



The Royal Agricultural Society of Western Australia (INC)

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President's Report

The 2007 Perth Royal Show was blessed with eight days of glorious weather which drew consistently strong crowds and a final attendance in excess of 400,000.

While the new electronic ticketing system posed more than a few challenges the accurate data it generated will assist The Royal Agricultural Society of Western Australia plan future Perth Royal Shows and other events.

All Perth Royal Show competitions attracted strong support and entries were of a high calibre. Overall entry numbers were much the same as 2006 with the drought responsible for farmers bringing fewer animals to the Show. This year entries were down in the Wool competition but up slightly in Trade Cattle. The Alpaca competition experienced a 25 per cent increase in entries in 2007. This is a sign that the industry is growing rapidly.

The Perth Royal Extra Virgin Olive Oil competition continued to gain momentum attracting entries from 85 olive oil producers including 18 from interstate. This small industry is set to expand with WA olive oil production expected to increase threefold by 2010. WA olive oil is exported to Italy, Greece, USA, Europe and Asia.

The inaugural Perth Royal Beer Show was held in April 2007 with more than 250 entries from boutique and commercial heavy weights as well as home brewers. Beers judged included lager, ale, stout, reduced alcohol and wheat beer. Entries were received from South Australia, Victoria, New South Wales, country WA and the metropolitan area.

York community educator Julian Krieg won the prestigious 2007 WFI Rural Achiever Award. Mr Krieg has been a driving force in advancing educational opportunities for young people in regional WA. As Community Educator with Wheatbelt Men's Health he is making a difference in changing the culture in rural communities about dealing with stress and depression.

Brendon Simpson was named the 2007 Rural Ambassador. At just 22, the young businessman opened his own

cabinet making business in Quairading supplying kitchens, sheds and patios in the wheatbelt town.

The Republic of Indonesia was 2007's Guest Nation and its display combined entertainment, traditional food and information about WA's closest neighbour. The Guest Nation Pavilion has become a draw card for Show patrons. In fact, Garuda Airlines scheduled an extra flight to accommodate visitors to the "Royal".

The Land Experience presented by the Department of Environment and Conservation was the first carbon neutral exhibit at the Perth Royal Show. This initiative is a forerunner to Claremont Showground becoming carbon neutral within the next decade.

One of the entertainment highlights of the 2007 Perth Royal Show was Horse Power, an entertainment spectacular choreographed to music and featuring Western Australian stock horses and their riders.

For the first time, The RAS sold a show bag. The eco friendly Follow the Yellow Brick Road bag was filled with fruit and other fresh produce and took visitors on a two hour walking trail of the agricultural pavilions.

The equine influenza outbreak in the Eastern States caused difficulties and some confusion prior to and on the first day of the Show; however issues were managed in a professional manner by the WA Department of Agriculture and our RAS personnel, resulting in an extremely successful horse and arena program.

Claude Toop, Dr John Radunovich and Jim Shepherd were inducted into the WA Agricultural Hall of Fame. During a 40 year career with the Department of Agriculture, Claude Toop put in place bio-security programs that helped Western Australia enjoy a high level of freedom from exotic animal diseases. Dr John Radunovich spent more than four decades in the central wheatbelt of Western Australia pioneering changes in rural medicine. Jim Shepherd was a visionary breeder of merino sheep who challenged long held traditions in the industry by

integrating measurement of fleeces and revolutionary methods of breeding into the industry. The widespread genetic improvement of Australian Merino sheep owes much to his vision and tenacity.

Volunteers are the backbone of The RAS. I take this opportunity to thank the thousands of volunteers who give freely of their time and expertise to make the Perth Royal Show the foremost agricultural and community event on the WA calendar.

For The RAS to remain viable and continue to support WA primary industries as well as community and cultural initiatives, we must maintain and replace existing Showground infrastructure.

The financial position of The RAS continues to improve, however maintenance and replacement of infrastructure is a fiscal challenge. The RAS is a not for profit organisation which receives no government funding.

Our thoughts are with regional Agricultural Societies, particularly in those areas suffering from persistent drought. The regional Societies are extremely important to The RAS; in fact I believe they are the strength and depth of The RAS. We continue to offer our support.

A "Master Plan" for the Claremont Showground for the next 20 to 50 years is progressing. This is essential to ensure the viability of one of WA's most important community assets.

It is with pride that we have established a Youth Council consisting of past Rural Ambassadors and rural youth. With the future success of The RAS in mind, this council will provide young West Australians a forum for their input into The RAS.

My thanks to CEO Martin Molony, The RAS councillors and our dedicated staff who have made my term as President memorable and positive. It is with confidence that I hand over the reins to incoming president Tony Devitt.

