

rasannualreport2005/2006



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THE ROYAL AGRICULTURAL SOCIETY OF VICTORIA LIMITED

Patron

Professor David de Kretser, AC
Governor of Victoria

President

J H (Jack) Seymour AM

Vice President

C J (John) Fox

Board of Directors

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

Chief Executive Officer

M (Mark) O'Sullivan

**Company Secretary/
Chief Operating Officer**

A (Adnan) Mansour

Registered office

The Royal Agricultural Society of
Victoria Limited
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Auditors

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

Bankers

National Australia Bank Limited
271 Collins Street
Melbourne 3000
Victoria AUSTRALIA

Solicitors

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



Restored to their glory days – the heritage-listed Hall of Commerce and Public Stand



The magnificent refurbished heritage Horse Pavilion

rasannualreport2005/06

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Front cover: The Grand Pavilion on the redeveloped Showgrounds – an artist's impression



Life Councillors

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

Council Members

J Allen
D G Beard
R S Bell
I I Bucknall
Hon. Bob Cameron MP
Minister for Agriculture
M Carroll
B M Crotty
Dr R C E Cust
N A Edwards APM
Prof. L Falvey
C J Fox
R F Haselgrove AM
W H Hill
K Jordan
N E King
L R Latta
B E Laws
E R Lithgow
C R Lyons
P McMahon

M T Marriott
G J Phillips
B W A Redpath
P J B Ronald
I McC Rough
A F Rowden
J H Seymour AM
A Shears-Carter
S R Shelmerdine AM
S C Spargo
G B Starritt
J C Watson AM

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

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

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

Each year it connects the country to the city for the Royal Melbourne Show – to showcase the best of Victoria in agriculture and agribusiness through competition, education, sporting activities, food and much more.

The RAS provides substantial economic benefits to Victoria. Two independent studies commissioned by Government have shown that the activities of the RAS, including the Royal Melbourne Show, make a cumulative contribution of about \$400 million a year in economic benefits to the State.

Our Vision is:

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

Our Mission is:

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

Our core values are:

- Customers first — our first thought is for the interests of customers
- Teamwork and camaraderie — we work in teams and pitch in to help get things done
- Leaders and innovators — we constantly try to develop new ideas and think of better ways of doing things.
- Commercially focused — we are resourceful and entrepreneurial and we act like owners of the areas for which we are responsible
- Community-minded — we build relationships that contribute to our successes and we engage with and represent our stakeholders
- Mutual trust and transparency — we trust one another and we are open and frank with our colleagues and business partners.





It was a year of transition and vision for the Royal Agricultural Society of Victoria (RAS).

The year was dominated by the major redevelopment work on the Melbourne Showgrounds under the Joint Venture partnership between the Victorian Government and the RAS.

The financial result for the year was below expectations. A key impact was the loss of significant revenue from venue rental due to the unavailability of the Showgrounds.

The RAS moved totally off the site in October, immediately following the 2005 Royal Melbourne Show, to allow the full commencement of work to transform the Showgrounds into a brand new venue. The project is on target for completion in time for the 2006 Show.

The redevelopment will deliver a quality, multi-purpose exhibition precinct capable of hosting events and functions throughout the year as well as the Royal Melbourne Show. The key aims are to enhance the Royal Melbourne Show, improve the link between urban and rural Victoria and create a central hub to promote Victoria's agribusiness to the world.

The new venue combines innovative design and event management practices with the RAS' proud 155-year heritage.

Many historic buildings are being retained and fully restored, including Centenary Hall, the Clydesdale Pavilion and the Royal Luncheon Block.

We acknowledge the diligent efforts of the many people in the Government and the RAS who have worked on the planning and implementation of the program in conjunction with the successful consortium PPP Solutions to deliver the project.

The Royal Melbourne Show

The 2005 Show was our 150th Show and was a great success in the midst of the concurrent redevelopment activities.

The modified layout of the Show worked well with the format and content adapted to accommodate the changes brought about by the project works, which overall gave visitors a preview of the new site for the 2006 Show.

Attendances were strong despite some adverse weather. The Show offering again utilised the Six Worlds concept and was well accepted despite some difficulties regarding visitor access to parts of the Show.

Overall, the Show highlights included an outstanding Entertainment program with two major overseas attractions, plus strong Animal competitions and appealing Fun & Learning exhibitions and outlets.

Communications, promotional and marketing activities conducted by the RAS across Victoria resulted in approximately 800 positive news stories and Show messages via media programs and advertising.

New RAS Strategy

A new corporate strategy has been implemented for the RAS – 'Shaping an Exciting and Sustainable Future'.

This followed a comprehensive review which included many interviews with internal and external groups.

The previous strategy 'Positioning The Society For The Future' was completed with the successful implementation of a number of structural and procedural changes.

The objectives of the new strategy are to create sustainable surpluses, build a strong growth pipeline, create the best capital city show, drive sustainable venue utilisation, maximise social and environmental outcomes, promote best practice in agribusiness and understanding of agribusiness, and attract and retain the right mix of highly competent, motivated people.

The strategy incorporates a new RAS Vision and Mission as follows:

Our Vision is to facilitate and orchestrate Australia's best agribusiness events – innovative, captivating and distinctive events that bring out the best in Victoria.

Our Mission is to make possible, events, including agribusiness events, which provide opportunities for showcasing, entertainment, education, and community participation and connection.

