



ROYAL

agricultural society

OF WESTERN AUSTRALIA



annual report

2002

The Royal Agricultural Society of Western Australia

The Royal Agricultural Society of Western Australia Inc. (RAS) is a not-for-profit organisation based in Perth, Western Australia. With the support of its Members, Councillors and industry, the RAS's role is to promote the significance of rural Western Australia and the State's primary industries.

Working to help maintain and strengthen the bridge between city and country, the Society's activities are focused on showcasing the many and varied achievements of rural Western Australia. Since the founding of the Society in 1831, the RAS has successfully encouraged and assisted the development of Western Australian resources - including agricultural, horticultural, viticultural, industrial, rural, technological, commercial and mineral resources.

Operating under the Royal Agricultural Society Act, the RAS makes a unique and dynamic contribution to Western Australia, playing a key role in Agricultural Shows and rural events around the State. The RAS is also responsible for the organisation and management of Western Australia's largest annual community event, the Perth Royal Show. Like no other event, the Perth Royal Show is a show for the people - a great example of how the RAS serves the community and achieves its contribution to the State.

Mission Statement

To serve and enrich the people of Western Australia by showcasing the resources and endeavours of its people.

Royal Agricultural Society of Western Australia

PO Box 135, Claremont, Western Australia 6910

Telephone 08 9384 1933

Facsimile 08 9385 2396

Web www.raswa.org.au

Email raswa@raswa.org.au

Councillors 2002 The strength of the RAS is without doubt its people and this is proven time again by the strong commitment and support received from Councillors, Committee Members, volunteers and staff. Councillors are the backbone of the RAS, leading and organising the 42 diverse competitive sections of the Show and various key areas of the organisation.



Front row, left to right John Wilding (Past President), Jim Webster (Past President), David White (Treasurer), Lou Giglia (Immediate Past President), Dr Don Robertson (President), John Hanley (Vice President), Bruce Rathbone (Chief Executive Officer), John O'Meehan (Past President), Peter Carter (Past President).

Back row, left to right Peter Dempster, Hugh Warden, Kevin Cahill, Robert Hayes-Thompson, Bruce Campbell, Shirley Thorn, Dudley Preston, John Snowball, Dr Robert Pearce, Don Forrest, Margaret Bannister, Bill Payne, Ellie Eaton, Michael Jones, Ivan Solomon, Robert Hawes, Ross Bourne, Deane Allen, Vida Humphries, Bevan Bessen, Paul Carter, Leon Giglia.

Absent Jim Horwood (Past President), Milton Isbister (Past President), Tom Wilding (Past President), Trevor Barwick, Greg Brockway, Geoffrey Shepherdson, Gordon White.

People of the Royal Agricultural Society of Western Australia

Patron

His Excellency
Lieutenant General John Sanderson AC
Governor of Western Australia

Vice Patron

The Hon David Malcolm AC
Chief Justice of Western Australia

President

Robertson D E, Dr (Don)

Vice President

Hanley J (John)

Immediate Past President

Giglia L A, AM (Lou)

Treasurer

White D C (David)

Past Presidents

Carter P T, AM JP (Peter)
Horwood J K, AM BE (Jim)
Isbister M L (Milton)
O'Meehan J F, JP (John)
Webster A J, OAM (Jim)
Wilding J H (John)
Wilding T D (Tom)
Wilkinson A (Arthur)

Elected Councillors

Allen D (Deane)
Bannister M (Margaret)
Barwick T E (Trevor)
Bessen B (Bevan)
Bourne R (Ross)
Brockway G (Greg)
Cahill K V (Kevin)
Campbell B G (Bruce)
Carter P L (Paul)
Dempster P J (Peter)
Eaton E R (Ellie)
Forrest D K (Don)
Giglia L (Leon)
Hawes R P (Robert)
Hayes-Thompson R B,
BEM MDM JP (Robert)
Humphries V L (Vida)
Jones M B (Michael)
Payne W J (Bill)
Pearce R L, Dr AM RFD JP (Robert)
Preston D F (Dudley)
Shepherdson G (Geoffrey)
Snowball J (John)
Solomon I F (Ivan)
Thorn S (Shirley)
Warden H (Hugh)
White G M (Gordon)

Honorary Life Members

Burt Sir Francis, AC KCMG QC
Carter P T, AM JP (Peter)
Howson J F, OBE JP (Jack)
Isbister M L (Milton)
Pope F R (Roy)
Wilding T D (Tom)
Wilkinson A (Arthur)

Honorary Councillors

Burges K A (Keith)
Cunningham T M (Tom)
Dring C P (Peter)
Gaze D O (Des)
Reading R (Ross)
Seymour T M (Theo)
Shepherd J H, AO (Jim)
Stone D T (Don)
Tate J (John)

Chief Executive Officer

Bruce Rathbone was appointed in March 2002. Commercial Manager, Martin Molony was acting in the interim.