Ivan Solomon

CEO's report

The Royal Agricultural Society of Western Australia continued to work with stakeholders to maximise the potential of Claremont Showground as a unique community asset.

During the past year Claremont Showground hosted close to 250 events in addition to the Perth Royal Show including The Big Day Out, City Muster, Antique Craft and Collectors Fair, WA Craft Quilt and Stitch Show, Australian Model Railway Expo, the WA Wood Show, Bindaring Red Cross annual clothing sale and the Long Table Lunch for Breast Cancer which was attended by more than 600 people and raised \$70,000 for the Breast Cancer Foundation.

For the first time, the immensely popular Caravan and Camping Show was held at Claremont Showground attracting 45,000 people.

Junior sports remained a fixture at the Showground with the Claremont Football Club using the Main Arena for junior training twice a week. Women's Football trained and played three games per season. Country Week, a two day country junior football carnival, took place July.

The Jim Horwood Pavilion houses the only purpose built inline hockey facility in Western Australia.

Claremont Showground is home not only to The RAS but also the Stud Merino Breeders' Association of WA, the Showgrounds Equestrian Centre, Claremont Showground Inline Hockey Centre, the Heritage Society of WA, Western Potatoes and the WA Blacksmiths Association which operates a smithy. A number of sheep and cattle breed societies hold their meetings at the Showground and agricultural societies from across Western Australia meet once a year to discuss regional and agricultural issues.

Because of the diverse range of community events and groups associated with Claremont Showground, The RAS is developing a blueprint for future use of the grounds. The master

plan will take into account community expectations, Government planning, future opportunities and the impact of the Claremont North East Precinct Redevelopment Plan.

The RAS has completed its strategic plan. It outlines organisational, performance and financial goals for The RAS. It seeks to enhance marketing and sponsorship initiatives and explore new ways of adding value to displays and competitions at the Perth Royal Show. It articulates The RAS vision that Claremont Showground should increase its role as the pre-eminent venue for community based groups, events and junior sports. And it focuses on delivering continuous improvement to Showground facilities. One of the ways in which The RAS hopes to further regenerate the Showground is by forming partnerships with Government and the private sector.

We have commenced a review of corporate governance to ensure The RAS adopts best practice in all areas.

Responsible financial management coupled with the success of the 2007 Perth Royal Show has delivered The RAS an improved bottom line.

I am pleased to report that The Perth Royal Show was awarded a silver medal in the 2007 Western Australian Tourism Awards.

The 2007 Perth Royal Show drew strong attendances and benefited from a revamp of the entertainment program which focussed on promoting Western Australian talent. The Woolworths Fresh Food Pavilion was overhauled giving it a new look and better layout. Two new rides proved a popular addition to a dynamic Side Show Alley. The RAS is grateful for the ongoing support of sponsors, community groups and government departments which contribute to the success of the event.

Education is one of the core aims of The RAS. Every year, we assist young people studying agricultural subjects meet their tertiary expenses through our involvement in the Australian Council of Agricultural Societies Coca-Cola

Scholarship program. Congratulations to WA recipients Candice Gelmi, Harriet Pugh, Jayden Crook, Gavin Crane and Victoria Surridge who each received \$2000. As well, The RAS offers year 11 students scholarships to help further their education. The following young people were recipients in 2007: Bindoon Catholic Agricultural College student Tyson Rowling, Cunderdin WA College of Agriculture student Ashley Van Leeuwen, Denmark WA College of Agriculture student Liana Annison, Harvey WA College of Agriculture student Kayla Christiansen, Morawa WA College of Agriculture student Preston Keynes and Narrogin WA College of Agriculture student Susie Mason.

In the lead up to the Show, a number of major infrastructure projects took place. There was a significant road upgrade at the main entrance and stage 3 the fire hydrant upgrade was completed.

The RAS is effective because of the people we have working with us. Thank you to our volunteers, councillors, management team and staff for their expertise and commitment. At the same time, we have excellent relationships with consultants who assist us with entertainment, public relations and risk management.

I have had the pleasure of working with outgoing President Ivan Solomon for the past three years. A tireless and dedicated individual, Ivan Solomon has guided The RAS with respect for the past and vision for the future.

Martin Molony

2008 Members of Council



MEMBERS OF COUNCIL

Back Row (from left to right)

Peter Dempster, Jim Webster, Herb Harkins, Trevor Barwick, Leon Giglia, John Snowball, Hugh Harding, Hugh Warden, Bill Trend, Perry Jasper, Ben Hodsdon, Michael Jones, Bill Scott, John O'Meehan, Dudley Preston, Robert Hawes, Brian Barnett, Robert Pearce

Front Row:

Kevin Cahill, Shirley Thorn, Lyn Piper, Stephen Lee, Tony Devitt, Ivan Solomon, Don Robertson, Margaret Bannister, John Wilding, Lou Giglia

Absent:

Paul Carter, Dexter Davies, Angus Horwood, Rob Wilson

New Appointments:

Don Boyle, Peter Gelmi, Kingsley Preston.