New Chief Executive Officer

Mark O'Sullivan was appointed Chief Executive Officer of the RAS in February 2006.

Mark joined the RAS after 24 years in various roles with the thoroughbred racing industry and the past 13 years as CEO of Country Racing Victoria (CRV).

During that time Mark developed, led and oversaw the implementation of significant changes at both CRV and the broader industry level. We look forward to his contribution to the future success of the RAS.

Valediction

We were saddened by the passing during the past 12 months of Life Councillor and past President Ray Starritt and Councillor Frank Neeson. They had served the RAS with great distinction over many years.

Support

We thank all our stakeholders for their support during the year, including the thousands of volunteers who provide countless valuable hours of effort in support of agribusiness activities, in particular the Royal Melbourne Show.

Special thanks to the Board and Council for their continuing backing for the activities and programs of the RAS, and to staff for their dedicated work in the delivery of a wide range of programs.

It is appropriate also to thank our Patron for the past five years, Mr John Landy AC MBE, Governor of Victoria, who has been a true supporter of the RAS.



J H Seymour AM
President



The RAS is facing an exciting future with the confidence that the redeveloped Ascot Vale site will provide an impressive home for the RAS, a magnificent venue for the Royal Melbourne Show for many years to come, and a central hub to promote Victoria's agribusiness.

The redevelopment program offers enormous opportunities for the future and we are finalising strategies to capitalise on that in both the short and long terms.

I am looking forward to contributing to the future of the RAS by working in partnership with all stakeholders in continuing the growth of the organisation and its objectives.

Vision for the 2006 Show

The 2006 Show will be the first event to be held on the redeveloped grounds and our planning for the event reflects the fact that it is going to be a spectacular opening for this magnificent venue.

The new and exciting design and the showcase pavilions will enhance the experience of bringing out the best in Victoria.

Our Vision for the Show is connecting the best Victoria has to offer, providing a window to the world and supporting the continuous development and prosperity of our State.

Our Show Mission is to bring the best and most innovative together in Victoria, including agribusiness, education and entertainment – to inspire the future and celebrate the present.

We are retaining the popular traditional components of the Show whilst introducing new elements and interactive displays. A feature of the Show will be the introduction of activities, displays and entertainment under a particular theme on selected days that target different sectors of the public.





Theme days will provide a focus for specific events and activities at the Show, designed to attract particular audiences – and to encourage visitors to come back two or more times to gain the full experience of “The Best of Shows”.

An exciting future

Maintaining our profitability is one of the keys to the future of the RAS.

The redeveloped world class Showgrounds provides the RAS with a unique opportunity upon which we must capitalise.

A major challenge lies in the venue management of the new Showgrounds and the RAS is confident of playing a significant role in this important business opportunity.

The venue is already attracting wide interest among event and conference organisers who are seeking modern facilities in Melbourne for the immediate and long-term future.

Agribusiness events

Major agribusiness-related events conducted by the RAS again enjoyed great success, in particular two special competitions – the inaugural Weekly Times Farm Business Awards and the commercially export-based RAS Prime Lamb Carcase competition.

The Weekly Times Farm Business Awards, presented by the RAS, resulted in more than 40 entries for the six categories of competition.

The Awards have streamlined previous RAS competitions into one umbrella program which crosses all agricultural sectors to recognise farm businesses that have demonstrated innovation and business practices that maximise productivity and profitability.

Congratulations to Shelley & Alan Green of Green Eggs Pty Ltd, Ararat who won the top prize, The Weekly Times Farm Business of the Year Award.

The 2005 RAS Prime Lamb Carcase competition was another great success with entries from Victoria, New South Wales, South Australia and Tasmania resulting in close to 16,000 lambs being processed.

The competition was won by Colin Gellie of Derrinallum with a consignment of 345 lambs.

The RAS Prime Lamb Carcase competition is aimed at promoting the production of prime lambs which meet export specifications, and provide producers with the opportunity to benchmark their flock against industry standards and fellow producers.

In 2006-07, the RAS is planning to conduct another Beef Feedlot Competition, in conjunction with the Department of Primary Industries, to build on the success of the inaugural event conducted in 2005 at Rutherglen. The successful competition involved 63 head of cattle in a feedlot on a 65 day fattening regimen, with the cattle then judged ‘on the hoof and over the hook’ for their growth rate and eating quality using Meat Standards Australia guidelines.

Community

The diverse family of the RAS includes thousands of volunteers and other stakeholders who provide countless hours of effort in support of our activities. I thank them all for their excellent efforts.

In particular I acknowledge the on-going contribution of the Board, Council, Event Committees and valued staff to all the activities of the RAS.

Mark O'Sullivan
Chief Executive Officer

Board of Directors

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

- Provide strategic guidance to the RAS.
- Provide input into and approve the organisation's strategic/business plans, budgets and performance targets.
- Lay solid foundations for management and oversight.
- Structure the Board to add value.
- Promote ethical and responsible decision making.
- Safeguard integrity in financial reporting.
- Recognise and manage risk.
- Encourage enhanced performance – from economic, social and environmental standpoints.
- Remunerate fairly and responsibly.
- Recognise the legitimate interests of the RAS's stakeholders.

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

Board composition

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

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

Human Resources Committee

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

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

Audit and Risk Management Committee

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

It is charged with:

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

- Monitoring the implementation of RAS's relevant strategies, in relation to their risk management components.
- Fostering the organisation's ethical environment.
- Overseeing and appraising the quality of the audits conducted both by the internal and external auditors.
- Fostering and maintaining open lines of communication between the internal and external auditor to ensure information exchange and coordination of activity.
- Monitoring and assessing the adequacy and scope of the RAS's procedural, operating and accounting controls.
- Providing an independent and objective review of operational and financial information provided by management to the Board.

