

ANNUAL REPORT 2018/19



Royal National
Capital Agricultural
Society



President's Report - Annual Report 2018/19

The Annual Report of the Royal National Capital Agricultural Society (RNCAS) provides an insight into the events, competitions and activities undertaken by the Society during 2018 and early 2019, as well as some of the challenges the Society must and will face to move forward.

We have had great successes this year and, as always, faced some hurdles. Our financial position is still challenging but the Board and CEO now have strategies in place which we believe will materially change our operating model and set us on a pathway to longer term sustainability.

The attached financial statements indicate that the Society generated a profit in 2018/19 of \$235,145, due mainly to proceeds from the sale of the Canberra Home & Leisure Show.

The 2019 ActewAGL Royal Canberra Show was a successful Show in many ways. We were highly innovative in many areas, and together with the return of some traditional events, we saw a significant increase in public attendance. For the 3 days of the Show, and the days leading up, we also had very good weather which always makes the competitors, exhibitors and public happy.

An Agricultural Show such as the Royal will always have challenges. It is either too hot or too cold, too wet or too dry, but that is what you get when staging a Show in Australia. We just deal with it. This year in many Sections the total number of exhibitors were affected by the drought, but hard work from the Sections still saw good numbers and a high quality display. A major success story for our Show was, again, the Horse section with more than 2,700 horses over 5 days of competition. Our new Horse Section Head, Brook-Lee Keir was ably assisted by the tireless work of her committee and we put on an outstanding event. Roz Evans' work and commitment in the office is a major contributor to the success of the Horse Section. Another highlight of the Show was the return of woodchop. This year, it was in a new location and was a one day competition. We are looking to expand in a controlled way back to a multi-day competition.

There has been a long and loud call from the public that "it's too expensive to attend the Show". We responded to this feedback and reduced gate entry prices by 30% and parking fees by 50%. The price reductions together with a smart, targeted promotion campaign saw a significant increase in the number of patrons, especially young families. It's our challenge now to build on this new and enthusiastic audience, and to encourage them to return and to also bring their friends.

I thank all the Section Heads and their committees for the hard work they put in to put on such a great Show. As volunteers it is a huge commitment in time and energy and I am truly thankful for their efforts.

An ongoing major challenge for the future of the RNCAS is to diversify our income stream. This will principally involve introducing new, additional events throughout the year. And in terms of the Royal Show, our strategy is to reduce our reliance on gate takings which are

highly impacted by the weather over the 3 days of the Show, This will require a mix of seeking out additional sponsorship support, opening up opportunities for corporate hospitality over the 3 days of the Show, and increasing the sale of commercial vendor sites.

In terms of RNCAS events during the year, it was another great year for the National Wine Show of Australia. There were 1,247 entries, a 6.5% increase on 2017. The total of 224 exhibitors included 56 first time exhibitors. Of particular note was the use of the world class Showrunner software to support the judging process. This was achieved through collaboration with the Australian Wine Research Institute. My particular thanks to Singapore Airlines, Dan Murphy's and The Canberra Wine House for their generous sponsorship of the National Wine Show.

The 2018 Canberra and Region Wine Show also had record entries with 330 exhibits from 58 wineries, and 199 wines receiving medals. The Canberra and Region Wine Show remains a successful and viable enterprise which is made possible through the continued and ongoing support of the local wine industry, as well as our sponsors, with a special thanks to our major sponsors The Canberra Wine House and ActewAGL.

The Royal Canberra Poultry Show which is staged over the June long weekend was again a huge success with 2,340 entries. This is the major annual Poultry Show in Australia. Peter Shands as Section Head and his committee put in long hours and we all see a great future for this Show.

We had a significant changeover in staffing this year. Ian James left as CEO in September 2018. I acknowledge and am grateful to Ian for his hard work and commitment to the Society. In September we appointed our new CEO, Athol Chalmers. Athol has been enthusiastically accepted by the Board, Council and all that have worked with him. He has brought vision and challenges to the Board and we have embraced his ideas. He was the face of the Royal Show, being prominent in the press leading up to and during the Show. Athol is well connected in Canberra business and Government circles and in all areas he performs with good grace and humour. He has a small but efficient staff. In many areas of staffing we have moved away from the classic full-time staff to part-time as required. This is a financial decision but also allows us to target staff with the specialist abilities we need.