Auditor

Deloitte Touche Tohmatsu
The auditors are appointed at the Council Meeting following the A.G.M each year.



president's report

I am pleased to present to you the Annual Report for the year ending 31 December 2002.

The Royal Agricultural Society of Western Australia (RAS) has a long history in Western Australia representing and showcasing the rural industries as they have developed to the levels of sophistication in technology and marketing that we see today. During that history, the rural industries have experienced periods of good fortune and periods of difficulty. The year 2002 brought both good and bad news for farmers. Drought gave many their worst year ever. At the same time, for those with product to sell, stock prices remained relatively

high, wool prices recovered, and grain prices moved up. Dairy farmers continued to cope with the effects of deregulation. Soil salinity received more attention from farmers, scientists and governments.

This was set against a backdrop of increased fear of international terrorism. The RAS and regional Agricultural Societies had to deal with the impact of public liability issues on their shows. These added to the ever increasing need for careful management and discipline in budgeting.

Notwithstanding budgetary constraints the Society has continued to develop ongoing and new initiatives. Prime Season, that period between August and October when much of Western Australia is at its best, is being promoted by the RAS in partnership with Dowerin Events Management. The goal is to make events like the Perth Royal Show and the Dowerin Field Days known outside this state and attractive to visitors, especially buyers. With national and international attendees at these events the value they offer exhibitors will be much enhanced.

With the Western Australian Government Department of Industry and Technology the RAS hosted a Guest Nation at the 2002 Perth Royal Show, the People's Republic of China, one of Western Australia's major international trading partners. This created a strong international component at Western Australia's premier agricultural event. The inaugural guest nation China, offered the Show a fresh theme and flavour, with both Chinese culture and industry being a strong focus throughout the event. Chinese culture complemented and was ingeniously integrated with the Year of the Outback events in the evening program on the main arena.

Importantly, China's presence offered local businesses trading opportunities. The People's Republic of China was officially represented by a large trade delegation and also by a number of government officials, including the Vice-Governor and Governor of the Zhejiang Province, the Chinese sister state to WA. The guest nation project will continue to be a part of the Perth Royal Show. We are presently awaiting the official announcement of our 2003 Guest Nation, which will be made in February 2003.

Another successful initiative was the Sundowner Seminar Series, which presented talks for RAS Members and the wider agricultural industry. The RAS will continue to facilitate this platform for public discussion and interaction on significant areas of agriculture and agribusiness.

2002 was the third year in which we trialed a nine day Perth Royal Show. Council has decided that we should revert to an eight day show in 2003 because attendances have been insufficient on the extra day. The 2003 Perth Royal Show will commence on Saturday 27 September.

The Agricultural Hall of Fame continues to attract favourable comment and support. It honours people who have contributed significantly to agriculture in Western Australia. New inductees are named at a ceremony in early March each year.

The Society continues to assist people and particularly Agricultural Societies in the regional areas of Western Australia. A series of workshops were run for artists and for office bearers organising district shows. The Show Skills seminars were funded by a grant from the Federal Minister for Agriculture Warren Truss, who visited our Perth Royal Show in 2002.

The competitive sections of the 2002 Perth Royal Show attracted good numbers of entries of a high standard. This was especially commendable in the livestock classes which we might have anticipated to be affected by the difficult drought conditions. On behalf of the Society, I would like to thank all exhibitors for their dedication and support of these competitions and also the many volunteers and judges who devote much time and effort to ensuring these events are run and managed well.

I would also like to express gratitude to sponsors, commercial partners, volunteers, the media and in particular, our Members, the RAS Council, Management Committee and staff who have made an invaluable contribution to a year of challenges and rewards.

The RAS Council is concerned about the value of membership of the Society. It has set up a committee to advise on how to improve services to members. Volunteers already contribute an enormous amount of time and expertise to the Society. We are seeking ways of sustaining and increasing that contribution.

In 2002 the RAS appointed several key management staff, including a new Chief Executive Officer, Bruce Rathbone, who has brought strength in the area of leadership and strategic planning. Bruce and his team offer a fresh perspective and drive that I believe will serve us well.

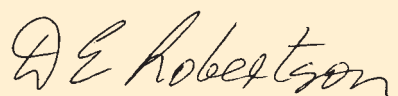
Congratulations and thanks to Michael Jones who was elected President of the Federal Council of Agricultural Societies for two years; Councillor Jones is also a most active and effective RAS Councillor.

It is with great sadness that I record the recent deaths of two people who gave a lot to the RAS, Honorary Life Member Mr Ron Bartlett and former Treasurer and Councillor David Buttfield.

I also regret that Councillors Ellie Eaton and John Carstairs will not be seeking re-election in 2003. Ellie Eaton has been a very active and innovative Councillor for more than twenty years.

