



ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY

ABN 12 008 514 912

ANNUAL REPORT
FOR THE YEAR ENDED
31 MARCH 2020

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CHAIRPERSONS' REPORT

This is my first term as Chairperson, and I would like to thank my predecessor Mr Michael Kennedy for his time, commitment and enthusiasm over the past 4 years.

Our year started with our Poultry show in June. This was the first opportunity to use a revolutionary light weight cage system developed and patented by our Section head Mr Peter Shands. They proved to be labour saving and require the minimum of storage space. The show was well supported by Poultry breeders from around NSW who appreciated the modern facilities, easy transport links and the professional friendly management of the show.

The ActewAGL Canberra and Region Wine Show was held in September 2019 with a record number of entries. This was achieved by a proactive committee by directly marketing the Show to eligible Wineries. The champion wine of the show was exhibited by Sholto Wines, Gundaroo, NSW. Sponsorship and entry revenue increased as compared to the previous year. Once again judges commented on the efficiency of the stewards in all aspects of managing the Show. Mr Andrew Price leads a team of dedicated volunteers. The National Wine Show of Australia was staged in November continued to be the premier wine show in Australia. All wines entering this show must pre-qualify. There were 71 new exhibitors amongst the 1278 entries across 46 varietal classes. The Champion Wine of the Show sponsored by Singapore Airlines was Yarra Yering 2018 Underhill Shiraz. The spectacular presentation night was held in the Pavilion at the National Arboretum. Many thanks to Mr Andy Gregory and his team who continue to deliver a show of excellent standards.

At the end of November 2019 our CEO Mr Athol Chambers and two of the Society's staff resigned. This left a gaping hole in our administration ranks just 3 months out from our 2020 Royal Canberra Show. The Board appointed Mr Michael Kennedy as General Manager on a short-term contract to deliver the show in what was to be very challenging circumstances. He was ably supported by a very experienced Chief Operating Officer.

Bush fires were raging right down the south coast and to the south of Canberra in the months leading up to the show. Not only was that impacting on many of our exhibitors who were defending their farms, but Exhibition Park was an emergency refuge for fire threatened animals and we were uncertain about its availability to stage the show. The resilience of our Volunteers, staff and exhibitors came to the fore and so our show went ahead. By this time the spread of Covid 19 had become apparent and we could not be certain of its impact on all of us including the public coming to the show.

As our research tells us our animals are the number one attraction at the ActewAGL Royal Canberra Show. This is most evident in the popularity of the Farmyard nursery. Our sheep, cattle and Alpacas strongly represent our Agricultural roots. Many of these animals come from farms severely affected by a long term drought and then others by fires. We are very grateful to all those exhibitors who continued to soldier on and turn up to compete in such difficult circumstances. Although numbers were down the quality wasn't. Our Horse section was preeminent in setting the Royal standard. Over 1200 horses competing over 800 classes in up to ten rings on the biggest showground arena in Australia created a great spectacle over 6 days.

Forever popular were the Craft and Horticulture Pavilions which only operate due to a huge contingent of volunteers. These were very popular especially to the young and of course the older generation who recall the time everyone had a veggie garden and when cottage crafts were a great source of indoor recreation. The Society looked forward to the new light rail delivering hundreds of excited showgoers. The construction of the light rail had a severe financial impact on the two previous shows. Our members carpark was wiped out, public parking in Randwick Road was drastically reduced and those trying to park in the Northern most carpark had to compete with traffic trying to avoid the congestion in Flemington Road. Our gate takings dropped by some \$200,000 in both years. This continued this year as people remembered the past difficulties and avoided the Show.

Over time as people get familiar with the light rail, we expect numbers using it to improve. The light rail worked brilliantly for those that did use it. It was safe, comfortable and regular. Many people parked along the route and jumped on the train and avoided the congestion of parking at Exhibition Park. Nearly as old as us is our naming rights sponsor ActewAGL. Each year we welcome some 50,000 of their customers to our Show. It is a brand that has

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achieved tremendous loyalty through their sponsorship of community events. This is demonstrated by the fact that they have one of the lowest churn rates of energy companies in Australia. We value and appreciate their support. As can be observed by our financial statements it has been a very disappointing year with a loss of \$419,715.