SENIOR MANAGEMENT TEAM Martin Molony, Kay Fuller, Andrew Thomas, Geraldine Short, Robbie Howard

People of The RAS

Patron

His Excellency, Dr Ken Michael AC
Governor of Western Australia

Vice Patron

Hon. Wayne Martin
Chief Justice of Western Australia

President

Mr Ivan Solomon

President Elect

Mr Tony Devitt

Immediate Past President

Dr Don Robertson

Treasurer

Mr Stephen Lee

Past Presidents

Mr Lou Giglia AM
Mr John O'Meehan
Mr Jim Webster OAM
Mr John Wilding
Mr Thomas Wilding

Elected Councillors

Mr Deane Allen (resigned Oct 07)
Mrs Margaret Bannister
Mr Brian Barnett
Mr Kingsley Barrett (resigned Nov 07)
Mr Trevor Barwick
Mr Don Boyle
Mr Kevin Cahill OAM
Mr Paul Carter
Mr Dexter Davies
Mr Peter Dempster
Prof Ross Dowling (resigned Jan 08)
Mr Peter Gelmi
Mr Leon Giglia
Mr Hugh Harding
Mr Herb Harkins
Mr Robert Hawes
Mr Ben Hodsdon
Mr Angus Horwood
Mr Perry Jasper
Mr Michael Jones
Dr Robert Pearce AM
Mrs Lyn Piper
Mr Dudley Preston
Mr Kingsley Preston
Mr Bill Scott
Mr John Snowball
Mrs Shirley Thorn AM
Mr Bill Trend
Mr Hugh Warden
Dr Rob Wilson AM

Honorary Life Members

Mrs Margaret Bannister
Mr Kevin Cahill OAM
Mr Jack Howson OBE
Mr Michael Jones
Mr Roy Pope
Lt General John Sanderson AC
Mr Jim Webster OAM
Mr Tom Wilding

Honorary Councillors

Mr Ross Bourne
Mr Bruce Campbell
Mr Tom Cunningham
Mr Peter Dring
Mrs Ellie Eaton
Mr Des Gaze
Mr Don Forrest
Mr Robert Hayes-Thompson OAM
Mr Ross Reading
Mr Malcolm Seymour
Mr Theo Seymour (deceased Apr 07)
Mr Jim Shepherd AO
Mr Don Stone
Mr John Tate

Chief Executive Officer

Mr Martin Molony

Auditor

Deloitte Touche Tohmatsu
The auditors are appointed at the
Council Meeting following the AGM
each year.

Meeting Attendance & Rotation

NAME	April 2007 to March 2008				Month Year					C	C	C	C	C	C
	Attendance				Appointed		Resigned			2007	2008	2009	2010	2011	2012
	Mgmt	Council	LOA	Apl	Exec	Council	Mgmt	Council	Mgmt						
President					a3										
Solomon Ivan	9	11			03 05	1983									
President Elect					a3										
Devitt Tony	9	11			03 05	2004									
Immediate Past Pres					a3										
Robertson Don		11			03 05	1992									
Treasurer					a4										
Lee Stephen	7	9	1	1	03 05	2005						T			
Past President															
Giglia Lou		9	2			1988		03 05							
O'Meehan, John		9	2			1981									
Wilding, John		7	1	3		1980									
Webster, Jim		11				1969									
Wilding, Tom						1958									
Council															
Allen, Deane		6		1		2000		10 07			T Rs				
Bannister, Margaret	8	11				1987	03 06						T		
Barnett, Brian		5				07 07				a4				T	
Barrett, Kingsley		7	1			2003		11 07			T Rs				
Barwick, Trevor		7	2	2		1989						T			
Boyle, Don		1				02 08					a T				
Cahill, Kevin		11				1983				a4				T	
Carter, Paul		9		2		1994		03 05			T				
Davies, Dexter		9		2		03 07				a3			T		
Dempster, Peter		9		2		1993						T			
Dowling Ross (Prof)		4	5	1		04 05		01 08			Rs	T			
Gelmi, Peter		1				02 08					a1	T			
Giglia, Leon		8	1	2		1996				a4				T	
Harding, Hugh	6	9	1	1		2004	11 06					T			
Harkins, Herbert		9		2		04 05							T		
Hawes, Robert		10	1			1996						T			
Hodsdon, Ben		8		2		03 07				a3			T		
Horwood, Angus		10	1			03 06							T		
Jasper, Perry		8		3		03 06					T				
Jones, Michael		8	3			1988						T			
Pearce, Robert (Dr)		11				1990					T				
Piper, Lyn		11				10 05				a4				T	
Preston, Dudley		11				1993	03 05		03 06	a4				T	
Preston, Kingsley		1				02 08					a T				
Scott, William (Bill)		10				2004						T			
Snowball, John		9	1	1		1999					T				
Thorn, Shirley	9	10		1		1998	03 05						T		
Trend, William (Bill)	9	10	1			2004	03 05			a4				T	
Warden, Hugh	6	10		1		1995	03 06			a4				T	
Wilson, Robert (Dr)	5	5	1	5		2003	03 04				T				
Retired															
Burrell, Michael						03 06		11 06		Rs					
Rackham, Ann						03 04		11 06		Rs					
Venn, Christopher (Kip)						03 03	03 06	06 07	11 06	T*Rs					
Barrett, Kingsley						2003		11 07			T Rs				
Allen, Deane						2000		10 07			T Rs				
Dowling Ross (Prof)						04 05		01 08			Rs	T			