Congratulations also to Immediate Past President Lou Giglia on being awarded the Member of the Order of Australia.

I look forward to a challenging and rewarding future for the RAS.



Dr D E Robertson

President

ceo's report



2002 has been a year of consolidation for the Royal Agricultural Society of Western Australia (RAS). In line with ever increasing governance and risk management requirements we have undertaken to tighten up our internal systems and processes, whilst concurrently regrouping our thinking and approach across a wide expanse of operating processes. With a continuous eye on the Society's future potential and direction, we have commenced work on long-term strategic planning processes.

Since my appointment in March 2002, my main focus has been in two areas. Firstly working with Councillors, staff and other stakeholders to address immediate and near term opportunities and threats. Secondly, developing long term strategies for the Society's future. It is imperative that these planning processes ensure the continued evolution of the Society whilst

identifying ways to maintain its financial viability in an increasingly competitive and compliance constrained operating environment.

The Perth Royal Show continues to maintain its position as a major cultural treasure within our society. Key performance indicators of the 2002 Perth Royal Show are in line with long-term performance measures indicating that the many innovations implemented in this and prior years have maintained the Show's relevance across the community in spite of ever increasing competition for discretionary family expenditure.

In 2002 over 415,000 people attended the Perth Royal Show drawing strongly from families and teenagers across the state. With a total population of only 1.9 million, Western Australians can be justly proud of their relationship with "Their Show" in that they collectively represent one of the highest ratios of show-goers to population of all Royal Shows in Australia.

This year the Society introduced major changes to tighten up the Perth Royal Show ticketing and entry processes. A number of stringent security measures were taken including the use of photographic identification and unique ticket production techniques. Protecting and enhancing revenue yields achieved through these measures will be crucial in terms of due diligence in addressing the 'going concern' uncertainties expressed in the financial section of this report.

The strong attendance figures for the 2002 Show is attributed to our better understanding of our changing target markets. Late in 2001, a detailed research study was conducted by the RAS to assess and clearly define the Perth Royal Show's key target markets and the factors that motivate each of the groups to attend. The result is that the Society better understands its current customer base and the future potential market segments.

In 2002 we recognised the Society's need to keep a diligent eye on increasing risk management requirements in the face of evolving corporate governance practices. To this end, we appointed a Risk Manager in the interests of sound governance and to improve our risk management systems. The strength of our risk management systems were put to the test during the Perth Royal Show, when we were called upon to evacuate the grounds due to severe weather conditions on the last day. I am confident that this pro-active approach to risk management will serve to strengthen the future of the Society.

The Showgrounds Exhibition Centre continues to grow in popularity, with the additional staging of three major concerts in 2002 on the main arena. Given the increased pressure from other entertainment and leisure products competing with the Perth Royal Show and Showgrounds, the RAS is acutely aware of the need to promote and utilise its facilities more effectively than ever before.

We now have the opportunity to build on this strength and move forward with new understanding, new ways of thinking, an adaptive structure, flexible attitude and as always, highly committed and innovative people. I welcome all of you to be part of this new phase of the Royal Agricultural Society of Western Australia.

A handwritten signature in black ink that reads "Bruce Rathbone". The signature is written in a cursive, flowing style.

Bruce Rathbone

Chief Executive Officer

2002 perth royal show

The Perth Royal Show is Western Australia's largest community event. Running over nine days in 2002, the Show provided the opportunity to showcase the diversity of Western Australia and the achievements of its community.

In 2002 the Perth Royal Show was a success on many levels. Despite the unfavourable weather conditions on the last day of the Show, 415,958 visitors attended, a slight increase on 2001.

Competitive Entries Competitions at the Perth Royal Show provide quality benchmarks, promote excellence and most importantly allow for an appreciation and understanding of the agricultural sector. It is in this educative role that the RAS is able to provide a largely metropolitan audience with a better understanding of the advances in agriculture and the issues and challenges confronted.

During the Perth Royal Show, the RAS hosts an eclectic selection of competitions ranging from agriculture, heritage, arts and design to food and wine. In 2002 there were 17,571 entries in 42 competitive sections with judging taking place in the lead up to and during the Show. Two sections experienced a significant increase including the Prime Lamb Competition by 171% and Rabbit entries by 62%.

Increases were also experienced in other sections including Cat entries up by 7%, Bakers' Bread & Pastry Cooking up by 7%, Beef Cattle up by 5.5%, Dairy Cattle up by 26%, Horses Breed entries up by 31%, Pigeon entries up by 12%, Poultry entries up by 11.5% and Sheep entries up by 18%.

Governor's Cup For the fourth time, the excellent performance of the "Ponderosa" Holstein stud of North Dandalup won the prestigious Governor's Cup for the most points in livestock exhibits. This was a significant win for the Giglia family who have been exhibitors at the Show for 40 consecutive years; this year they announced their intention to bow out of the competition as they plan to retire from the dairy industry.

