
<b>Total Current Assets</b>		<b>4,684,580</b>	<b>7,311,872</b>
<b>Non-Current Assets</b>			
Land		25,500,000	25,500,000
Buildings & Structures – net book value		50,455,852	51,789,828
Receivables		43,412,392	41,717,303
<b>Total Non Current Assets</b>		<b>119,368,244</b>	<b>118,987,129</b>
<b>Total Assets</b>		<b>124,052,824</b>	<b>126,299,001</b>
		2008 \$	2007 \$
<b>Current Liabilities</b>			
Creditors & Accruals		1,719,441	2,852,809
Income in Advance		33,320	34,375
Interest Bearing Liability		594,264	538,582
<b>Total Current Liabilities</b>		<b>2,347,025</b>	<b>3,425,766</b>
<b>Non Current Liabilities</b>			
Rental Income Received in Advance		2,747,930	
Interest Bearing Liability		51,117,739	51,712,003
<b>Total Non Current Liabilities</b>		<b>53,865,669</b>	<b>51,712,003</b>
<b>Total Liabilities</b>		<b>56,212,694</b>	<b>55,137,769</b>
<b>Net Assets</b>		<b>67,840,130</b>	<b>71,161,232</b>

## 8. Investment in Joint Venture (cont.)

Showgrounds Nominees Pty Ltd, as nominee for the Joint Venture, has entered into a number of agreements with the developer of the Showgrounds, referred to as the Concessionaire. These agreements included settlement for the construction of the buildings and infrastructure and the ongoing maintenance and life-cycle costs during the duration of the concession deed of 25 years.

These costs will be met from existing assets of the Joint Venture, some of the future revenue streams from the Showground facilities, and where necessary, funding from the State Government, in accordance with agreements entered into between the Joint Venture, the Joint Venture participants and Showgrounds Nominees Pty Ltd.

Under the State Support Deed – Core Land, the State has undertaken to ensure the performance of the payment obligations in favour of the Concessionaire and the performance of the Joint Venture financial obligations in favour of the security trustee.

Under the State Commitment to the RASV, the State has agreed to support certain obligations of the Company which may arise out of the Joint Venture Agreement. In accordance with the terms set out in the State Commitment to the RASV, the State will pay (in the form of a loan), the amount requested by the Company. If any outstanding loan amount remains unpaid at 25th August 2031, which is 25 years after the commencement of the operation term under the Development and Operation Agreement, the Company will be obliged to satisfy and discharge each such outstanding loan amount. This may take the form of a transfer to the State of the whole or part of the Company's participating interest in the Joint Venture.

A fixed and floating charge has been entered into between the Company and the State. The Company has granted the fixed and floating charge to the State as security for the due and punctual performance of the Company's obligations under or in connection with the Project Objectives Agreement, the Intellectual Property Agreement and the Events Agreement.

## 9. Trade and other Payables

	2008 \$	2007 \$
Creditors and Accruals	3,296,412	3,904,567
income in Advance	66,129	167,505
	3,362,541	4,072,072

Sundry accruals have reduced significantly due to the completion of the construction phase of the redevelopment project.

## 10. Provisions (Current)

Employee Benefits	355,868	270,101
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## 11. Interest Bearing Liabilities (Current)

Finance Lease – Showgrounds Redevelopment	594,264	538,582
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## 12. Interest Bearing Liabilities (Non-Current)

Finance Lease – Showgrounds Redevelopment	51,117,739	51,712,003
Trophy Funds	103,103	100,515
	51,220,842	51,812,518

## 13. Provisions (Non-Current)

Employee Benefits	23,029	14,413
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## 14. Contributed Equity

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 Constitution to the respective amounts that the members undertake to contribute to the property of the Company in the event of it being wound up.

<b>15. Commitments</b>	<b>2008 \$</b>	<b>2007 \$</b>
Future operating lease rentals not provided for in the financial statements:		
Payable:		
Not longer than one year	139,395	80,298
Longer than one year but not longer than two years	79,508	20,620
Longer than two years but not longer than five years	9,408	11,072
	228,311	111,990
Operating leases have an average lease term of 4 years. Assets that are subject to operating leases include office and IT equipment.		
Future finance leases provided for in the financial statements:		
Payable:		
Not longer than one year	594,264	538,582
Longer than one year but not longer than five years	3,058,315	2,771,753
Longer than five years	48,059,424	48,940,250
	51,712,003	52,250,585

The finance leases relate to the Showgrounds buildings with a lease term of 25 years. The buildings will revert to the joint venture on the conclusion of the lease arrangement.

As part of the contractual obligations with the State, the Company is obliged to contribute to the Joint Venture a defined percentage of its cash surplus based on a pre-determined formula. Subject to a floor of \$500,000 and a ceiling of \$2.27 million, the Company must contribute a percentage of its cash surplus (before including the 50% share of joint venture results) as follows:

<b>Years</b>	<b>Percentage</b>
1 - 2	50%
3 - 5	60%
6 - 25	75%

Based on the Company's result, the current year contribution payable to the Asset Replenishment Fund is \$0 (2007: \$52,914)

## 16. Segment Reporting

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

<b>17. Employee Benefits</b>	<b>2008 \$</b>	<b>2007 \$</b>
Aggregate employee benefits, including on-costs:		
- Accrued salaries and wages	-	68,946
- Provisions (Current)	355,868	270,101
- Provisions (Non-current)	23,029	14,413
	378,897	353,460

## 18. Financial Instruments

### Price Risk and Credit Risk Exposures

All investment decisions are subject to regular Board review, after scrutiny and recommendations received from the Audit & Risk Management Committee. The Company does not engage in any significant transactions which are highly speculative in nature.

### Credit Risk Exposure

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company had no significant concentrations of credit risk with any single counter party or group of counter parties.