Nominations Committee

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

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

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

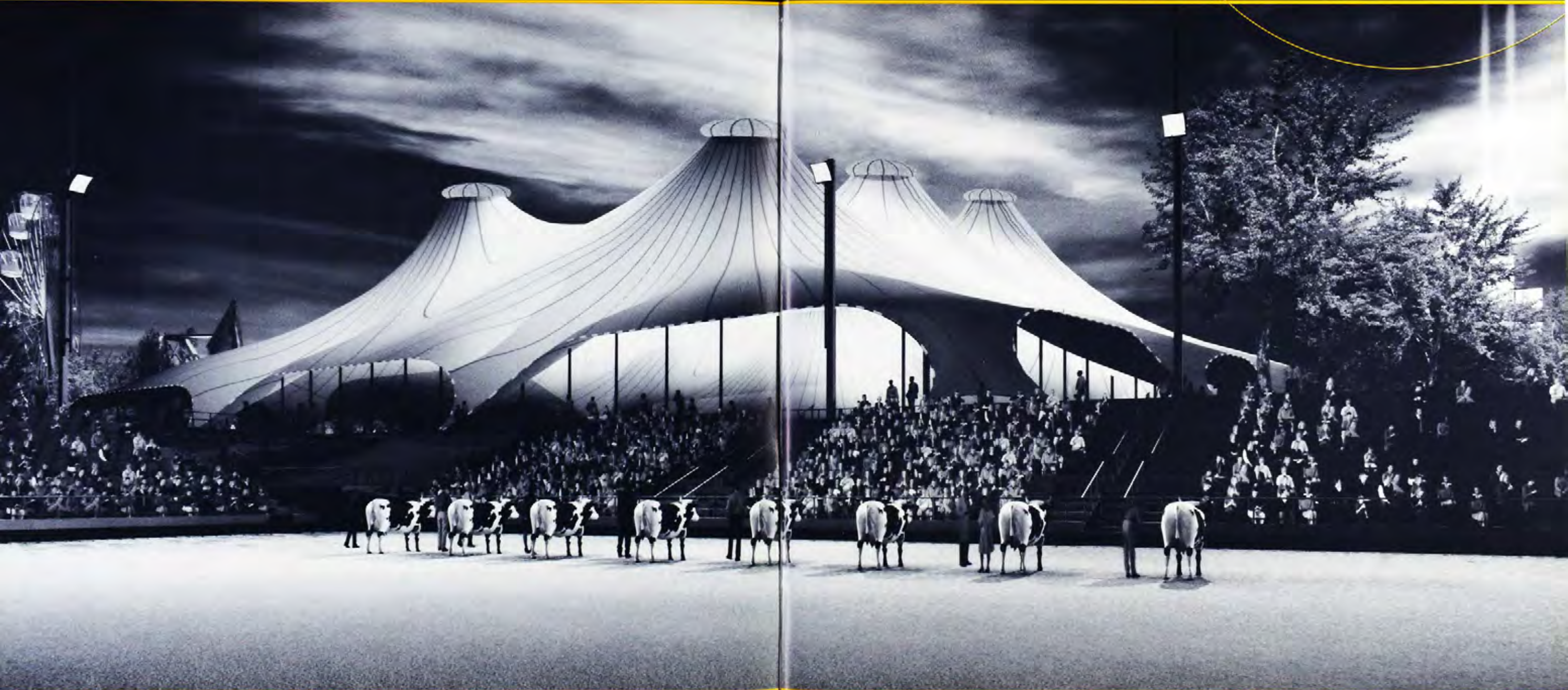
Political Activity

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



financialreport

FOR THE YEAR ENDED 31 MARCH 2006



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 2006 and the auditor's report thereon.

Directors

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

Name	Experience and Special Responsibilities
John Horton Seymour	Jack has extensive experience in banking, business management and strategy. He has been a Councillor and Director since October 1994, and is the current President and Chairman, and a member of the Human Resources and Nominations Committees. He also is Chairman of a Government Business Enterprise.
Charles John Fox	John has experience in mixed farming and in the finance industry. He has been a Councillor since 1989 and a Director since 1993. He is currently Vice President of the Company and Deputy Chairman of the Board.
Ian Ivor Bucknall	Ian has pastoral interests and has operated a successful stud sheep enterprise. He is currently consulting in animal breeding services. He has been a Councillor since 1986 and a Director since 1993.
Michael Carroll	Michael is General Manager of National Australia Bank's Agribusiness division which includes responsibility for leading a team of over 500 people focused on the agricultural sector. He has extensive experience in Agricultural Finance and working with primary producers, businesses involved in the processing and marketing of agricultural produce, and businesses involved in providing services to agriculture. He was appointed a Director in October 2003.
Richard Charles Embley Cust	Richard has a background in Veterinary Science. He has interests in horse and commercial beef studs. He became a Councillor in 2000, was appointed as a Director in February 2003 and has been a member of the RASV Veterinary Panel since 1972.
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 sector in Victoria, in terms of wealth creation and sustainable use of natural resources. He was appointed a Director in 2005.
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.
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.
Gary James Sheppard (deceased May 2005)	Gary had been a Councillor since 1990 and a Director since 1997. He had a long time association with pure breed poultry and was previously a senior state official. He also had extensive marketing experience. He was a former Vice President of the Company, having ceased this role due to constitutional changes which limited the number of vice presidents to one.
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.