Sponsors Over 500 sponsors provided financial and in-kind contributions in 2002 enabling the Perth Royal Show to continue to provide a high standard of excellence in education, competition and promotion. The Society appreciates the generosity and support of all its sponsors, and in particular would like to thank Partners, Premier and Principal Sponsors: Coca-Cola Amatil, Peters and Brownes Group, Swan Brewery, MasterFoods Australia New Zealand - Petcare and Woolworths Supermarkets. New partnerships generated in 2002 included Make-A-Wish Foundation, Gerry Gibbs Camera House and the Department of Conservation and Land Management.

New events and attractions In 2002 the Show saw a number of new events and attractions initiated as a result of valuable information gleaned from detailed quantitative and qualitative research undertaken in 2001. Such new attractions generated a very positive response from the public who attended the Show.

Planet X demonstrations and Street Active workshops created a location for teenagers to witness some incredible extreme sports performed by experts and to learn how to be responsible bike riders and inline skaters.

For a mature palate, a Wine and Cheese marquee was operated in partnership with the WA Wine Industry Association. This haven was a popular site at the Show and we look forward to further improving its prominence in 2003.

The inaugural Guest Nation, the People's Republic of China, brought a whole new level of commercial and cultural trade to the Perth Royal Show.

Marketing and media Advertising and Marketing agency, brainCELLS were again appointed and charged with the task of refreshing the "Show Me" advertising campaign and developing the media strategy. The new look 2002 campaign played strongly on being Western Australian and called on the involvement of key Western Australian 'Perthonalities' including Kim Beazley, MHR, Member for Brand, Allana Slater, Gymnast and Olympic medalist, and West Coast Eagle player, David Wirrpunda, to name a few.

In 2002, the Society appointed an official press partner, The West Australian Newspaper. New to the 2002 press strategy was the production of a Royal Show Daily Program, which included four pages of daily coverage, highlighting the value for money that the Show offers and also publishing daily information on events and activities. It offered excellent leveraging opportunities for Show sponsors to gain added exposure and was viewed as a motivational tool in the attendance drive.

Jennifer Heron Freelance was appointed for a third year to manage all media and public relations activities. The media team focused on capturing the interest of the media earlier than in previous years and we were rewarded with unprecedented media coverage in the lead up to and during the event. In excess of 1,000 stories were recorded in print, on radio and in television relating to the 2002 Perth Royal Show.

2002 perth royal show

Entertainment and visitor management

BBC Entertainment was once again contracted as Entertainment Directors for 2002. An additional \$80,000 was invested in the entertainment program to ensure an excellent line up and public experience. Big name acts including Bananas in Pyjamas and Planet X extreme sports headlined the Show. This considerable increase in expenditure was justified by the appeal to specific target segments, reflected by the large volume of Showgoers who attended the many daily performances. Inclusion of such high profile entertainment has better positioned the Show to compete for consumers' disposable entertainment dollar.

Over the Show, the public were treated to a wide array of innovative performances including the Flying Lotahs (a high wire motor cycle and trapeze spectacular) and a 100m Chinese dragon. This was combined with old favourites such as the racing pigs, whip cracking, rope twirling and gun drawing, bush poetry and yarn spinning.

The major nightly drawcard in the main arena was a specifically choreographed performance entitled "My Country – Horse Spectacular", which included 18 horsemen celebrating Aussie stockmen and their valued horses. This proved an outstanding hit with patrons, with the finale involving 10 floats, each representing a different aspect of our national identity, paraded around the main arena.

Visitor management was improved this year through the production of a daily liftout published in The West Australian Newspaper informing people of the main activities and performances each day and also providing a map of the grounds for better access. A significant increase in the number of location maps were produced and posted around the grounds. Anecdotal feedback highlighted positive public perception about the level of cleanliness and security at the event.

Admissions Admissions to the Perth Royal Show equalled 415,958 in 2002 representing a slight increase in total visitor numbers from the previous year. 72.08% percent of visitors to the Show paid admission fees compared to 68.98% in 2001. The remaining 27.92% were members of the RAS, exhibitors, sponsors and their guests or those who had won their tickets via cross-promotional activities.

In 2002 changes were made to tighten up the ticketing and entry process at the Show. Admission prices have remained constant since the 2000 Show with the exception of the

family pass which has decreased in price by \$5. The Society continued to make tickets available through all Coles and Woolworths supermarkets, with an increased lead time of six weeks advance purchase. In total, there were 121 sales points across the State. The after 6.00 p.m. discounted price was more extensively promoted to a targeted segment; this proved effective in lifting the evening admissions by approximately 16.57%.