We have again been generously supported by our sponsors. Sponsorship is a two-way business, and we work hard to give our sponsors effective and profitable exposure at our events.

ActewAGL is our naming rights sponsor for the Royal Canberra Show, and we have a long and cherished relationship. The ActewAGL Royal Canberra Show is a well-known and recognised brand in Canberra and we, along with ActewAGL, are very proud of that. I was honoured to have John Knox, Chief Executive Officer of ActewAGL and our patron, the Chief Minister of the ACT Andrew Barr on stage at the Presidents Reception, and to have the Chief Minister open our Show. I was very pleased to hear Mr Knox tell us how the ActewAGL Royal Canberra Show had been an important part of his agricultural show experiences over the years.

The 2018 Home Show was our last. It had been a good Show over many years but that model, in its current guise was declining in exhibitor numbers and income. It would have required a major injection of both capital and effort to continue. As that was not possible, when the opportunity arose the Board took the decision to sell the Show.

Our relationship with the ACT Government is strong. This is greatly assisted by the relationship we have with Liz Clarke, the Director of Venues Canberra, including Exhibition Park in Canberra (EPIC). I thank Liz and her team for their ongoing support.

I would like to acknowledge and thank my fellow Board members and Councilors. As a volunteer organization it can be a huge commitment from them. I encourage any of our members to be more involved in the Society. My thanks to Athol and all the staff - running a Show Society takes a lot of commitment and hard work the team all do it willingly.

I look forward to the future of the Society. Our Society has some great products that are full of history and promise. With hard work and ongoing commitment we will be successful.



Michael Kennedy
President

CEO Report – Annual Report 2018/19

My five months in the CEO role have been both challenging and rewarding. The challenges associated with running a Royal Canberra Show four months after starting were considerable. Fortunately, I was surrounded by a supportive Board and Council, a small group of committed and hardworking staff, and a team of volunteers who place the interest of the RNCAS above their own and devote themselves to the bigger cause accordingly. The result was a Royal Canberra Show with strong growth in attendance levels and overwhelmingly positive feedback from the public, exhibitors, sponsors, suppliers and vendors. A rewarding experience and outcome for myself, my staff and all of our other internal stakeholders at RNCAS.

Another rewarding experience was being associated with the National Wine Show. Expertly run by Andy Gregory and his dedicated Committee, this outstanding event is now generally regarded as the peak wine show in Australia. Building an event of this status is something the RNCAS can feel justifiably proud of and, from what I observed at last year's event, there is considerable opportunity for further growth. I look forward to working with Andy and his team on the 2019 Show.

The 2018 Royal Canberra Poultry Show and the 2018 Canberra and Region Wine Show, whilst both held prior to my tenure, were also successful events and a credit to the RNCAS. My congratulations to Peter Shands and Andy Price and their respective teams. I look forward to working with them both on their 2019 events.

However, whilst the outcomes from our various events in 2018/19 were pleasing, the challenges ahead of us are considerable. The Society remains under significant financial pressure. Long term sustainability will require imagination, innovation, open mindedness, and a willingness to embrace change and see it as an opportunity rather than a threat. And above all, it needs a supporting culture which values listening, encourages collaboration, promotes new ideas, and places quality stakeholder relationships at the core of everything we do. At a strategic and operational level, long term sustainability requires the Society to broaden its revenue base by building new revenue streams; reduce the income risks associated with the weather exposed nature of the Show; strive for operational excellence as an event organizer; become more deeply integrated in to the Canberra community and the agricultural sector; and to stay alert to societal issues and trends which are on the horizon and are likely to create opportunities and threats in the medium to longer term. In pursuing this strategic approach however, the Society must at all times operate in a way which is true to and consistent with its constitutional objectives.

The Board recognizes the challenges ahead and has agreed on the broad strategic approach and the supporting operational goals. My job as CEO is to work with my staff and other relevant stakeholders to pursue these strategies with a sense of urgency and determination.

I look forward to that challenge and to working with my staff, the Board and the broader RNCAS community as we continue the journey to creating a healthy and vibrant RNCAS.