Tony Devitt participated in October 2007 Council meeting via teleconference call.

Rs resigned

T Term expires

CV Casual Vacancy

C Council

M - Management - put into recess November 2007

a3 appointed 3 year term

a4 appointed 4 year term

a T appointed Term expires

Governance Statement

The Council of the Royal Agricultural Society of Western Australia (The RAS) is committed to best practice and the principles of good governance as outlined in the Australian Standard 8000-2003 and in the Good Governance Principles, approved by the Council of Standards Australia in May 2003.

Constitution

The RAS is governed by The RAS' constitution. A detailed review was conducted in 2004 and amendments were approved by the members at the 2005 AGM. It is planned that regular reviews will be undertaken to ensure that it continues to effectively reflect the objects of The RAS.

Council and Committees

Council is comprised of a President, 28 elected Councillors including the Vice President and a Treasurer. Councillors are elected by postal ballot votes from the membership of The RAS. Past Presidents can choose to continue to have the responsibilities and privileges of Councillors if they confirm this in writing to the CEO.

The Council has overall responsibility to conduct the affairs of The RAS. It operates through a number of committees and sub-committees. The President, Vice President and Treasurer are ex-officio members of all committees and sub-committees of the Council and no section committee or sub-committee may be established without the approval of Council.

The Council is also responsible for the appointment of the CEO. The CEO, together with the senior management team, is responsible for the day to day operations of The RAS.

Corporate Governance Steering Committee

The Council has appointed a Corporate Governance Steering Committee to undertake a detailed review of The RAS' current governance practices and to provide recommendations to further develop and enhance governance within The RAS.

Regulations and procedures

The general regulations of The RAS were reviewed and upgraded prior to the 2007 Perth Royal Show.

Compliance

Council has adopted a Compliance Reporting Plan requiring management to provide immediate disclosure of all material matters regarding The RAS.

The program also includes reports to Council on a regular basis covering key areas such as Financial Performance, Compliance, Crisis Management, Occupational Health & Safety, Risk Management, Insurance, Legal, Information Technology, Environment and Human Resources.

Code of Conduct

The Council has recognised the need to adopt a Code of Conduct which will aim to maintain the highest ethical standards and accountability by all employees and office bearers of The RAS. Employees and office bearers are required to respect the law, respect confidentiality, avoid conflicts of interest, act in the best interests of The RAS' members and act with honesty, integrity and decency at all times.

Risk Management

A review of the risk exposures associated with conducting the Show is undertaken annually. The risks are identified, quantified, assessed and a management plan agreed in accordance with ASNZ 4360.

The insurance program is revised each year to ensure that all major insurable risk exposures are covered by the program.

The Risk Management Plan and insurance program are reviewed and approved by Council.

Financial Budget

The Council's responsibilities include the adoption of an operating budget at the commencement of each year and monitoring progress on a regular basis against budget by both financial and non-financial key performance indicators. It is also responsible for monitoring

and overseeing The RAS' financial position and to ensure that satisfactory arrangements are in place for auditing The RAS' financial affairs.

Strategic Planning

A Strategic Plan for the years 2007-2009 has been developed in consultation with all relevant stakeholders and has been approved by Council. Progress under the plan is carefully monitored by Council.