Commercial Exhibitors The success of the 2001 Perth Royal Show had a positive impact on commercial sales in 2002, with all sites sold well in advance of the Show. Exhibitors' feedback indicates significant business was achieved and that many intend to re-book early to secure their space in 2003.

Once again the Show was a launching ground for several new products – some experiencing outstanding success. They ranged from dips, aqua biotic products, key tracking systems, kitty litter, pet treats, children's education toys to soya milk making machines.

RISK MANAGEMENT

Recent global events have highlighted the increasing importance of all organisations' need to consider the public's safety, particularly those organisations involved in the entertainment industry and the staging of public events. As host to Western Australia's largest single public event, the Perth Royal Show, together with other events and exhibitions throughout the year, the RAS recognises its responsibility to provide a safe environment for those entering the Showgrounds.

In 2002, as part of the evolution of the Society's Emergency Response Plan and the general Risk Management Strategy, the Society appointed a dedicated Risk Manager. This new position is responsible for the development of management strategies and procedures to respond appropriately in the event of fire, floods, storms, explosions, earthquakes, civil disturbance, loss of power or water and so on. Other areas of responsibility include building safety and compliance, show ride safety, fireworks displays, waste management, corporate governance, legal and insurance issues.

This role has been created to invest in the future of the Society and it will continue to revise procedures already in place and develop additional strategies to address new challenges as they arise.

grounds and facilities

ROYAL SHOWGROUNDS & FACILITIES

The majority of work around the grounds this year concentrated on commencing a maintenance consolidation process, to ensure that the assets of the Society are well cared for and will be used for many years to come. This included redecking and painting of the Members Grandstand seating and painting of the Robinson Pavilion. Significant electrical upgrades were conducted throughout the grounds, with this program continuing into future years.

Overall the quality and appearance of the grounds has improved, this being well evidenced by the many compliments received from our patrons throughout the year. Plant propagation commenced within the on-ground nursery and many of the flowering plants and seedlings seen throughout the grounds are a product of the gardening team.

In addition to the maintenance program, the Society undertook some capital works upgrading to widen the link area between the Jim Webster Pavilion and the Robinson Pavilion, thereby creating a total rentable floorspace in excess of 8,000sqm.

The Showgrounds Exhibition Centre

Whilst the Perth Royal Show is the primary source of income for the RAS, the Showgrounds Exhibition Centre continues to make its mark as a popular Perth venue for exhibitions and events. Currently host to over 250 events annually, growth in sales was strong in 2002, which can be attributed to significant improvements in customer service and a positive marketing focus.

There is also increasing demand for other buildings and outside areas on the Showgrounds for sales, horse shows, tractor launches, TV and commercial shoots, seminars etc.

In 2002, the Showgrounds played host to three concerts, which included the "Big Day Out", an international touring event and the largest youth music festival in the Southern Hemisphere and the "City Muster", WA's premier Country and Western concert. Both these events were a tremendous success, with patron feedback stating that the venue is the best in the State and the promoters re-booking for 2003. In December, "Science Fiction" attracted some 8,500 dance patrons and featured international acts.

During November and December, Taylor Media filmed some scenes for a three part mini series for ABC and BBC Television based on the Robert Drewe book "The Shark Net", in the Ellie Eaton Pavilion.

RAS ACTIVITIES

Breed Societies The RAS continued its support of the activities of eleven breed societies in 2002 by providing secretarial and financial management services. In addition,

the RAS manages the Federal Register of the Australian Stud Saddle Pony Society and provides office and meeting space for the Stud Merino Breeders Association at the Showgrounds in Claremont.

Regional Agricultural Societies The RAS's Regional Agricultural Shows Liaison and Assistance Committee manages the RAS's affiliation with 63 regional Agricultural Societies by providing a central management body and facility for regional Agricultural Shows and cross-regional activities. It also provides financial and logistical assistance to regional shows. In 2002, through an effective partnership with Golden Western Network, the RASWA contributed \$20,000 to support a special regional television advertising grant.

In 2002, RAS's Councillor Michael Jones was elected President of the Federal Committee of Agricultural Societies for two years, to oversee the future of 617 Australian regional Agricultural Societies.

Membership 2002 welcomed the launch of a new quarterly publication "RASWA Link" to replace "Showtalk". This new format broadens our communications to encompass the wide range of activities in which the Society is involved. Four issues were published, which were well received by members, corporate partners and the wider agricultural community.

Another new initiative aimed at reinforcing the broader relevance of the Society was the establishment of a series of Sundowner Seminars, designed to encourage interesting and topical discussions on areas of key importance to our member base. These sessions have, on the whole been very successful and we hope that members and invited guests will continue to participate in the program scheduled for 2003.

Agricultural Hall of Fame Through the Agricultural Hall of Fame the RAS promotes a current understanding and knowledge of the significance of historical developments in Western Australian agriculture and those pioneers who have progressed the land and State to where it is now.