Principal activities

The principal activities of the Company during the course of the year ended 31 March 2006 have comprised of promoting the development of all phases of the agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing and industrial resources of Australia, and the management of the Melbourne Showgrounds and the Royal Melbourne Show.

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

Review and results of operations

The net result of the Company for the year after tax was \$31,899,733 (2005: \$1,463,174). Major activities for the year were:

- The Company has transferred its land, buildings and improvements during the year to the joint venture between the State of Victoria and the Company for the purposes of the redevelopment of the Showgrounds. In conjunction with this, the Company has recognised its share in the investment in the joint venture of \$68,429,592. The transfer to the joint venture has resulted in an excess of \$32,355,883 over the value of the original assets transferred.
- The 2005 Royal Melbourne Show attendances decreased from the previous year adversely affecting the admissions, catering and rental income. The attendance was impacted by a level of uncertainty within the public about the impact of the ongoing construction, soaring fuel prices and adverse weather on a number of key days.
- Exemption from GST under Section 38-250(2)(v)(ii) of the GST Act has contributed \$273,892 in refunds through GST not being levied on certain classes of ticket prices. The money was applied by way of freezing price increases which otherwise would have been levied. Refer Note 1B(k).
- The Company has participated in the on-going redevelopment of the Showgrounds during the year. As part of this redevelopment the Company has incurred costs on behalf of the Joint Venture. These costs have been reimbursed by the State of Victoria and accordingly are not reflected in the financial statements.

Dividends

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

State of affairs

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 Mngmnt Mtgs Attended	Audit and Risk Mngmnt Mtgs Eligible to Attend
I J Bucknall	8	10	-	-
M Carroll	10	10	-	-
RCE Cust	7	10	-	-
CJ Fox	9	10	1	6
B Kefford	5	5	-	-
BE Laws	9	10	6	6
GJ Phillips	8	10	-	-
JH Seymour	9	10	-	-
A Shears-Carter	9	10	-	-
SC Spargo	8	10	-	-

Derivatives and other Financial Instruments

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

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

Likely Developments

At the date of this report, the redevelopment of the Showgrounds is progressing under a joint venture between the Company and the State Government. The financial report reflects the Company's 50% participation in the joint venture. Under a Request for Proposal issued by Major Projects Victoria the Royal Agricultural Society of Victoria Limited (in partnership) has submitted a proposal for the provision of venue management services.

Performance in Relation to Environmental Regulation

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

Indemnification and Insurance of Directors and Officers

Indemnification

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

Insurance premiums

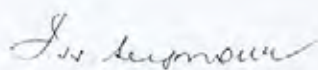
During the year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses, insurance contracts for the year ended 31 March 2006 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the period ending 31 December 2006. 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.

Auditor Independence Declaration

The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 17 and forms part of the Directors Report for the year ended 31 March 2006.

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



J H Seymour AM
Director
Dated this 19th day of June 2006
Melbourne, Victoria



C J Fox
Director

income statement

FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006 \$	2005 \$
Continuing Operations			
Revenue	2	<u>12,605,114</u>	<u>15,969,605</u>
Expenses			
Salaries and wages		(3,849,659)	(4,153,382)
Finance costs		(41,403)	(73,178)
Advertising		(837,225)	(745,957)
Attractions		(1,204,999)	(916,064)
Catering		(499,718)	(684,077)
Cleaning		(646,445)	(836,269)
Commission to Third Party Ticket Sellers		(455,305)	(425,625)
Competition Expenses		(568,303)	(583,561)
Computer/Website Expenses		(241,408)	(169,740)
Donations		(60)	(500,394)
Hire Costs		(882,740)	(705,946)
Insurance Costs		(402,249)	(532,092)
Maintenance		(553,646)	(589,238)
Police, Fire & Security		(470,115)	(439,468)
Printing Costs		(269,318)	(262,460)
Professional Fees		(964,449)	(658,292)
Signage		(108,963)	(118,544)
Utilities & Rates		(180,074)	(405,671)
Other expenses		<u>(604,838)</u>	<u>(789,110)</u>
Result before depreciation, income tax and recognition of Joint Venture	3	(175,803)	2,380,537
Share of joint venture operations		32,355,883	-
Depreciation		<u>(280,347)</u>	<u>(917,363)</u>
Result before income tax		<u>31,899,733</u>	<u>1,463,174</u>
Income tax expense	4B(b)	-	-
Net result after income tax		<u>31,899,733</u>	<u>1,463,174</u>
Result attributable to members		<u>31,899,733</u>	<u>1,463,174</u>

