

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 -

	2003			2002				
	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	-	-	520,248	520,248	-	-	180,181	180,181
Cash	-	11,314	600	11,914	-	5,758	600	6,358
	-	11,314	520,848	532,162	-	5,758	180,781	186,539
Interest rate		0.1% - 4.2%				0.1% - 4.2%		
Financial liabilities								
Trade and other creditors	-	-	349,286	349,286	-	-	334,961	334,961
Bank overdraft	-	61,186	-	61,186	-	351,186	-	351,186
Loans payable within one year	1,772,313	-	-	1,772,313	621,564	-	-	621,564
Loans payable within the next two to five years	1,637,638	-	-	1,637,638	2,859,951	-	-	2,859,951
	3,409,951	61,186	349,286	3,820,423	3,481,515	351,186	334,961	4,167,662
Interest rate	3.5%-8.1%	3.5%-8.1%			3.5%-8.1%	3.5%-8.1%		
Net financial assets	(3,409,951)	(49,872)	171,562	(3,288,261)	(3,481,515)	(345,428)	(154,180)	(3,981,123)

(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

	2003 \$	2002 \$
Retained profits		
Balance at the beginning of the financial year	11,643,879	12,067,957
Net Loss	(106,047)	(424,078)
Balance at the end of the financial year	11,537,832	11,643,879

NOTE 11

Sale of assets

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

Net losses

Property plant and equipment	142,382	24,886
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NOTE 12

	2003 \$	2002 \$
Number of employees at the end of the financial year	30	35

NOTE 13

Segment note

All business operations are in Australia and relate to operating an annual Show together with using the Society's Showgrounds as an exhibition and trade promotion centre.



INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF ROYAL AGRICULTURAL SOCIETY
OF WESTERN AUSTRALIA

Scope

We have audited the financial report of Royal Agricultural Society of Western Australia for the financial year ended 31 December 2003 as set out on pages 1 to 6. The Councillors 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.

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 and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the disclosing entity'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 in Australia and the financial position of Royal Agricultural Society of Western Australia as at 31 December 2003 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 as to whether the Society will be able to continue as a going concern without the continued support of their financiers and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

DELOITTE TOUCHE TOHMATSU

Peter McIver

Partner

Chartered Accountants

Perth, 20 February 2004

COUNCILS' 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, 25 February 2004



Royal Agricultural Society of Western Australia

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2003

financial performance

- The Society recorded earnings before Interest and depreciation of \$1,105,684 (2002 \$896,694).
- Royal Show income for 2003 increased to \$7,252,629 (2002 - \$6,749,297).
- Non-Royal Show letting of grounds and buildings income increased to \$840,675 (2002 - \$813,544).
- Net cash provided by operating activities was \$838,368 (2002 \$455,059).
- The Society continues to reduce debt resulting in a reduction of interest expense in 2003 to \$274,820 (2002 - \$330,120).

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 \$	2002 \$
REVENUE		
Royal Show income	7,252,629	6,749,297
Membership subscriptions	203,310	210,421
Non-Royal Show income-		
• Letting - Grounds and buildings	840,675	813,544
• Recovery - Breed Societies	14,497	24,109
• Recovery - Electricity, materials, labour and other expenses	248,193	250,639
• Interest	9,823	8,652
• Proceeds on sale of plant and equipment	-	86,955
• Sundry revenue	19	3,024
Revenue from ordinary activities	8,569,146	8,146,641
EXPENDITURE		
Royal Show expenses	5,468,484	5,522,820
Administration expenses	1,821,485	1,542,902
Breed Societies expenses	18,849	29,136
Interest and borrowing costs	274,820	330,120
Gratuity - Town of Claremont	48,812	34,949
Upkeep of showgrounds	900,361	998,951
Written down value on sale of plant and equipment	142,382	111,841
Total expenditure	8,675,193	8,570,719
Net loss from ordinary activities attributable to Members of the Society	(106,047)	(424,078)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	3	11,914	6,358
Trade debtors	4	520,248	180,181
Inventories		29,052	41,242
Prepayments		82,399	23,178
TOTAL CURRENT ASSETS		643,613	250,959
NON - CURRENT ASSETS			
Property, plant and equipment	5	15,170,429	15,778,473
TOTAL NON - CURRENT ASSETS		15,170,429	15,778,473
TOTAL ASSETS		15,814,042	16,029,432
CURRENT LIABILITIES			
Current interest-bearing liabilities	6	1,833,499	972,750
Creditors and accruals	7	349,286	334,961
Provision for employee entitlements		182,473	199,626
Other		273,314	18,265
TOTAL CURRENT LIABILITIES		2,638,572	1,525,602
NON - CURRENT LIABILITIES			
Non-current interest-bearing liabilities	6	1,637,638	2,859,951
TOTAL NON-CURRENT LIABILITIES		1,637,638	2,859,951
TOTAL LIABILITIES		4,276,210	4,385,553
NET ASSETS		11,537,832	11,643,879
REPRESENTED BY - ACCUMULATED FUNDS	10	11,537,832	11,643,879