Since its inception in 2000, the Agricultural Hall of Fame has inducted 21 great agricultural achievers. It is an inspirational initiative that recognises Western Australians, past and present, who have made outstanding contributions to the development of agriculture.

2002 Inductees to the Hall of Fame were announced at a prestigious luncheon in the presence of His Excellency Lieutenant General John Sanderson, AC Governor of Western Australia on 1 March, 2002. The six inductees included Dr Harold William Bennetts, Dr Frederica Lucy Erickson, Dicey Forrest, Peter Bruce Lefroy, William Colin Kennedy Pearse and Dr Laurence Cecil Snook.

financial performance

The Society recorded Earnings before Interest & Depreciation of \$896,694 (2001 - \$1,341,279)

Net cash provided by operating activities was \$455,059 and was primarily used to repay borrowing of \$576,242.

Royal Show income for 2002 increased to \$6,749,297 (2001 - \$6,480,986).

Non Royal Show income increased to \$1,397,344 (2001 - \$1,105,258).

The Society continues to reduce debt with interest expense in 2002 being \$330,120 (2001 - \$379,266).

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
	\$	\$
REVENUE		
Royal Show Income	6,749,297	6,480,986
Membership Subscriptions	210,421	194,125
Non-Royal Show Income-		
Letting - Grounds and Buildings	813,544	582,475
Recovery - Breed Societies	24,109	30,716
Recovery – Electricity, materials, labour and other expenses	250,639	270,579
Interest	8,652	6,682
Proceeds on Sale of Plant and Equipment	86,955	19,873
Sundry Revenue	3,024	808
Revenue from Ordinary Activities	<u>8,146,641</u>	<u>7,586,244</u>
EXPENDITURE		
Royal Show Expenses	5,522,820	5,107,083
Administration Expenses	1,542,902	1,373,314
Breed Societies Expenses	29,136	34,971
Interest & Borrowing Costs	330,120	379,266
Gratuity – Town of Claremont	34,949	49,021
Upkeep of Showgrounds	998,951	707,637
Written down value on sale of Plant & Equipment	111,841	16,162
TOTAL EXPENDITURE	<u>8,570,719</u>	<u>7,667,454</u>
LOSS FROM ORDINARY ACTIVITIES	(424,078)	(81,210)
NET LOSS	<u>(424,078)</u>	<u>(81,210)</u>
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE SOCIETY	<u>(424,078)</u>	<u>(81,210)</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2002

	Note	2002	2001
		\$	\$
CURRENT ASSETS			
Cash Assets	3	6,358	5,571
Trade Debtors	4	180,181	140,209
Inventories		41,242	49,042
Prepayments		23,178	13,317
TOTAL CURRENT ASSETS		<u>250,959</u>	<u>208,139</u>
NON – CURRENT ASSETS			
Property, Plant and Equipment	5	15,778,473	16,675,241
TOTAL NON - CURRENT ASSETS		<u>15,778,473</u>	<u>16,675,241</u>
TOTAL ASSETS		<u>16,029,432</u>	<u>16,883,380</u>
CURRENT LIABILITIES			
Current Interest-Bearing Liabilities	6	972,750	1,990,447
Creditors and Accruals	7	334,961	512,325
Provision for Employee Entitlements		199,626	161,597
Other		18,265	4,054
TOTAL CURRENT LIABILITIES		<u>1,525,602</u>	<u>2,668,423</u>
NON – CURRENT LIABILITIES			
Non-Current Interest-Bearing Liabilities	6	2,859,951	2,147,000
TOTAL NON-CURRENT LIABILITIES		<u>2,859,951</u>	<u>2,147,000</u>
TOTAL LIABILITIES		<u>4,385,553</u>	<u>4,815,423</u>
NET ASSETS		<u>11,643,879</u>	<u>12,067,957</u>
REPRESENTED BY - ACCUMULATED FUNDS	10	<u>11,643,879</u>	<u>12,067,957</u>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2002**

	2002	2001
Cash Flows from operating activities		
Receipts from Royal Show	6,759,557	6,558,574
Receipts from Non Royal		
Show letting	792,553	585,223
Receipts from Recoveries	259,719	416,354
Receipts from Sundry revenue	3,024	808
Receipts from Membership		
Subscriptions	210,421	194,125
Payments to Suppliers & Employees	(7,281,730)	(6,346,028)
Interest Received	8,652	6,682
Interest Paid	(297,137)	(381,365)
Net cash provided by operating activities	455,059	1,034,373
(See reconciliation below)		
Cash flows from investing activities		
Payment for property, plant & equip	(205,724)	(273,462)
Proceeds from sale of plant & equip	86,955	19,873
Net cash used in investing activities	(118,769)	(253,589)
Cash flows from financing activities		
Proceeds from borrowings	-	1,500,000
Repayment of borrowings	(576,242)	(1,530,000)
Net cash provided by/used in financing activities	(576,242)	(30,000)
Net increase (decrease) in cash held	(239,952)	750,784
Cash at the beginning of the financial year		
Cash and deposits	5,571	4,989
Bank overdraft	(110,447)	(860,649)
	<u>(104,876)</u>	<u>(855,660)</u>
Cash at the end of the financial year		
Cash and deposits	6,358	5,571
Bank overdraft	(351,186)	(110,447)
	<u>(344,828)</u>	<u>(104,876)</u>
Net movement for year	(239,952)	750,784