Over the past 4 years we have exhausted our liquid assets and to survive we must look to find a new model of operation. We will be reliant on the ACT Government for us to continue along the path set for us by the Ginninderra Farmers Union who in 1909 looked to see how by gathering together once a year they could increase their scientific knowledge and therefore improve their farming techniques. As we are all aware COVID 19 has had an immediate effect on almost everything we do and we are uncertain of what the future impact might be. With the cancellation of our Wine Shows and the uncertainty of the staging of our 2021 ActewAGL Royal Canberra Show our cash flow has been reduced to almost zero.

In order to pay our bills and keep operating the Board has taken a number of urgent initiatives. Our staff are now on Jobkeeper payments and the Federal Government has provided us with an Economic Stimulus Package. We have engaged an experienced volunteer CEO (Geoff Cannock) to reduce our outstanding debts by negotiation, seek agreements to defer payments for other debts and fund raise amongst our membership. The Board has also appointed an advisory committee comprising prominent Canberrans and experienced event managers to provide a pathway to a new agreement with the ACT Government and a model for conducting future events that are profitable and as necessary, COVID 19 compliant.. At the time of writing the President and CEO meet fortnightly with ACT Government representatives. They have been very supportive, helpful and continue to seek ways to assist us. The Chief Minister has agreed to provide us with a rent credit from 1 April to 31 December 2020. Our major unpaid debt is rent to the ACT Government (circa \$233,000) and they have agreed to a repayment plan commencing in March 2021. I must also acknowledge the very generous support of many of our suppliers who have come to our aid. These include Face2Face Recruitment, Patches Asphalt, Canberra Harness Racing Club, Dogs Act, BTW Radio Hire, PremiAir Equipment Hire, RSM and Brindabella Stockfeeds.

At the time of writing we are still unsure as to whether restrictions will be eased to the extent that will allow us to run the 2021 Royal Canberra Show. It is disappointing for our exhibitors and for the more than 500 business's that depend on us for an income. We wish we could provide them with more certainty. I wish to thank our small band of dedicated staff who rallied together and got our show on the road despite the difficult circumstances.

Our Board and Council are both the backbone and the powerhouse of the Society. Together with the 800 or so volunteers they put our various events together. We can all share the pride of the exhibitors, competitors and public who thoroughly enjoy what we do. Without these volunteers' time, dedication and enthusiasm we couldn't preserve these events which form part of our economy, culture and history. Thanks to everyone who is involved in what we do. Together we will get through these unprecedented times.

Rick Jones
Chairperson
Royal National Capital Agricultural Society

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OFFICE BEARERS

Patron

Mr Andrew Barr, MLA, Chief Minister of the
ACT

Honorary Architect

Mr J Antoniak ARAIA

Board of Directors

Chairperson	Mr R. Jones
Deputy Chairperson	Ms K. Harvey
Director	Mr B. Litchfield
Director	Mr M. Harriden
Director	Ms T. Rolls
Director	Mr B. Kenworthy
Director	Ms Kathleen Fraser (resigned 26/11/2019)

Honorary Life Members

Mr D Algie (2007), Mr S Beer (2000), Mr G
Cannock (2011), Mr F Coonan (1983), Ms M
Wheatley (1980), Mr F Wommelsdorff (2009)

Honorary Councillors

Mr R Buckmaster (2013), Mr B Champion (1996),
Ms L Cooke (2014), Mr Vern Court (1999), Mr K
Keith (1996), Ms L McGrath-Jones (2015), Ms E
Robinson (2008)

Honorary Solicitor

Mr D Hanstein LLB

Auditors

RSM Australia Pty Ltd

Council

Re-Election 2020

Mr Alan Chesworth
Mr Michael Corkhill
Mr James Gallagher
Ms Michele Norris
Mr Bruce Patterson
Ms Katrina Phillips
Mr Andrew Price
Mr Stuart Sutherland
Ms Sue White
Mr Barry Waddell