Athol Chalmers
Chief Executive Officer

Risk & Audit Committee Report – Annual Report 2018/19

The RNCAS Board established an Audit & Risk Committee early in the 2019 calendar year. The principal purpose of the Committee is to provide a high level of oversight and assurance that assists the RNCAS Board in:

- managing and overseeing the integrity of RNCAS's financial reporting;
- assessing the effectiveness and objectivity of external auditors;
- assessing and responding to the organisation's risks; and
- managing the RNCAS's risk management framework.

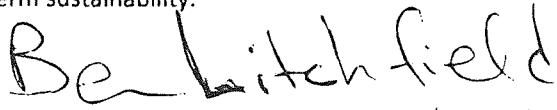
Upon establishment, the Audit & Risk Committee drafted a Risk Management Policy which provides the framework for how risk will be managed within RNCAS. The Policy is based on the Australian Standard, AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines - and forms a pillar of the governance framework of the RNCAS. It also integrates and underpins RNCAS strategic planning process. The RNCAS Board has approved the Policy and Framework.

The Committee has also prepared a Strategic Risk Register for the RNCAS. The Register identifies five key strategic risks for RNCAS, and for each risk it identifies a risk category (eg brand, financial, operational, stakeholder management etc), a risk rating, the risk owner, critical controls, risk reporting tools, governance and oversight mechanisms, independent review and oversight methods, and the current state of play. The Risk Register also identifies emerging risks which need strategic consideration by the Board. The RNCAS Board has approved the Risk Register.

The RNCAS Board has also endorsed the Audit & Risk Committee's recommendation to establish a Foresight Committee. The Committee's remit is to;

- identify trends, developments and issues which in the next 5-10 years are likely to materially impact on the Society's ability to both secure its long terms future and to fulfil its constitutional objectives;
- outline how the Society might respond to these impacts; and
- provide reports and recommendations to the RNCAS Board and the RNCAS Council in relation to its findings.

The Audit and Risk Committee is confident that the new risk management policy and framework, inclusive of the documents and initiatives outlined above, provide a critical platform to enable the RNCAS Board to more effectively manage the organisation, set appropriate short and longer term goals, and to assist and guide the RNCAS in developing a culture, structure and set of operational procedures that positions the organisation on a path to long term sustainability.



Ben Litchfield
Chair
RNCAS Audit and Risk Committee

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2019

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

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ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

DIRECTORS' REPORT

Your directors present their report on the Society for the financial year ended 31 March 2019.

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	Re-elected 17 October 2016
Bruce Patterson	Sales Manager	Resigned 1 August 2018
Kathleen Harvey	Geologist/Researcher	Re-elected 1 August 2018
Ben Litchfield	Auctioneer	Re-elected 18 December 2017
Noel Landry	Chief Executive Officer	Elected 18 December 2017
Ric Jones	Retired	Elected 1 August 2018
Brett Kenworthy	Chief Executive Officer	Elected 1 August 2018
Katherine Fraser	Marketing Executive	Elected 1 August 2018

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.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

DIRECTORS' REPORT (CONTINUED)

Operating Results

The operating profit of the Society for the financial year after income tax was \$235,145 (2018: loss of \$155,802).

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

During the financial year the Society sold the Home & Leisure Show as part of a series of initiatives aimed at securing a strengthened financial base for the organisation.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Society, the results of those operations or the state of affairs of the Society 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 B Kennedy	7	7
Bruce Patterson	2	2
Kathleen Harvey	7	7
Ben Litchfield	7	7
Brett Kenworthy	5	4
Ric Jones	5	5
Noel Landry	7	7
Kathleen Fraser	5	5

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
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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 2019 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 2019 has been received.

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

Director 

Dated 

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

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 2019 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



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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 2019, 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
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 30 July 2019

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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 2019, 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 2019 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 generated a profit of \$235,145 (FY 2018: loss of \$155,802) due principally to the one-off sale of the revenue producing Canberra Home & Leisure Show and had net cash outflows from operating activities of \$418,660 (FY 2018: \$23,468) during the year ended 31 March 2019. In addition, as of that date, the Society's current assets marginally exceeded its current liabilities by \$62,202. 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.

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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.



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The logo features the letters "RSM" in a stylized, handwritten font above the words "AUSTRALIA PARTNERS" in a smaller, standard font.