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

	Note	2006 \$	2005 \$
Current Assets			
Cash and Cash Equivalents	4	2,574,778	2,804,499
Trade and Other Receivables	5	971,538	1,734,063
Inventories	6	12,082	22,346
Prepayments		394,850	403,238
Total Current Assets		<u>3,953,248</u>	<u>4,964,146</u>
Non-Current Assets			
Property, Plant and Equipment	7	168,975	36,491,652
Investment in Joint Venture accounted for using the equity method	8	68,429,592	-
Total Non-Current Assets		<u>68,598,567</u>	<u>36,491,652</u>
Total Assets		<u>72,551,815</u>	<u>41,455,798</u>
Current Liabilities			
Trade and Other Payable	9	1,741,753	2,541,985
Provisions	10	305,606	299,161
Total Current Liabilities		<u>2,047,359</u>	<u>2,841,146</u>
Non-Current Liabilities			
Borrowings Interest Bearing Liabilities	11	100,547	100,661
Provisions	12	8,828	18,643
Total Non-Current Liabilities		<u>109,375</u>	<u>119,304</u>
Total Liabilities		<u>2,156,734</u>	<u>2,960,450</u>
Net Assets		<u>70,395,081</u>	<u>38,495,348</u>
Equity			
Contributed Equity	13	-	-
Reserves	14	-	27,437,270
Retained Earnings	15	70,395,081	11,058,078
Total		<u>70,395,081</u>	<u>38,495,348</u>

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

statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2006

	Retained Earnings \$	Revaluation Reserve \$	Total \$
As at 1 April 2004	9,594,904	27,437,270	37,032,174
Changes in Equity			
Result for the Period	<u>1,463,174</u>	<u>-</u>	<u>1,463,174</u>
As at 31 March 2005	11,058,078	27,437,270	38,495,348
Changes in Equity			
Transfer Asset Revaluation Reserve to Retained Earnings	27,437,270	(27,437,270)	-
Result for the Period	<u>31,899,733</u>	<u>-</u>	<u>31,899,733</u>
As at 31 March 2006	<u>70,395,081</u>	<u>-</u>	<u>70,395,081</u>

cashflow statement

FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006 S	2005 S
Cash Flows from Operating Activities			
Cash receipts in the course of operations		13,401,328	17,153,162
Cash payments in the course of operations		(13,804,311)	(13,996,766)
Interest received		207,549	109,017
Interest and other costs of finance		(37,427)	(69,350)
Net Cash flows provided by (Used in) Operating Activities	(iii)	<u>(232,861)</u>	<u>3,196,063</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(41,495)	(33,837)
Proceeds from sale/transfer of property, plant and equipment		44,635	1,925
Net Cash flows provided by/(used in) Investing Activities		<u>3,140</u>	<u>(31,912)</u>
Cash Flows from Financing Activities			
Repayment of Borrowings		-	(1,300,000)
Net Cash flows provided by/(used in) by Financing Activities		<u>-</u>	<u>(1,300,000)</u>
Net Increase/(Decrease) in Cash held		(229,721)	1,864,151
Cash and Cash Equivalents at Beginning of Financial Year		<u>2,804,499</u>	<u>940,348</u>
Cash and Cash Equivalents at End of Financial Year	(i)	<u>2,574,778</u>	<u>2,804,499</u>

Notes to the Statement of Cash Flows

(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	i	<u>2,574,778</u>	<u>2,804,499</u>
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notes to the cash flow statement

FOR THE YEAR ENDED 31 MARCH 2006

	2006 \$	2005 \$
(ii) Financing Facilities		
A commercial bill facility of \$1 million (2005: \$1 million) exists with National Australia Bank Limited. The facility is available for one year and had an average interest rate of 5.97% for the year ended 31 March 2006 (2005: 6.2%). At 31 March 2006, \$nil (2005: \$nil) was in use.		
The commercial bill is secured by our interest in the Joint Venture as well as by way of a fixed and a floating charge on all assets.		
(iii) Reconciliation of Net Cash provided by Operating Activities to Operating Result		
Net result after tax	31,899,733	1,463,174
Add/(less) non-cash items:		
Depreciation	280,347	917,363
Amounts set aside to provisions	(3,370)	68,630
Interest accrued on Trophy Funds	(114)	3,828
Add/(less) items classified as investing/financing activities:		
Loss/(Gain) on sale of fixed assets	(34,520)	3,239
Interest in Joint Venture	(32,355,883)	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	762,526	(966,769)
Decrease in Other Current Assets	8,388	135,100
Decrease in Inventories	10,264	22,409
Decrease (Increase) in Payables	(800,232)	1,549,089
Net Cash Provided by/(Used in) Operating Activities	<u>(232,861)</u>	<u>3,196,063</u>

1A) Corporate Information

The financial report of The Royal Agricultural Society of Victoria Limited for the year ended 31 March 2006 was authorized for issue in accordance with a resolution of the Directors on 19 June 2006.

The Royal Agricultural Society of Victoria Limited is a company limited by guarantee incorporated and domiciled in Australia.

The nature of operations and principal activities of the Royal Agricultural Society of Victoria Limited are described in the Directors report.

1B) Summary of Significant Accounting Policies

The principal 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.

This is the first Australian equivalent to International Financial Reporting Standards financial report presented by The Royal Agricultural Society of Victoria Limited. Reconciliations of the impact of the transition from Australian Accounting Standards to Australian equivalents to International Financial Reporting Standards are provided in Note 1 B) (n).

(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.

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 (Urgent Issues Group Consensus Views) that have a material effect.

Comparative figures have been reclassified so as to be consistent with the figures presented in the current year. Australian equivalents of International Financial Reporting Standards have been applied to all current and comparative figures consistently.

(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 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) 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) Other Current Assets

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

1B). Summary of Significant Accounting Policies (cont.)

(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:

Plant & Equipment	2% - 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) Provision for 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 includes 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. 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 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.

1B). Summary of Significant Accounting Policies (cont.)