Financial Statements

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

	NOTE	12 months to 31/03/08 \$	15 Months to 31/03/07 \$
REVENUE			
Royal Show income		8,829,661	8,194,392
Membership subscriptions		196,211	196,306
Non-Royal Show income-			
Letting - Grounds and buildings		936,266	1,071,565
Catering Income		275,233	231,625
Recovery - Breed Societies		8,742	16,060
Recovery – Electricity, materials, labour and other expenses		411,194	226,611
Interest		156,265	73,638
Gain on sale of property, plant and equipment		7,539	8,409
Sundry revenue		57,896	70,737
Revenue from ordinary activities		10,879,007	10,089,343
EXPENDITURE			
Royal Show expenses		7,069,446	6,904,193
Administration expenses		2,209,228	2,573,472
Breed Societies expenses		7,475	11,872
Finance costs		29,000	28,909
Upkeep of showgrounds		725,709	767,845
Written down value of property, plant and equipment written off		12,629	14,896
Total Expenditure	2	10,053,487	10,301,187
Profit / (Loss) attributable to Members of The RAS		825,520	(211,844)

Notes to the financial statements are included on pages 11 to 20.

Financial Statements Continued

BALANCE SHEET AS AT 31 MARCH 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,664,055	1,791,701
Receivables	4	335,080	142,307
Other	5	290,825	18,433
TOTAL CURRENT ASSETS		3,289,960	1,952,441
NON – CURRENT ASSETS			
Property, plant and equipment	6	12,359,664	12,764,145
TOTAL NON - CURRENT ASSETS		12,359,664	12,764,145
TOTAL ASSETS		15,649,624	14,716,586
CURRENT LIABILITIES			
Payables	7	704,357	726,573
Provisions	8	282,540	243,978
Other	9	355,197	285,417
TOTAL CURRENT LIABILITIES		1,342,094	1,255,968
NON – CURRENT LIABILITIES			
Provisions	8	48,907	27,515
TOTAL NON-CURRENT LIABILITIES		48,907	27,515
TOTAL LIABILITIES		1,391,001	1,283,483
NET ASSETS		14,258,623	13,433,103
REPRESENTED BY -			
ACCUMULATED FUNDS		14,258,623	13,433,103

Notes to the financial statements are included on pages 11 to 20.

Financial Statements Continued

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

	NOTE	12 Months to 31/03/08 \$	15 months to 31/03/07 \$
Balance of Accumulated Funds at the beginning of the year		13,433,103	13,644,947
Profit / (Loss) attributable to the members of The RAS		825,520	(211,844)
Balance of Accumulated Funds at the end of the year		14,258,623	13,433,103

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

	NOTE	12 Months to 31/03/08 \$	15 months to 31/03/07 \$
Cash flows from operating activities			
Receipts from Royal Show		8,829,661	8,424,234
Receipts from Non-Royal Show letting		1,018,726	1,303,190
Receipts from recoveries		419,936	242,671
Receipts from sundry revenue		57,896	70,737
Receipts from membership subscriptions		196,211	196,306
Payments to suppliers and employees		(9,150,966)	(8,874,323)
Interest paid		(114)	(4)
Net cash provided by operating activities	16	1,371,350	1,362,811
Cash flows from investing activities			
Payment for property, plant and equipment		(664,351)	(522,471)
Proceeds for sale of property, plant and equipment		9,090	11,000
Interest received		156,265	73,638
Net cash used in investing activities		(498,996)	(437,833)
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash (used in) / provided by financing activities		-	-
Net increase in cash and cash equivalents		872,354	924,978
Cash and cash equivalents at the beginning of the financial year		1,791,701	866,723
Cash and cash equivalents at the end of the financial year	3	2,664,055	1,791,701

Notes to the financial statements are included on pages 11 to 20.

Financial Statements Notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards and Interpretations and other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that The RAS' financial statements and notes comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by Council on 21 May 2008.

BASIS OF PREPARATION

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

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.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of The RAS' accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2008 and the comparative information presented in these financial statements for the period ended 31 March 2007.

COMPARATIVE INFORMATION

In accordance with a special resolution passed by the members' at the March 2006 Annual General Meeting, The RAS changed its financial year end to 31 March. Therefore the comparative numbers used in these financial statements reflect a 15 month reporting period.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, The RAS has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The RAS has also adopted the following Standards as listed below which only impacted on the RAS' financial statements with respect to disclosure.

- AASB 101 'Presentation of Financial Statements' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

There has been no impact on The RAS' financial statements as a result of adopting these revised Standards and Interpretations.

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (Continued)

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but not yet effective;

Initial application of the following standard will not effect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to The RAS financial report.

AASB 101 'Presentation of Financial Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009.
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Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of The RAS:

AASB Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008.
AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008.
Interpretation 13 'Customer Loyalty Programmes'	Effective for annual reporting periods beginning on or after 1 July 2008.
AASB 123 'Borrowing Costs' (revised)	Effective for annual reporting periods beginning on or after 1 January 2009.
AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	Effective for annual reporting periods beginning on or after 1 January 2009.
IFRS 3 'Business Combinations' and IAS 27 'Separate and Consolidated Financial Statements'	Effective for annual reporting periods beginning on or after 1 January 2009.