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 \$	2002 \$
Cash flows from operating activities		
Receipts from Royal Show	7,316,839	6,759,557
Receipts from Non-Royal Show letting	884,148	792,553
Receipts from recoveries	233,721	259,719
Receipts from sundry revenue	8,167	3,024
Receipts from membership subscriptions	203,310	210,421
Payments to suppliers and employees	(7,542,316)	(7,281,730)
Interest received	9,823	8,652
Interest paid	(275,324)	(297,137)
Net cash provided by operating activities <i>(See reconciliation below)</i>	838,368	455,059
Cash flows from investing activities		
Payment for property, plant and equipment	(471,250)	(205,724)
Proceeds from sale of plant and equipment	0	86,955
Net cash used in investing activities	(471,250)	(118,769)
Cash flows from financing activities		
Proceeds from borrowings	549,985	1,180,740
Repayment of borrowings	(621,547)	(604,498)
Net cash provided by/used in financing activities	(71,562)	(576,242)
Net increase (decrease) in cash held	295,556	(239,952)
Cash at the beginning of the financial year		
Cash and deposits	6,358	5,571
Bank overdraft	(351,186)	(110,447)
	(344,828)	(104,876)
Cash at the end of the financial year		
Cash and deposits	11,914	6,358
Bank overdraft	(61,186)	(351,186)
	(49,272)	(344,828)
Net movement for year	295,556	(239,952)

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

	2003 \$	2002 \$
Operating loss	(106,047)	(424,078)
Add back interest expense - non cash item	-	30,756
Depreciation	936,911	990,652
Loss on disposal of plant and equipment	142,382	24,886
Changes in net assets and liabilities		
• Decrease/(increase) in trade debtors	(340,067)	(39,972)
• Decrease/(increase) in inventories	12,190	7,800
• Decrease/(increase) in prepayments	(59,221)	(9,861)
• Increase/(decrease) in creditors	14,325	(177,364)
• Increase/(decrease) in provisions	(17,153)	38,029
• Increase/(decrease) in income in advance	255,048	14,211
Net cash provided by operating activities	838,368	455,059

FINANCING

Firmly committed financing facilities of \$4,109,951 (2002 - \$4,731,498) were available to the Society as at the end of the financial year. As at balance date \$3,471,137 (2002 - \$3,832,701) of these facilities had been utilised.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

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 31/12/2003 the Society has a working capital deficiency of \$1,994,959. (2002 \$1,274,643). Accordingly there remains 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 the 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 society 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. Cashflows are included in the Statement of Cashflows on a gross basis.

The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to, the taxation authority is classified as operating cashflow.

- (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

	2003 \$	2002 \$
Auditor's remuneration		
Auditing the financial report	14,000	16,407

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 are as follows:

	2003 \$	2002 \$
Restricted funds	2,869	2947
NOTE 4		
Trade debtors		
Trade debtors	350,117	181,931
GST receivable	171,881	-
Provision for doubtful debts	(1,750)	(1,750)
	520,248	180,181

NOTE 5

	Land \$	Buildings \$	Showgrounds improvements \$	Plant and equipment \$	Total \$
Property plant and equipment					
Gross carrying amount - at cost					
Balance at 1/1/2003	29,565	15,084,447	5,361,948	5,016,790	25,492,750
Additions	-	-	67,942	403,308	471,250
Disposals	-	(8,800)	-	(324,154)	(332,954)
Balance at 31/12/2003	29,565	15,075,647	5,429,890	5,095,944	25,631,046
Accumulated depreciation/amortisation					
Balance at 1/1/2003	-	(5,658,097)	(1,430,437)	(2,625,743)	(9,714,277)
Disposals	-	6,550	-	184,022	190,572
Depreciation expense	-	(470,756)	(202,992)	(263,163)	(936,911)
Balance at 31/12/2003	-	(6,122,303)	(1,633,429)	(2,704,884)	(10,460,616)
Net book value					
as at 1/1/2003	29,565	9,426,350	3,931,511	2,391,047	15,778,473
As at 31/12/2003	29,565	8,953,344	3,796,461	2,391,060	15,170,430

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

The property, plant and equipment is carried at cost and whilst the Councillors have not carried out a valuation, the value of Land is considered to be significantly above cost.

NOTE 6

	2003 \$	2002 \$
Current interest-bearing liabilities		
Bank overdraft (a)	61,186	351,186
Unsecured Loans (a)	1,750,000	600,000
Unsecured Loans	22,313	21,564
	1,833,499	972,750
Non-current interest-bearing liabilities		
Unsecured loans (a)	1,000,000	2,200,000
Unsecured loans	637,638	659,951
	1,637,638	2,859,951
NOTE 7		
Creditors and accruals		
Trade creditors	193,662	139,348
Accruals	155,624	128,955
GST owed	-	66,658
	349,286	334,961

(a) Borrowings are unsecured. The Society has provided a negative pledge to its bankers over its assets.

NOTE 8**Related Parties**

The names of the Councillors of the Society during the year are shown on page 1 of the Annual Report. In the course of their duties, Councillors have received no income other than reimbursement of expenses to the total of \$0 (2002 \$9,150).