(j) Accounts Payables

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

(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)(s)(ii) of the GST Act for certain classes of admissions and entries relating to the Royal Show. This has resulted in a refund for GST incorrectly paid to the Australian Taxation Office for GST on supplies that were deemed to be GST-free. The determination of GST-free status for admissions and entry fees is carried out on an annual basis.

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

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

(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) Investment in Joint Venture

The Royal Agricultural Society of Victoria Limited's interest in its joint venture operation is accounted for using the equity method of accounting. The company's share of results from the joint venture operations are recognised in the Income Statement.

(n) First Time Adoption of Australian Equivalents to International Financial Reporting Standards

- (i) Reconciliation of Equity as at 1 April 2004
There are no material impacts in the Balance Sheet presented under current accounting standards on adoption of AIFRS.
- (ii) Reconciliation of Profit/Loss for the period ended 31 March 2005
There are no material impacts in the Profit/Loss presented under current accounting standards on adoption of AIFRS.
- (iii) Restated AIFRS Cash Flow Statement for the period ended 31 March 2005
There are no material impacts in the Profit/Loss presented under current accounting standards on adoption of AIFRS.

(o) 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 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.

notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2006

	2006 \$	2005 \$
2. Revenue		
Rendering of Services		
Admissions Revenue	4,643,576	5,829,986
Members Subscriptions	219,668	292,227
Rental Income	3,718,492	4,927,286
Catering Premiums	733,108	1,148,488
Sponsorship	976,986	922,036
Competition Income	854,391	995,049
Secretarial and Management Fees	170,469	236,174
Parking Revenue	194,129	358,144
	<u>11,510,819</u>	<u>14,709,390</u>
Other Income		
GST Reimbursement	273,892	596,497
Interest	207,549	109,017
Gain/(loss) on disposal of property, plant & equipment	34,520	(3,239)
Other revenue	578,334	557,940
	<u>1,094,295</u>	<u>1,260,215</u>
Total Revenue	<u>12,605,114</u>	<u>15,969,605</u>
3. Items Included in Result		
Depreciation	280,347	917,363
Lease rental expense - operating leases	113,655	85,176
Bad and doubtful debts	3,450	-
Net gain/(loss) on sale of property, plant and equipment	34,520	(3,239)
Employee benefit expense	297,004	248,269
Finance Costs	41,403	73,178
Recovery of GST previously paid	(273,892)	(596,497)
Contribution to the RAS Education Foundation	-	500,000
Recognition of RASV interest in Joint Venture	(32,355,883)	-
4. Cash and Cash Equivalents		
Cash on hand	1,300	893
Cash at bank and on deposit	2,573,478	2,803,606
	<u>2,574,778</u>	<u>2,804,499</u>
Interest rates at 31 March 2006 on cash accounts were 5.45% (2005: 5.31%).		
Included in cash at bank and on deposit is an amount of \$550,000 held on behalf of the joint venture. The Company has no discretion over the expenditure of this amount. Interest is earned and recorded as due to the joint venture.		
5. Trade and Other Receivables		
Trade Receivables	141,480	642,911
Costs of Redevelopment due from the State (i)	404,445	813,610
Sundry Receivables	225,613	277,542
Investment Principal Redemption in Transit	200,000	-
	<u>971,538</u>	<u>1,734,063</u>
No interest is charged on receivables.		

2006
\$

2005
\$

5. Trade and Other Receivables (cont.)

(i) RASV costs associated with the redevelopment will be borne by the Joint Venture. As at 31 March 2006, amounts due from the State Government were \$404,445. These costs are expected to be reimbursed.

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company minimises concentrations of credit risk by undertaking transactions with a large number of customers. The Company is not materially exposed to any individual customer.

The maximum credit risk exposure of receivables is represented by the carrying amount of assets recognised in the Balance Sheet.

6. Inventories (Current)

Finished Goods	12,082	22,346
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7. Property, Plant and Equipment

Crown Grant Land - at directors' valuation	-	-
Freehold Land - at directors' valuation	-	16,450,000
	-	16,450,000

Buildings and Improvements		
- at directors' valuation	-	19,533,212
- at cost	-	1,000,000
- accumulated depreciation	-	(2,007,648)
	-	18,525,564

Motor Vehicles		
- at cost	65,141	37,206
- accumulated depreciation	(32,000)	(27,773)
	33,141	9,433

Plant and Equipment		
- at cost	1,244,281	6,873,142
- accumulated depreciation	(1,108,447)	(5,366,487)
	135,834	1,506,655

Total property, vehicles plant and equipment - Net book value	168,975	36,491,652
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Reconciliation of Movements in 2006

Asset Class	Opening Balance	Additions	Depreciation/Amortisation	Disposals	Closing Balance
	\$	\$	\$	\$	\$
Building and Improvements	18,525,564	-	(126,316)	(18,399,248)	-
Motor Vehicles	9,433	39,238	(4,227)	(11,303)	33,141
Plant and Equipment	1,506,655	2,257	(149,803)	(1,223,275)	135,834
	20,041,652	41,495	(280,346)	(19,633,826)	168,975

2006
\$

2005
\$

7. Property, Plant and Equipment (cont.)

Reconciliation of Movements in 2005

Asset Class	Opening Balance \$	Additions \$	Depreciation/ Amortisation \$	Disposals \$	Closing Balance \$
Building and Improvements	18,031,050	1,000,000	(505,486)		18,525,564
Motor Vehicles	3,425	10,909	(4,901)		9,433
Plant and Equipment	<u>1,895,867</u>	<u>22,928</u>	<u>(406,976)</u>	<u>(5,164)</u>	<u>1,506,655</u>
	<u>19,930,342</u>	<u>1,033,837</u>	<u>(917,363)</u>	<u>(5,164)</u>	<u>20,041,652</u>

The Company has transferred its land, buildings and improvements during the year 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 below.