The RAS is continuing to assess any impacts these Standards and Interpretations have and will apply these in the first annual reporting period beginning after the effective date of each pronouncement.

SIGNIFICANT ACCOUNTING POLICIES

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

- Revenue - Revenue from the sale of goods is recognised when The RAS has passed control of the goods to the buyer. Revenue from the provision of services is recognised when The RAS has completed its obligations under the contract or arrangement.
- Income Tax - The RAS is exempt from income tax under Section 23(h) of the Income Tax Assessment Act.
- Cash and cash equivalents – Cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.
- Financial assets - Trade receivables and other receivables are recorded at amortised cost less any impairment.
- Inventories - Inventories are held for consumable purposes and are recorded at the lower of cost or net realisable value.

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

SIGNIFICANT ACCOUNTING POLICIES (continued)

- (f) Property, plant and equipment - All non-current assets are initially recorded at cost, being the purchase consideration paid at the date of acquisition plus costs incidental to the acquisition.

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%

The useful lives of all non-current assets are reviewed at least annually. Where a revision is made to the useful lives of non-current assets, the effect of that revision is included in the Income Statement and separately disclosed.

- (g) Impairment of assets – At each reporting date, The RAS reviews the carrying amounts of its assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, The RAS estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss immediately.

- (h) Payables - Trade payables and other accounts payable are recognised when The RAS becomes obliged to make future payments resulting from the purchase of goods and services.
- (i) Borrowings – All borrowings are initially recorded at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.
- (j) Borrowing costs – All borrowing costs are expensed when incurred.
- (k) Employee entitlements – A liability is recognised 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.

Liabilities recognised in respect to employee entitlements expected to be settled within 12 months are measured at their nominal values using the remuneration rates expected to apply at the time of settlement.

Liabilities recognised in respect to employee entitlements not expected to be settled within 12 months are measured as the present value of estimated future cash outflows to be made by The RAS in respect of services provided by employees up to reporting date.

Defined Contribution Plan:

Contributions to defined contribution superannuation plans are expensed when incurred.

- (l) Income in advance - Income in advance comprises deposits received for the letting of facilities for specific events that have yet to occur. Income in advance is initially recorded as a liability at fair value until such time as The RAS has fulfilled its obligations under the terms of the contract, at which time the funds are regarded as revenue.
- (m) Goods and services tax – Revenues and expenses are recorded net of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of cash flows 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 cash flows.

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leased assets – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

NOTE 2. PROFIT / (LOSS) FROM OPERATIONS

Profit / (Loss) from operations includes the following:

GAINS:

Gain on Sale of Property, Plant and Equipment

EXPENSES:

Doubtful debts expense

Depreciation expense

Writeoff of Property, Plant and Equipment

Auditor's Remuneration:

Auditing the financial report

NOTE 3. CASH ASSETS

Cash at bank

Cash balances not available for use

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

Restricted Funds

NOTE 4. RECEIVABLES

Trade receivables

Allowance for doubtful debts

Net GST Receivable

NOTE 5. OTHER CURRENT ASSETS

Prepayments

	2008 \$	2007 \$
	7,539	8,409
	5,953	11,954
	1,054,652	1,147,811
	12,629	14,896
	27,500	27,500
	<u>2,664,055</u>	<u>1,791,701</u>
	<u>2,521</u>	<u>2,521</u>
	322,243	197,622
	(39,055)	(55,315)
	283,188	142,307
	51,892	-
	<u>335,080</u>	<u>142,307</u>
	<u>290,825</u>	<u>18,433</u>

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 6. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Showgrounds improvements	Plant and equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount – at cost					
Balance at 1/4/2007	29,565	15,065,908	5,592,601	4,462,910	25,150,984
Additions	-	85,399	284,847	294,105	664,351
Disposals	-	-	-	(28,158)	(28,158)
Write offs	-	(164,435)	-	(377,674)	(542,109)
Balance at 31/03/2008	29,565	14,986,872	5,877,448	4,351,183	25,245,068

Accumulated depreciation

Balance at 1/4/2007	-	(7,561,627)	(2,586,279)	(2,238,933)	(12,386,839)
Write offs	-	158,280	-	371,200	529,480
Depreciation expense	-	(413,525)	(322,314)	(318,813)	(1,054,652)
Disposals	-	-	-	26,607	26,607
Balance at 31/03/2008	-	(7,816,872)	(2,908,593)	(2,159,939)	(12,885,404)

Net book value

As at 1/4/2007	29,565	7,504,281	3,006,322	2,223,977	12,764,145
As at 31/3/2008	29,565	7,170,000	2,968,855	2,191,244	12,359,664