## 18. Financial Instruments (cont.)

### Net Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities approximate fair value. The aggregate net fair value of financial assets and liabilities is presented in the table below. Net fair value of financial assets and liabilities are determined on the following basis:

Cash, cash equivalents and short term investments: The carrying amount approximates fair value because of their short term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Interest Bearing Liabilities: The carrying amount approximates fair value.

### Interest Rate Risk Exposure

Exposures to interest rate risks on financial assets and liabilities are summarised as follows:

2008	Non-Interest Bearing \$	Fixed Interest Rate		Floating Interest Rate \$	Total \$
		1 year or Less \$	Over 1 - 5 Years \$		
Financial Assets:					
Cash and cash equivalents	-	-	-	4,149,133	4,149,133
Trade & Other Receivables	776,600	2,895,436	43,412,392	-	47,084,428
	776,600	2,895,436	43,412,392	4,149,133	51,233,561
Effective weighted average interest rate	-	7.36%	7.36%	7.11%	
Financial Liabilities:					
Trade & Other Payables	(3,362,541)	-	-	-	(3,362,541)
Interest Bearing Liabilities	-	(594,264)	(51,220,842)	-	(51,815,106)
	(3,362,541)	(594,264)	(51,220,842)	-	(55,177,647)
Effective interest rates/weighted average interest rate	-	9.96%	9.96%	-	-
Net Financial Assets/(Liabilities)	(2,585,941)	2,301,172	(7,808,450)	4,149,133	(3,944,086)

A movement of 1% in interest rates would have a positive or negative impact of \$41,491 to the company's result based upon the cash balance as at 31 March 2008.

2007	Fixed Interest Rate			Total \$	
	Non-Interest Bearing \$	1 year or Less \$	Over 1 - 5 Years \$		
<b>Financial Assets:</b>					
Cash and cash equivalents	-	-	-	2,629,328	2,629,328
Trade & Other Receivables	591,898	7,189,127	41,717,303	-	49,498,328
	591,898	7,189,127	41,717,303	2,629,328	52,127,656
Effective weighted average interest rate	-	7.36%	7.36%	5.91%	-
<b>Financial Liabilities:</b>					
Trade & Other Payables	(4,072,072)	-	-	-	(4,072,072)
Interest Bearing Liabilities	-	(538,582)	(51,812,518)	-	(52,351,100)
	(4,072,072)	(538,582)	(51,812,518)	-	(56,423,172)
Effective interest rates /weighted average interest rate	-	9.96%	9.96%	-	-
Net Financial Assets/(Liabilities)	(3,480,174)	6,650,545	(10,095,215)	2,629,328	(4,295,516)

#### Market Risk

The Company holds cash deposits that are interest bearing. The rates for these deposits are at market rates but have no material market risk attached to them.

### 19. Events Subsequent to Balance Date

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

### 20. Auditors Remuneration

	2008 \$	2007 \$
Total of all remuneration received and receivable in connection with:		
(a) Audit of the Annual Financial Report	26,500	25,424
(b) Other Services:		
Royal Melbourne Show Assurance Procedures	2,500	7,463
Other Audit Services – Joint Venture	21,408	15,710
Taxation/Compliance & Other Services	40,350	13,700
	90,758	62,297

### 21. Directors Remuneration

Directors of the Company do not receive remuneration for services provided

## 22. Related Party Transactions

- i. The Company performed accounting and secretarial functions for Victorian Agricultural Shows Limited and Stud Beef Victoria Incorporated. The fees charged for these services were \$89,630 (2007: \$169,208), as support for several other animal breed societies ceased in March 2007.
- 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
  - Bruce Kefford
  - Barrie Ernest Laws
  - Geoffrey James Phillips
  - Joy Anita Potter
  - John Horton Seymour
  - Anabel Shears-Carter
  - Peter Francis Sheldrake
  - Stephen Charles Spargo
- iii. Mr J H Seymour 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 \$38,000 (2007: \$38,000).
- iv. 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 \$21,867 (2007: \$62,050). Of this amount, \$8,432 relates to the redevelopment of the Showgrounds which has been reimbursed by the Joint Venture.
- v. Mr B Kefford is the Deputy Secretary of the Department of Primary Industries (DPI). The DPI is the State's representative in terms of the 50% share in the Joint Venture and in Showgrounds Nominees Pty Ltd. The Company also has various dealings with the DPI through its rural and regional competitions, including the provision of sponsorship monies to the Company. The total value of these transactions was \$10,000 (2007: \$10,000).
- vi. 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.
- vii. The Royal Agricultural Society of Victoria Limited has a 50% interest in an unincorporated joint venture. Refer to note 8 for transactions for the year ended 31 March 2008.

## 23. Key Management Information

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

The amounts paid or payable to key management are as follows:

	2008 \$	2007 \$
Short-term employee benefits	1,066,273	1,057,565
Other long-term benefits	118,676	98,544
Termination benefits	3,334	116,421
	1,188,283	1,272,530

## DIRECTORS' DECLARATION

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

- (a) the accompanying financial statements and notes thereto, 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 2008 and of its performance for the year ended on that date;
- (b) and 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 made pursuant to Section 295(5) of the Corporations Act 2001.



**C J Fox**  
Director



**B E Laws**  
Director

Dated this 15th day of July 2008  
Melbourne



Chartered Accountants  
& Business Advisers

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

We have audited the accompanying financial report of The Royal Agricultural Society of Victoria Limited (the company), which comprises the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Auditor's Opinion**

In our opinion the financial report of The Royal Agricultural Society of Victoria Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 March 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

PKF  
Chartered Accountants

15 July 2008  
Melbourne

M L Port  
Partner

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## NOTES

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The Royal Agricultural  
Society of Victoria