8. Investment in Joint Venture

The redevelopment and future management of the Showgrounds is being conducted as a joint venture project between the State (Department of Primary Industries) and the Royal Agricultural Society of Victoria Limited (RAS). The project is being delivered under the Government's Partnerships Victoria methodology.

The State has made a funding contribution of approximately \$108 million and RAS has transferred its land with buildings and improvements to the Joint Venture. The State and RAS are each 50% participants in the Joint Venture.

The Joint Venture structure involves an unincorporated Joint Venture to carry out and deliver the project and an incorporated entity known as the Project Company – Showground Nominees P/L – 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, State and RAS, owns 50% of the shares in the Project Company.

Under the Royal Agricultural Showgrounds Act 2003 (the Act), freehold land owned by RAS at the Showgrounds was surrendered to the Crown in June 2005. As further required by the Act, several Crown land reservations at the Showgrounds in favour of RAS were then revoked. The Act further requires that, as soon as possible, the Governor in Council, on behalf of the Crown, must grant the defined Showgrounds land to the corporation approved by the Minister for Planning as minister responsible for the Act. The Minister for Planning has approved the Project Company Showgrounds Nominees P/L as the approved corporation.

An administrative process is underway to effect the Crown grant to the approved corporation incorporating exchange of minor land parcels with Victrack to optimise the railway station boundary with immaterial impact on valuation. At the time of preparing the RAS financial statements the Showgrounds land is held as unalienated Crown land and there is no impediment to conclusion of the administrative process required to issue title as soon as possible to Showgrounds Nominees P/L.

As Showgrounds Nominees P/L will then hold the Showgrounds land on a bare trust basis for the State and RAS as 50% participants in the Joint Venture, the financial statements have been prepared on the basis that RAS has indirectly recognised its 50% interest via its accounting for the Joint Venture.

The reporting date for the Joint Venture is 30 June 2006. Interim information has been extracted for the purpose of preparation of the RAS financial statements as at 31 March 2006.

2006
\$

2005
\$

8. Investment in Joint Venture (cont.)

The assets, liabilities, revenue and expenses of the jointly controlled operation at 31 March 2006 are as follows:

Current Assets	1,000,000	-
Non-Current Assets	135,859,184	-
Total Assets	136,859,184	-
Total Liabilities	-	-
Venturers Interest	136,859,184	-
Revenue	1,000,000	-
Administrative Expenses	2,300,000	-
Net Return	(1,300,000)	-
Interest of the Royal Agricultural Society of Victoria Limited	68,429,592	-

There were no impairment losses in the jointly controlled operation.

The Company has incurred expenditures of \$966,608 (2005: \$978,167) in relation to the redevelopment of the Show grounds on behalf of the Joint Venture. The State has funded these expenditures relating to the redevelopment and accordingly they have not been recognised in the Income Statement.

Showgrounds Nominees Pty Ltd as agent 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 at the date of effective handover, currently expected in August 2006, and ongoing service fees.

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.

The need for additional funding, if any, during the 25 year term of the Concessionaire, cannot be assessed at the date of this report.

9. Trade and Other Payables

Creditors and Accruals	1,605,169	2,097,508
Income in Advance	136,584	444,477
	1,741,753	2,541,985

Included in creditors and accruals is an amount of \$550,000 owing to the joint venture which is currently held in cash at bank and on deposit - refer note 4.

10. Provisions (Current)

Employee Benefits	305,606	299,161
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11. Interest Bearing Liabilities (Non-Current)

Trophy Funds	100,547	100,661
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12. Provisions (Non-Current)

Employee Benefits	8,828	18,613
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notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2006

2006
\$

2005
\$

13. 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.

14. Reserves

Asset Revaluation Reserve	-	27,437,270
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The asset revaluation reserve was used to record increments and decrements in the value of non-current assets. The reserve could not be used to pay dividends because the Company is limited by guarantee and is prohibited by its Constitution from paying dividends to its members. The asset revaluation reserve was transferred to retained earnings in June 2005 upon transfer of the related assets to the Joint Venture.

15. Retained Earnings

Balance at beginning of year	11,058,078	9,594,904
Transfer Asset Revaluation Reserve	27,437,270	-
Net result	31,899,733	1,463,174
Balance at end of year	<u>70,395,081</u>	<u>11,058,078</u>

16. Commitments

Future operating lease rentals not provided for in the financial statements.

Payable:

Not longer than one year	86,998	55,892
Longer than one year but not longer than two years	67,273	41,428
Longer than two years but not longer than five years	7,595	26,144
	<u>161,866</u>	<u>123,464</u>

Operating leases have an average lease term of 4 years. Assets that are subject to operating leases include office equipment.

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 Benefits

Aggregate employee benefits, including on-costs:

- Accrued salaries and wages	54,670	66,139
- Provisions (Current)	305,606	299,161
- Provisions (Non-current)	8,828	18,643
	<u>369,104</u>	<u>383,943</u>

19. Financial Instruments

All investment decisions are subject to regular board review. The economic entity does not engage in any significant transactions which are highly speculative in nature.