	Land	Buildings	Showgrounds improvements	Plant and equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount – at cost					
Balance at 1/1/2006	29,565	15,078,645	5,590,778	4,257,028	24,956,016
Additions	-	-	9,420	513,051	522,471
Disposals	-	-	-	(29,500)	(29,500)
Write offs	-	(12,737)	(7,597)	(277,669)	(298,003)
Balance at 31/3/2007	29,565	15,065,908	5,592,601	4,462,910	25,150,984

Accumulated depreciation

Balance at 1/1/2006	-	(7,099,228)	(2,235,373)	(2,214,443)	(11,549,044)
Write offs	-	10,678	6,844	265,585	283,107
Depreciation expense	-	(473,077)	(357,750)	(316,984)	(1,147,811)
Disposals	-	-	-	26,909	26,909
Balance at 31/3/2007	-	(7,561,627)	(2,586,279)	(2,238,933)	(12,386,839)

Net book value

As at 1/1/2006	29,565	7,979,417	3,355,405	2,042,585	13,406,972
As at 31/3/2007	29,565	7,504,281	3,006,322	2,223,977	12,764,145

Property, plant and equipment is carried at cost. In 2007, the Councillors commissioned a valuation of the land from Landgate (Government of Western Australia) who reported that on a "current use land value", the land was valued at \$86.5 million. Given that the value of Land is significantly above cost, no adjustments have been posted to the amounts recorded in the financial statements.

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 7. PAYABLES

Trade creditors (a)
Accruals
Net GST Payable (b)

	2008 \$	2007 \$
	184,795	172,736
	519,562	508,410
	-	45,427
	<u>704,357</u>	<u>726,573</u>

(a) The average payment terms are 30 days. The RAS has policies in place to ensure that all payables are paid within their credit timeframe.

(b) Refer to Note 4.

NOTE 8. PROVISIONS

Current

Employee benefits

	<u>282,540</u>	<u>243,978</u>
	<u>48,907</u>	<u>27,515</u>

Non-Current

Employee benefits

The aggregate amount of employee benefits recorded in the financial statements amounts to:

Employee benefits

	<u>331,447</u>	<u>271,493</u>
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NOTE 9. OTHER CURRENT LIABILITIES

Income in advance

	<u>355,197</u>	<u>285,417</u>
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NOTE 10. RELATED PARTY DISCLOSURES

The names of the Councillors of The RAS during the year are shown on page 5 of the Annual Report.

Councillor related entity transactions

During the period, financial services were provided to The RAS by Provident Financial Services, a company in which Councillor Paul Carter has an interest. Total costs paid directly or indirectly to Provident Financial Services during the period amounted to \$8,290 (2007: \$7,866).

In addition to the above related entity transactions, certain Councillors were reimbursed for expenses they incurred on behalf of The RAS and certain Councillors received items of a non-monetary nature during the Royal Show.

All related party transactions occurred in the normal course of business and were on normal commercial operating terms.

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 11. KEY MANAGEMENT PERSONNEL COMPENSATION

Details of Key Management Personnel

Key management personnel consists of the Members of Council – refer to the Members of Council page of the Annual Report as well as the following members of management:

M Molony (current CEO and former General Manager Perth Royal Show)
R Howard (Chief Financial Officer)
A Thomas (Commercial Manager)
K Fuller (Human Resources Co-ordinator)
G Short (Superintendent Asset Services) – 2007 only

Key Management Personnel Compensation Policy

Members of Council, other than the President who receives a vehicle and telephone, do not receive any compensation.

The nature and amount of compensation the remaining members of the Key Management Personnel receive is approved by Council annually. No specific performance based compensation arrangements have been established.

Key Management Personnel Compensation

The aggregate compensation of the key management personnel of The RAS is set out below:

	2008 \$	2007 \$
Short term employee benefits	566,056	494,163
Post-employment benefits	50,945	45,443
Total	<u>617,001</u>	<u>539,606</u>

Financial Statements Notes Continued

NOTE 12. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Financial risk management objectives – All significant financial risks are managed by Council on advice from the Treasurer. The RAS does not enter into, or trade financial instruments for speculative purposes. The RAS' activities expose it primarily to credit and liquidity risk. These risks are managed through normal commercial practices.

(b) 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.

(c) Interest rate risk – Previously The RAS was exposed to interest rate risk through its borrowings, which attracted interest at a floating interest rate. This risk has now been mitigated, following the repayment of all external borrowings.