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

	2002	2001
Operating surplus	(424,078)	(81,210)
Add back Interest Expense		
– non cash item	30,756	-
Depreciation	990,652	1,043,223
Loss/(Gain) on disposal of plant & equip	24,886	(3,711)
Changes in net assets & liabilities		
Decrease/(increase) in trade debtors	(39,972)	201,737
Decrease/(increase) in inventories	7,800	(5,335)
Decrease/(increase) in prepayments	(9,861)	(10,947)
Increase/(decrease) in creditors	(177,364)	(129,103)
Increase/(decrease) in provisions	38,029	26,061
Increase/(decrease) in income in advance	14,211	(6,342)
Net cash provided by operating activities	455,059	1,034,373

FINANCING

Firmly committed financing facilities of \$4,731,498 (2001 - \$4,127,000) were available to the Society as at the end of the financial year. As at balance date \$3,832,701 (2001 - \$4,137,447) of these facilities were in use.



NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

ACCOUNTING POLICIES The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views and other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Note 1.

Summary of accounting policies.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

- (a) Inventories are held for consumable purposes and are recorded at the lower of cost or net realisable value.
- (b) The Society is exempt from income tax under Section 23(h) of the Income Tax Assessment Act.
- (c) All non-current assets except land are depreciated over their expected economic lives using the reducing balance method. The following rates are used in the calculation of depreciation:

- Buildings	5%
- Improvements to Showgrounds	5%
- Plant and equipment	5% to 40%
- (d) Recoverable amount of Non-Current Assets-

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. Recoverable amount is determined as the present value of the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current asset.
- (e) Receivables - Trade receivables and other receivables are recorded at amounts due less any provisions for doubtful debts.

- (f) Accounts Payable - Trade payables and other accounts payable are recognised when the Society becomes obliged to make future payments resulting from the purchase of goods and services.
- (g) Borrowings - Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.
- (h) Employee Entitlements - Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.
- (i) Income in Advance - Income in advance comprises deposits for letting of facilities that have yet to occur.
- (j) Going Concern - The financial report has been prepared on a going concern basis which contemplates the continuation of the business activity and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31/12/2002 the Society has a working capital deficiency of \$1,274,643. Accordingly there is uncertainty about the Society's ability to continue as a going concern. The ability of the Society to continue as a going concern is dependent on the continuing financial support from lenders and generation of an operating cash inflow. Having regard to these factors the Council is of the opinion that the basis upon which the financial statements are presented is appropriate in the circumstances. In the event that support is not forthcoming, the Society may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.
- (k) Goods and Services Tax - The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables
- (l) Revenue Recognition - Revenue from the sale of goods or provision of services is recognised when the Society has passed control of the goods or service to the buyer.

Note 2.

	2002	2001
	\$	\$
Auditor's Remuneration		
Auditing the financial report	16,407	10,056

Note 3.**Cash Balances Not Available For Use**

Restrictions exist upon the use of cash disclosed at the end of financial year, as they relate to trust funds held on behalf of various non-operative Agricultural Societies. Balance of funds restricted as follows.

Restricted Funds	2947	2957
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Note 4.**Trade Debtors**

Trade Debtors	181,931	113,921
Sundry Debtors	-	28,038
Provision for Doubtful Debts	(1,750)	(1,750)
	<u>180,181</u>	<u>140,209</u>

Note 5.**Property Plant and Equipment**

	Land	Buildings	Showgrounds Improvements	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Gross Carrying Amount					
Balance at 1/1/2002	29,565	15,016,744	5,322,609	5,249,905	25,618,823
Additions	-	91,048	39,339	75,337	205,724
Disposals	-	(23,345)	-	(308,452)	(331,797)
Balance at 31/12/2002	<u>29,565</u>	<u>15,084,447</u>	<u>5,361,948</u>	<u>5,016,790</u>	<u>25,492,750</u>
Accumulated Depreciation/Amortisation					
Balance at 1/1/2002	-	(5,182,623)	(1,241,682)	(2,519,277)	(8,943,582)
Disposals	-	18,506	-	201,451	219,957
Depreciation Expense	-	(493,980)	(188,755)	(307,917)	(990,652)
Balance at 31/12/2002	<u>-</u>	<u>(5,658,097)</u>	<u>(1,430,437)</u>	<u>(2,625,743)</u>	<u>(9,714,277)</u>
Net Book Value					
As at 1/1/2002	29,565	9,834,121	4,080,927	2,730,628	16,675,241
As at 31/12/2002	<u>29,565</u>	<u>9,426,350</u>	<u>3,931,511</u>	<u>2,391,047</u>	<u>15,778,473</u>

Aggregate depreciation allocated during the year is recognised as an expense and disclosed above.