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 30 July 2019

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019	2018
		\$	\$
Revenue	4	2,947,289	2,859,876
Staffing costs		(482,249)	(770,235)
Depreciation and amortisation	5	(43,898)	(58,546)
Show expenses		(1,519,580)	(1,526,206)
Other expenses from ordinary activities		(666,417)	(660,691)
Net Surplus / (Loss) for the Year		235,145	(155,802)
Other comprehensive income		-	-
Total Comprehensive Income / (Loss) for the Year		235,145	(155,802)

The accompanying notes form part of these financial statements.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		2019	2018
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	8(a)	430,726	489,359
Trade and other receivables	6	142,616	45,371
Other assets	7	5,701	9,260
Total Current Assets		579,043	543,990
Non-Current Assets			
Property, plant and equipment	9	200,443	254,368
Total Non-Current Assets		200,443	254,368
TOTAL ASSETS		779,486	798,358
LIABILITIES			
Current Liabilities			
Trade and other payables	10	459,776	697,132
Other liabilities	11	697	7,288
Provision	12	56,368	62,160
Total Current Liabilities		516,841	766,580
Non-Current Liabilities			
Provision	12	327	4,605
Total Non-Current Liabilities		327	4,605
TOTAL LIABILITIES		517,168	771,185
NET ASSETS		262,318	27,173
EQUITY			
Retained earnings		262,318	27,173
TOTAL EQUITY		262,318	27,173

The accompanying notes form part of these financial statements

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Retained Earnings \$	Total Total \$
As at 1 April 2017	182,975	182,975
Surplus/(Loss) for the year	(155,802)	(155,802)
As at 31 March 2018	27,173	27,173
Surplus/(Loss) for the year	235,145	235,145
As at 31 March 2019	262,318	262,318

The accompanying notes form part of these financial statements

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Takings, receipts and rent from customers		2,840,596	3,236,372
Interest, dividends and distributions received		1,485	12,192
Payments to suppliers and employees		(3,260,741)	(3,279,139)
Gain on disposal of investments		-	7,107
Net cash flows used in operating activities	8(b)	(418,660)	(23,468)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(59,856)
Disposal of property, plant and equipment		10,027	-
Proceeds from sale of investments		-	538,163
Proceeds from sale of asset		350,000	-
Repayment of loan		-	(120,643)
Net cash flows from investing activities		360,027	357,664
Net increase / (decrease) in cash and cash equivalents		(58,633)	334,196
Cash and cash equivalents at beginning of period		489,359	155,163
Cash and cash equivalents at end of period	8(a)	430,726	489,359

The accompanying notes form part of these financial statements

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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 generated a profit of \$235,145 (FY 2018: loss of \$155,802) due principally to the one-off sale of the revenue producing Canberra Home & Leisure Show and had net cash outflows from operating activities of \$418,660 (FY 2018: \$23,468) during the year ended 31 March 2019. In addition, as of that date, the Society's current assets marginally exceeded its current liabilities by \$62,202.

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:

- A strategic decision by the Board to materially diversify Society revenue streams to reduce the current heavy reliance on the Royal Canberra Show for financial sustainability. To this end there are currently five additional (albeit relatively small) new events scheduled in for the 2019/20 year. Larger events are currently being scoped for 2020/21 and beyond.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
ABN 12 008 514 912

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- A strategic decision by the Board to reduce the reliance on gate receipts at the Royal Canberra Show. The Show is a weather exposed event and as such inclement weather during the Show can have a significant impact on gate revenue. The Board has therefore set significantly higher revenue targets for commercial vendor sales and sponsorship income, both of which deliver income prior to the Show being held. The targets, if realised, will increase their combined share of total Show revenue by around 30%.
 - In relation to commercial vendors, the new revenue targets will be achieved through a mix of re-configured pavilion space to significantly increase vendor sites for sale, and an increase in site fees to a level commensurate with other events of this size.
- A strategy to better integrate the Society into the broader Canberra business, tourism and events communities. This strategy is already opening up opportunities for potential new collaborations, additional events and corporate support.

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 going concern.

Revenue recognition

The Society recognises revenue as follows:

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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.