Re-Election 2021

Mr Ben Allan
Ms Sue Coulton
Mr David Dawes
Mr Peter Frater
Ms Amy Goldstraw
Mr Andy Gregory
Mr Michael Hagstrom
Ms Kathleen Harvey
Mr Derek Hyde
Mr Rick Jones
Mr Brett Kenworthy
Ms Brook-Lea Keir
Mr Brett King
Ms Sue Locke
Ms Catherine Lukin
Ms Charmayne Murray
Ms Shershin Tinall-Mather
Ms Jen White
Mr Ashley Wilson

Re-Election 2022

Mr Michael Avent
Mr Stuart Barr
Ms Kim Davis
Mr Stuart Glover
Mr Michael Harriden
Mr Ben Litchfield
Ms Judy McDonald
Mr David McPhie
Ms Deanna Riddell
Mr Eric Sellers
Ms Laura Sellers
Ms Ann Toet
Ms Denise White
Ms Kylie White
Mr Les White
Mr Andrew Wiseman

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DIRECTORS' REPORT

Your directors present their report on the Society for the financial year ended 31 March 2020.

Directors

The names and qualifications/experience of the directors in office at any time during, or since the end of, the year are:

Name	Qualification/Experience	Appointment/Resignation
Michael Kennedy	Retired	Retired 5 August 2019
Kathleen Harvey	Geologist/Researcher	Re-elected 1 August 2018
Ben Litchfield	Auctioneer	Re-elected 5 August 2019
Noel Landry	Chief Executive Officer	Retired 5 August 2019
Michael Harriden	Rural Retail Manager	Elected 5 August 2019
Toni Rolls	Executive Manager	Elected 5 August 2019
Rick Jones	Retired	Elected 1 August 2018
Brett Kenworthy	Chief Executive Officer	Elected 1 August 2018
Katherine Fraser	Marketing Executive	Resigned 26 November 2019

Principal Activity

The principal activity of the Society in the course of the financial year was that of an Agricultural Society.

Long Term Objectives:

- to promote the development of agricultural, pastoral and horticultural industries in the Australian Capital Territory and the surrounding region,
- to conduct exhibitions and competitions for:
 - (i) agricultural, pastoral and horticultural products;
 - (ii) arts, crafts, inventions, machinery and techniques used in industry,
- to establish relations, and promote the exchange of views and information, with similar organisations in Australia and in other countries,
- to maintain and grow membership numbers,
- to encourage and provide facilities for research and study in agriculture and related industries,
- to actively encourage youth membership to the Society, and
- to further establish and maintain relationships with the Agricultural and business sector.

Short Term Objectives:

- to conduct exhibitions, competitions and any other initiatives which help develop and promote excellence in:
 - (i) agricultural, pastoral and horticultural products;
 - (ii) arts, crafts, inventions, machinery and techniques used in industry; and
 - (iii) research and study in agriculture and related industries.

Strategies:

- Seek out additional opportunities and events for the Society to manage which are consistent with and help promote achievement of the Society's short and long term objectives.
- Strive for operational improvements which help the Society achieve excellence as an event manager and as a promoter of agricultural, pastoral and horticultural industries in ACT and surrounding region.
- Ensure the Society builds and maintains high quality relationships with key internal and external stakeholders and stakeholder groups.
- Build the capability to be alert to both short and long term strategic issues and developments which present both threats and opportunities to the Society.
- Ensure the Society complies fully with all relevant legal and regulatory obligations relevant to both its day to day operations and the events and initiatives that it manages each year.

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DIRECTORS' REPORT (CONTINUED)

Operating Results

The operating loss of the Society for the financial year after income tax was \$419,715 (2019: profit of \$235,145).

Review of Operation

A review of the operations of the Society and the results of those operations indicate that during the year, the Society continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

State of Affairs

In March 2020 the Society was aware that COVID 19 protocols would have a serious impact on the affairs of the Society.

After Balance Date Events

Novel Coronavirus (COVID -19)

The COVID-19 outbreak in Australia is expected to have an impact on the financial performance and liquidity of the Society in 2021. As at the time of completion of the 2020 Financial Statements, the Society is not yet in a position to fully assess the severity of the impact.

The Society continues to monitor the financial and non-financial impacts and has measures in place to manage the position as the situation evolves and impacts become clearer.