	Fixed interest rate	Floating interest maturing in year or less	Non Interest bearing	2008 Total	Fixed interest rate	Floating interest maturing in year or less	Non interest bearing	2007 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets								
Receivables	-	-	335,080	335,080	-	-	142,307	142,307
Cash	1,418,272	1,244,083	1,700	2,664,055	1,065,575	724,726	1,400	1,791,701
	<u>1,418,272</u>	<u>1,244,083</u>	<u>336,780</u>	<u>2,999,135</u>	<u>1,065,575</u>	<u>724,726</u>	<u>143,707</u>	<u>1,934,008</u>
Interest rate	7.36%-7.76%	0.1%-7.4%			6.27%	0.1%-5.8%		
Financial liabilities								
Payables	-	-	704,357	704,357	-	-	726,573	726,573
	<u>-</u>	<u>-</u>	<u>704,357</u>	<u>704,357</u>	<u>-</u>	<u>-</u>	<u>726,573</u>	<u>726,573</u>
Interest rate	-	-			-	-		
Net financial assets	<u>1,418,272</u>	<u>1,244,083</u>	<u>(367,577)</u>	<u>2,294,778</u>	<u>1,065,575</u>	<u>724,726</u>	<u>(582,866)</u>	<u>1,207,435</u>

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 12. FINANCIAL INSTRUMENTS DISCLOSURES (continued)

(d) Credit risk management - The RAS' exposure to credit risk is continuously monitored by management. Credit exposure is controlled by assigning credit limits that are reviewed and approved by management.

Trade receivables consist of a large number of customers based throughout Australia. The RAS does not have any significant credit risk exposure to any single party.

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.

(e) Fair value of financial instruments- 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.

(f) Liquidity risk management – The RAS manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring budget to actual cash flows.

All financial assets are expected to mature within the next month with the exception of \$1,418,272 (2007: \$1,065,575) in term deposits which matures on 30 June 2008.

A total of \$49,048 (2007: \$80,579) in Receivables is "past due" (i.e. in excess of the normal trading terms of 30 days). These amounts are paid particular consideration during the RAS' review of the impairment of Receivables.

All financial liabilities are due to mature within the next month with the exception of \$221,736 (2007: \$200,673) which is due to mature within the next three months.

NOTE 13. LEASES

Operating Leases

Operating leases relate to vehicles with lease terms ranging from 2-3 years and photocopiers with a lease term of 5 years. No formal arrangements exist in regard to purchasing the assets at the expiry of the leases.

Non-cancellable operating lease payments:

Not later than 1 year

Later than 1 year, not later than 5 years

Total

	2008 \$	2007 \$
	30,919	10,629
	74,092	6,583
	105,011	17,212

NOTE 14. NUMBER OF EMPLOYEES

Number of full time equivalent employees at the end of the financial year

35

35

NOTE 15. SEGMENT INFORMATION

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

Financial Statements Notes Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS

	2008 \$	2007 \$
Profit / (Loss) attributable to Members of The RAS	825,520	(211,844)
Add back non-cash items:		
Gain on sale of property, plant and equipment	(7,539)	(8,409)
Depreciation	1,054,652	1,147,811
Interest received	(156,265)	(73,638)
Write off of Property, Plant and Equipment	12,629	14,896
Doubtful debts expense	5,953	11,954
Changes in net assets and liabilities:		
(Increase) / Decrease in receivables	(198,726)	229,842
(Increase) / Decrease in other current assets	(272,392)	14,169
(Decrease) / Increase in payables	(22,216)	46,972
Increase / (decrease) in provisions	59,954	(42,990)
Increase in other current liabilities	69,780	234,048
Net cash provided by operating activities	1,371,350	1,362,811

Financing Facilities

Firmly committed financing facilities of \$1,150,000 (2007: \$1,150,000) were available to The RAS as at the end of the financial year. As at balance date \$Nil (2007: \$Nil) of these facilities had been utilised. The facility is secured by a registered mortgage over The RAS' property.

Council's Declaration

The Council declares that:

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

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

A handwritten signature in blue ink, appearing to read 'S. Lee', is written over a light blue rectangular background.

On behalf of the Council by
Stephen Lee, Treasurer

Perth, 21 May 2008

Independent Audit Report

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Councillors of Royal Agricultural Society of Western Australia

Report on the Financial Report

We have audited the accompanying financial report of Royal Agricultural Society of Western Australia, which comprises the balance sheet as at 31 March 2008, income statement, cash flow statement, statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Council's declaration as set out on pages 8 to 21.

The Responsibility of the councillors for the Financial Report

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

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Royal Agricultural Society of Western Australia presents fairly, in all material respects, the Royal Agricultural Society of Western Australia's financial position as at 31 March 2008, and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).



DELOITTE TOUCHE TOHMATSU



A T Richards
Partner
Chartered Accountants
Perth, 21 May 2008