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	\$	\$
NOTE 4. REVENUE		
Gate receipts and entry fees	1,149,624	1,111,880
Hiring and rentals	1,046,297	1,144,569
Membership subscriptions	28,239	28,786
Interest and distributions	1,485	12,192
Sponsorship receipts	325,975	364,777
Other receipts	35,697	41,017
Sale of Home and Leisure show	350,000	-
Sale of assets	9,972	7,107
GST refund	-	149,548
	2,947,289	2,859,876

NOTE 5. DEPRECIATION

Plant & equipment	26,850	37,073
Ground improvement	218	4,642
Buildings	16,830	16,831
	43,898	58,546

NOTE 6. TRADE AND OTHER RECEIVABLES

Trade receivables	76,487	20,935
Less: Allowance for expected credit losses	(18,239)	(11,284)
GST receivables	84,368	35,720
	142,616	45,371

NOTE 7. OTHER ASSETS

Prepayments	5,701	9,260
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NOTE 8. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

Cash on hand	300	139
Cash at bank	430,426	489,220
	430,726	489,359

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 2019

	2019 \$	2018 \$
NOTE 8. CASH AND CASH EQUIVALENTS (continued)		
(b) Reconciliation of net surplus (loss) after tax to net cash flows from operations		
Operating surplus (loss)	235,145	(155,802)
<i>Adjustment for:</i>		
Depreciation	43,898	58,546
Proceeds from sale of asset	(350,000)	-
<i>Movement in current assets and liabilities:</i>		
Decrease /(Increase) in trade and other receivables	(97,245)	103,919
Decrease /(Increase) in other assets	3,559	(6,783)
Increase/(Decrease) in trade and other payables	(237,356)	(10,951)
Increase/(Decrease) in other liabilities	(6,591)	4,523
Increase/(Decrease) in provisions	(10,070)	(16,920)
Net cash flows generated from operating activities	(418,660)	(23,468)

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Administration and council buildings on land under licence at cost	561,042	561,042
Less: Accumulated depreciation	(427,427)	(410,597)
	133,615	150,445
Expendable plant and equipment at cost	1,202,202	1,228,344
Less: Accumulated depreciation	(1,135,374)	(1,124,639)
	66,828	103,705
Leasehold improvements at cost	232,113	232,113
Less: Accumulated depreciation	(232,113)	(231,895)
	-	218
	200,443	254,368

Movement in Property, Plant and Equipment

	Administration & Council Building	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at the beginning of the year	150,445	103,705	218	254,368
Additions	-	-	-	-
Disposal	-	(10,027)	-	(10,027)
Depreciation expense	(16,830)	(26,850)	(218)	(43,898)
Carrying amount at the end of year	133,615	66,828	-	200,443

ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	\$	\$
NOTE 10. TRADE AND OTHER PAYABLES		
Trade payables	335,509	601,691
Accrued expense	122,978	95,000
Other payables	1,289	441
	459,776	697,132

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

NOTE 11. OTHER LIABILITIES

Income in advance	697	7,288

NOTE 12. PROVISIONS

Current

Provision for annual leave	46,224	44,270
Provision for long service leave	10,144	17,890
	56,368	62,160

Non-Current

Provision for long service leave	327	4,605
	327	4,605

NOTE 13. RELATED PARTY DISCLOSURE

(a) Details of key management personnel

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

Names

Names	Qualification/Experience
Michael Kennedy	Retired
Bruce Patterson	Sales Manager
Kathleen Harvey	Geologist/Researcher
Ben Litchfield	Auctioneer
Brett Kenworthy	Company Director
Ric Jones	Company Director
Noel Landry	Executive Officer
Kathleen Fraser	Company Director

**ROYAL NATIONAL CAPITAL AGRICULTURAL SOCIETY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

NOTE 13. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Remuneration of Directors

There was no remuneration of Directors in the period.

NOTE 14. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Society's operations, the results of those operations, or the Society's state of affairs in future financial years.

NOTE 15. CONTINGENT LIABILITIES

The Society had no contingent liabilities as at 31 March 2019 and 31 March 2018.

NOTE 16. COMMITMENTS

The Society had no commitments as at 31 March 2019 and 31 March 2018.

NOTE 17. SOCIETY DETAILS

The registered office of the Society is:

Exhibition Park in Canberra

Flemington Road

MITCHELL ACT 2911