No other or circumstance has arisen since 31 March 2020 that has significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

Likely Developments and Expected Results

The Society is seeking out additional opportunities to help generate new and additional revenue streams and to also help provide a more even income flow throughout the year.

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Society has paid premiums in respect of a contract insuring all the directors of The Royal National Capital Agricultural Society (the Society) against costs incurred in defending proceedings for conduct involving:

- a) A wilful breach of duty; or
- b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Directors' Meetings

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Names	Number of Meetings held while in office	Number of Meetings attended
Michael Kennedy	3	3
Kathleen Harvey	9	9
Ben Litchfield	9	8
Noel Landry	3	2
Michael Harriden	6	5
Toni Rolls	6	6
Rick Jones	9	9
Brett Kenworthy	9	7
Katherine Fraser	6	3

DIRECTORS' REPORT (CONTINUED)

Director's Benefit

No Director of the Society has, since the beginning of the financial year, received or has become entitled to receive a benefit other than a remuneration benefit shown in the accounts, or because of a contract that the Director, firm of which the Director is a member, or an entity in which the Director has a financial interest, has made (during the year ended 31 March 2020 or at any other time) with

- The Director; or
- An entity that the Society controlled when the contract was made or when the Director received, or became entitled to receive, the benefit.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 March 2020 has been received.

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

Director



Dated

23/10/20

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DIRECTORS' DECLARATION

The Directors have determined that the Society is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Society declare that:

1. The financial statements and notes, are in accordance with *the Australian Charities and not-for-profit Commission Act 2012* and:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 March 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Directors' 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director  _____

Dated 23/10/20



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Royal National Capital Agricultural Society for the year ended 31 March 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (i) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 26 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Royal National Capital
Agricultural Society

Opinion

We have audited the financial report of Royal National Capital Agricultural Society (the Society), which comprises the statement of financial position as at 31 March 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Society is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Society's financial position as at 31 March 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Society in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Society made a loss of 419,715 and had net cash outflows from operating activities of \$265,769 during the year ended 31 March 2020. In addition, as of that date, the Society's current liabilities exceeded its current assets by \$381,331 and had a net asset deficiency of \$157,397. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Society to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Society are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Society to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS



Canberra, Australian Capital Territory
Dated: 26 October 2020

GED STENHOUSE
Partner

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 \$	2019 \$
Revenue	4	2,065,555	2,947,289
Staffing costs		(555,509)	(482,249)
Depreciation and amortisation	5	(40,871)	(43,898)
Show expenses		(1,334,655)	(1,519,580)
Other expenses from ordinary activities		<u>(554,235)</u>	<u>(666,417)</u>
Net Surplus / (Loss) for the Year		<u>(419,715)</u>	<u>235,145</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income / (Loss) for the Year		<u>(419,715)</u>	<u>235,145</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8(a)	100,244	430,726
Trade and other receivables	6	100,909	142,616
Other assets	7	1,690	5,701
Total Current Assets		<u>202,843</u>	<u>579,043</u>
Non-Current Assets			
Property, plant and equipment	9	224,285	200,443
Total Non-Current Assets		<u>224,285</u>	<u>200,443</u>
TOTAL ASSETS		<u>427,128</u>	<u>779,486</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	10	533,751	459,776
Other liabilities		-	697
Provision	11	50,423	56,368
Total Current Liabilities		<u>584,174</u>	<u>516,841</u>
Non-Current Liabilities			
Provision	11	351	327
Total Non-Current Liabilities		<u>351</u>	<u>327</u>
TOTAL LIABILITIES		<u>584,525</u>	<u>517,168</u>
NET ASSETS		<u>(157,397)</u>	<u>262,318</u>
EQUITY			
Retained earnings		(157,397)	262,318
TOTAL EQUITY		<u>(157,397)</u>	<u>262,318</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Retained Earnings \$	Total Total \$
As at 1 April 2018	27,173	27,173
Surplus/(Loss) for the year	235,145	235,145
As at 31 March 2019	262,318	262,318
Surplus/(Loss) for the year	(419,715)	(419,715)
As at 31 March 2020	(157,397)	(157,397)