Note 6.

	2002	2001
	\$	\$
Current Interest-Bearing Liabilities		
Bank Overdraft (a)	351,203	110,447
Secured Loans (a)	600,000	1,850,000
Unsecured Loans	21,547	30,000
	<u>972,750</u>	<u>1,990,447</u>
Non-Current Interest-Bearing Liabilities		
Secured Loans (a)	2,200,000	1,500,000
Unsecured Loans	659,951	647,000
	<u>2,859,951</u>	<u>2,147,000</u>

(a) Borrowings are secured by way of negative pledge

Note 7.

Creditors and Accruals

	2002	2001
	\$	\$
Trade Creditors	139,348	210,793
Accruals	128,955	190,289
GST	66,658	111,243
	<u>334,961</u>	<u>512,325</u>

Note 8.

Related Parties

The names of the Councillors of the Society during the year are shown on page 3 of the Annual Report.

In the course of their duties, Councillors have received no income other than reimbursement of expenses to the total of \$9,150 (2001 - \$14,400).

Note 9.

Financial Instruments Disclosure

(a) Significant Accounting Policies -

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect to each class of financial assets, financial liability and equity instruments are disclosed in note 1 to the financial statements.

(b) Interest Rate Risk -

	2002				2001			
	Fixed Interest Rate	Floating Interest maturing in year or less	Non Interest Bearing	Total	Fixed Interest Rate	Floating Interest maturing in year or less	Non Interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Trade Debtors	-	-	180,181	180,181	-	-	140,209	140,209
Cash	-	5,758	600	6,358	-	5,071	500	5,571
	-	5,758	180,781	186,539	-	5,071	140,709	145,780
Interest Rate		0.1% - 4.2%				0.1% - 4.2%		
Financial Liabilities								
Trade and other creditors	-	-	334,961	334,961	-	-	512,325	512,325
Bank overdraft	-	351,203	-	351,203	-	110,447	-	110,447
Loans payable within one year	621,547	-	-	621,547	1,880,000	-	-	1,880,000
Loans payable within the next 2 to 5 years	2,859,951	-	-	2,859,951	2,147,000	-	-	2,147,000
	3,481,498	351,203	334,961	4,167,662	4,027,000	110,447	512,325	4,649,772
Interest Rate	3.5% - 8.1%	3.5% - 8.1%			3.5% - 8.1%	3.5% - 8.1%		
Net Financial Assets	(3,481,498)	(345,445)	(154,180)	(3,981,123)	(4,027,000)	(105,376)	(371,616)	(4,503,992)

(c) Credit Rate Risk -

The carrying amount of financial assets recorded in the financial statements net of any provisions for losses represents the maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

(d) Net Fair Value -

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with accounting policies disclosed in Note 1 of the financial statements.

Note 10

Retained Profits

	2002 \$	2001 \$
Balance at beginning of financial year	12,067,957	12,149,167
Net Loss	(424,078)	(81,210)
Balance at end of financial year	<u>11,643,879</u>	<u>12,067,957</u>

Note 11

Sale of Assets

Sales of assets in the ordinary course of business have given rise to the following profits and losses:

	2002 \$	2001 \$
Net Profits		
Property Plant and Equipment		3,711
Net Losses		
Property Plant and Equipment	24,886	-

Note 12

Number of employees at end of financial year

2002	2001
<u>35</u>	<u>36</u>

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE ROYAL AGRICULTURAL SOCIETY OF WESTERN AUSTRALIA INC.

Scope

We have audited the financial report of The Royal Agricultural Society of Western Australia Inc. for the financial year ended 31 December 2002 as set out on pages 10 to 15. The Councillors of the Society are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Society.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the

amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Society's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Royal Agricultural Society of Western Australia Inc. as at 31 December 2002 and the results of its operations and its cash flows for the year then ended.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(j), there exists uncertainty whether the Society will be able to continue as a going concern without the continued support of its financiers and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

DELOITTE TOUCHE TOHMATSU

P. McIver, Partner

Chartered Accountants

Perth, Western Australia

Date 12 February 2003

Council's Declaration

The Council declares that:

- The attached financial statements and notes thereto comply with Accounting Standards;
- The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Society;
- In the Council's opinion there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Council made pursuant to the constitution of the Society.

On behalf of the Council by

David White, Treasurer

PERTH 12 February 2003.