Credit Risk Exposure

The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognized in the balance sheet net of any provision for losses. The economic entity had no significant concentrations of credit risk with any single counter party or group of counter parties.

19. 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.

Other financial assets: The fair value is estimated by reference to the expected cash flows of the investment. The carrying amount approximates fair value.

Interest Bearing Liabilities

The carrying amount approximates fair value

Fixed Interest Rate

2006	Non-Interest Bearing \$	1 year or Less \$	Over 1-5 Years \$	Floating Interest Rate \$	Total \$
Financial Assets:					
Cash and cash equivalents	-	-	-	2,574,778	2,574,778
Trade & Other Receivables	971,538	-	-	-	971,538
	<u>971,538</u>	<u>-</u>	<u>-</u>	<u>2,574,778</u>	<u>3,546,316</u>
Effective weighted average interest rate	-	-	-	5.45%	-
Financial Liabilities:					
Trade & Other Payables	(1,741,753)	-	-	-	(1,741,753)
	<u>(1,741,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,741,753)</u>
Effective interest rates/ weighted average interest rate	-	-	-	-	-
Net Financial Assets/(liabilities)	<u>(770,215)</u>	<u>-</u>	<u>-</u>	<u>2,574,778</u>	<u>1,804,563</u>

Fixed Interest Rate

2005					
Financial Assets:					
Cash Assets	-	-	-	2,804,499	2,804,499
Receivables	971,538	-	-	-	971,538
	<u>971,538</u>	<u>-</u>	<u>-</u>	<u>2,804,499</u>	<u>3,776,037</u>
Effective weighted average interest rate	-	-	-	5.3%	-
Financial Liabilities:					
Payables	(2,541,985)	-	-	-	(2,541,985)
	<u>(2,541,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,541,985)</u>
Effective interest rates/ weighted average interest rate	-	-	-	-	-
Net Financial Assets	<u>(1,570,447)</u>	<u>-</u>	<u>-</u>	<u>(1,570,447)</u>	<u>1,234,052</u>

2006
\$

2005
\$

20. 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.

21. Auditors Remuneration

Total of all remuneration received and receivable in connection with:

(a) Audit of the Annual Financial Report	24,000	26,000
(b) Other Services:		
Audit of the Royal Melbourne Show-	6,490	9,500
Other Audit Services	8,125	0
Management Accounting Services	26,541	126,345
	<u>65,156</u>	<u>161,845</u>

22. Directors Remuneration

Directors of the Company do not receive remuneration for services provided.

23. Related party transactions

- i. The Company performs accounting and secretarial functions for various animal breed societies. The fees charged for these services were \$170,469. (2005: \$226,110)
- ii. The names of all Directors who have held office during the year are:
 - Jan Ivor Bucknall
 - Michael Carroll
 - Richard Charles Embley Cust
 - Charles John Fox
 - Bruce Kefford
 - Barrie Ernest Laws
 - Geoffrey James Phillips
 - Anabel Shears-Carte
 - Gary James Sheppard (deceased May 2005)
 - John Horton Seymour
 - Stephen Charles Spargo
- iii. Mr M Carroll is associated with the Company's bankers who provide financial services at arms length terms and conditions. He is also associated with an organization that provides sponsorship monies to the Company. The total value of this transaction was \$75,000 (2005: \$0)
- iv. Mr C J Fox and Mr J H Seymour are 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 (2005: \$25,000).
- v. Mr G J Phillips is a director of a firm that provides consultancy services to Stock & Land Beef Week and the Angus Society of Australia. The Company provides secretarial services to both Stock & Land Beef Week and the Angus Society of Australia at arms length.
- vi. 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 \$265,222 (2005: \$550,370). Of this amount, \$238,302 relates to the redevelopment of the Showgrounds which has been reimbursed by Major Projects Victoria.

2006
\$

2005
\$

23. Related Party Transactions (cont.)

- vii. 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 \$20,000 (2005: \$10,000).
- viii. Directors and Councillors had related party transactions at arms length with the Company involving the purchase of goods/services considered to be trivial or domestic in nature.
- ix. 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 2006.

24. Key management information

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of The Royal Agricultural Society of Victoria Limited.

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

Short-term employee benefits -	1,076,912	969,343
Other long-term benefit	114,608	124,138
Termination benefits	<u>66,295</u>	<u>-</u>
	<u>1,257,815</u>	<u>1,093,481</u>

25. Other Statutory Information

The Company is incorporated and domiciled in Australia

The registered office is:

Royal Showgrounds
Epsom Road
ASCOT VALE VIC 3032

The principal place of business is:

369 Royal Parade
PARKVILLE VIC 3052

The number of employees was 40 as at 31 March 2006 (2005: 38).

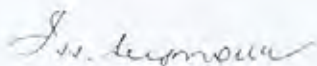
directors declaration

FOR THE YEAR ENDED 31 MARCH 2006

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 33, 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 2006 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 AM
Director

Dated this 19th day of June 2006.
Melbourne



C J Fox
Director

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



Chartered Accountants
& Business Advisors

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity and cash flow statement, accompanying notes to the financial statements, and the director's declaration for The Royal Agricultural Society of Victoria Limited, for the year ended 31 March 2006.

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

Audit Approach

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

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

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

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

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

Independence

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

Audit Opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of The Royal Agricultural Society of Victoria Limited's financial position as at 31 March 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

PKF
Chartered Accountants

19 June 2006

Melbourne

J Pasias
Partner

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