The accompanying notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Takings, receipts and rent from customers		2,358,187	2,840,596
Interest, dividends and distributions received		466	1,485
Payments to suppliers and employees		<u>(2,624,422)</u>	<u>(3,260,741)</u>
Net cash flows used in operating activities	8(b)	<u>(265,769)</u>	<u>(418,660)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(64,713)	-
Disposal of property, plant and equipment		-	10,027
Proceeds from sale of asset		-	350,000
Net cash flows from investing activities		<u>(64,713)</u>	<u>360,027</u>
Net increase / (decrease) in cash and cash equivalents		(330,482)	(58,633)
Cash and cash equivalents at beginning of period		<u>430,726</u>	<u>489,359</u>
Cash and cash equivalents at end of period	8(a)	<u><u>100,244</u></u>	<u><u>430,726</u></u>

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Society has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the directors' opinion, the Society is not a reporting entity because there are no users dependent on general purpose financial statements. The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures'.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Society incurred a loss of \$419,715 and had net cash outflows from operating activities of \$265,769 during the year ended 31 March 2020. In addition, as of that date, the Society's current liabilities exceeded its current assets by \$381,331 and had a net asset deficiency of \$157,397.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Society will continue as a going concern 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.

The Directors believe that there are reasonable grounds to be confident that the Society will be able to continue as a going concern, after consideration of the following factors:

- The ACT Government has agreed to a credit of 2019/20 licence fee of \$70,389 and a further credit of the licence fee for 2020/21 of \$55,431.
- The ACT Government has agreed not to pursue their debt of \$229,024 until after the conduct of the 2021 Royal Canberra Show. Other creditors totalling \$32,909 have also agreed not to pursue their debts at this time. The RNCAS due to the prevailing economic uncertainty are pursuing other avenues with the ACT Government, the outcome of which is still uncertain.
- Staff costs have been subsidised by Jobkeeper payments until March 2021.

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ABN 12 008 514 912

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Staff numbers have been reduced to three (down from seven).
- The Society has received \$100,000 in Economic Stimulus Package from the Federal Government.
- The Society has appointed an advisory committee to develop a future post Covid 19 model for the Society's operations that will return the Society to profitability.

Accordingly, the Directors believe that the Society will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Society does not continue as a going concern.

Revenue recognition

The Society recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income Tax

The Society is exempt from income tax under Section 50 – 40 of *the Income Tax Assessment Act (1997)*.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of assets	Useful lives
Buildings	33 years
Plant and equipment	5 to 20 years
Leasehold improvements	50 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to Statement of Comprehensive Income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The Society determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTE 3. MEMBERS UNDERTAKING

The Society is a company limited by guarantee. Voting members may be liable to contribute up to an amount not exceeding \$1.00 each in the event of the Society being wound up.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	\$	\$
NOTE 4. REVENUE		
Gate receipts and entry fees		
Hiring and rentals		
Membership subscriptions	37,206	28,239
Interest and distributions	466	1,485
Sponsorship receipts		
Other receipts	20,305	35,697
Sale of Home and Leisure show	-	
Sale of assets	847	9,972
	<u>847</u>	<u>9,972</u>
	<u><u>847</u></u>	<u><u>9,972</u></u>

NOTE 5. DEPRECIATION

Plant & equipment	24,040	26,850
Ground improvement	-	218
Buildings	16,831	16,830
	<u>40,871</u>	<u>43,898</u>
	<u><u>40,871</u></u>	<u><u>43,898</u></u>

NOTE 6. TRADE AND OTHER RECEIVABLES

Trade receivables	36,932	76,487
Less: Allowance for expected credit losses	(9,921)	(18,239)
GST receivables	73,898	84,368
	<u>100,909</u>	<u>142,616</u>
	<u><u>100,909</u></u>	<u><u>142,616</u></u>

NOTE 7. OTHER ASSETS

Inventories	1,023	-
Prepayments	667	5,701
	<u>1,690</u>	<u>5,701</u>
	<u><u>1,690</u></u>	<u><u>5,701</u></u>

NOTE 8. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

Cash on hand	200	300
Cash at bank		
	<u>200</u>	<u>300</u>
	<u><u>200</u></u>	<u><u>300</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	\$	\$
NOTE 8. CASH AND CASH EQUIVALENTS (continued)		
(b) Reconciliation of net surplus (loss) after tax to net cash flows from operations		
Operating surplus (loss)	(419,715)	235,145
<i>Adjustment for:</i>		
Depreciation	40,871	43,898
Proceeds from sale of asset	-	(350,000)
<i>Movement in current assets and liabilities:</i>		
Decrease /(Increase) in trade and other receivables	41,707	(97,245)
Decrease /(Increase) in other assets	4,011	3,559
Increase/(Decrease) in trade and other payables	73,975	(237,356)
Increase/(Decrease) in other liabilities	(697)	(6,591)
Increase/(Decrease) in provisions	(5,921)	(10,070)
Net cash flows generated from operating activities	<u>(265,769)</u>	<u>(418,660)</u>

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Administration and council buildings on land under licence at cost	561,042	561,042
Less: Accumulated depreciation	<u>(444,258)</u>	<u>(427,427)</u>
	<u>116,784</u>	<u>133,615</u>
Expendable plant and equipment at cost	1,266,915	1,202,202
Less: Accumulated depreciation	<u>(1,159,414)</u>	<u>(1,135,374)</u>
	<u>107,501</u>	<u>66,828</u>
Leasehold improvements at cost	232,113	232,113
Less: Accumulated depreciation	<u>(232,113)</u>	<u>(232,113)</u>
	<u>-</u>	<u>-</u>
	<u>224,285</u>	<u>200,443</u>

Movement in Property, Plant and Equipment

	Administration & Council Building	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at the beginning of the year	133,615	66,828	-	200,443
Additions	-	64,713	-	64,713
Depreciation expense	(16,831)	(24,040)	-	(40,871)
Carrying amount at the end of year	<u>116,784</u>	<u>107,501</u>	<u>-</u>	<u>224,285</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	\$	\$
NOTE 10. TRADE AND OTHER PAYABLES		
Trade payables	427,913	335,509
Accrued expense	99,724	122,978
Other payables	6,114	1,289
	<u>533,751</u>	<u>459,776</u>

Trade payables are non-interest bearing and are normally settled in 30-day terms unless more favourable terms are negotiated.

NOTE 11. PROVISIONS

Current

Provision for annual leave	46,225	46,224
Provision for long service leave	4,198	10,144
	<u>50,423</u>	<u>56,368</u>

Non-Current

Provision for long service leave	351	327
	<u>351</u>	<u>327</u>

NOTE 12. RELATED PARTY DISCLOSURE

(a) Details of key management personnel

The Directors of the Royal National Capital Agricultural Society during the year were:

Names	Qualification/Experience
Michael Kennedy	Retired
Kathleen Harvey	Geologist/Researcher
Ben Litchfield	Auctioneer
Noel Landry	Chief Executive Officer
Michael Harriden	Rural Retail Manager
Toni Rolls	Executive Manager
Brett Kenworthy	Company Director
Rick Jones	Retired
Kathleen Fraser	Marketing Executive

(b) Remuneration of Directors

There was no remuneration of Directors in the period.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

NOTE 13. EVENTS AFTER THE REPORTING PERIOD

Novel Coronavirus (COVID-19)

The COVID-19 outbreak in Australia is expected to have an impact on the financial performance and liquidity of the Society in 2021. As at the time of completion of the 2020 Financial Statements, the Society is not yet in a position to fully assess the severity of the impact.

The Society continues to monitor the financial and non-financial impacts and has measures in place to manage the position as the situation evolves and impacts become clearer.

No other or circumstance has arisen since 31 March 2020 that has significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

NOTE 14. CONTINGENT LIABILITIES

The Society had no contingent liabilities as at 31 March 2020 and 31 March 2019.

NOTE 15. COMMITMENTS

The Society had no commitments as at 31 March 2020 and 31 March 2019.

NOTE 16. SOCIETY DETAILS

The registered office of the Society is:
Exhibition Park in Canberra
Flemington Road
MITCHELL ACT 2911