

**The Royal National
Agricultural and Industrial
Association of Queensland**

Financial Report
For the year ended
31 December 2021

**THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
ABN 41 417 513 726**

COUNCILLORS' REPORT

The Councillors present their report together with the financial report of The Royal National Agricultural and Industrial Association of Queensland ("the RNA") for the year ended 31 December 2021 and auditors report thereon.

The names of the Councillors in office at any time during or since the end of the year are:

Council members	Year of Appointment	Council meetings*		Executive Committee meetings*	
		Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr A G Adnam – Junior Vice President	2005	7	7	28	25
Ms E T G Allen	2014	7	4		
Mr L J Blumel	2006	7	5		
Mr R Bower (1)	2015	1	1		
Mr W Boydell	2019	7	7		
Mr D Chandler	2015	7	6	28	25
Mr J Cotter	2016	7	6		
Mr D Fagan	2017	7	6		
Mr I W Ferguson	2007	7	7		
Mr J Grant	2019	7	5		
Mr M N Grieve	2006	7	5		
Prof P C Little AM	2009	7	7	28	27
Ms M MacMillan (2)	2021	6	6		
Ms A Marsden	2020	7	7		
Mr D A McInnes OAM	2011	7	5		
Mrs R McLay	2015	7	7		
Mr G J Noller	2010	7	6	28	27
Mr D L O'Connor OAM – Senior Vice President	2000	7	7	28	28
Mr A Olive	2020	3	1		
Mrs J Onley	2018	7	7	28	26
Mr W L Roberts	2011	7	7		
Hon Justice D G Thomas – President	2002	7	7	28	26

Notes:

(1) Resigned from Council March 2021

(2) Appointed to Council April 2021

* Council and Executive Council Meetings were also attended by the Chief Executive and the Chief Financial Officer

The Councillors have been in office since the start of the year to the date of this report unless otherwise stated.

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COUNCILLORS' REPORT

Results and Operations

The deficit of the association for the year amounted to \$9,807,995 (2020 deficit: \$1,058,189).

The critical measure of operational Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was a deficit of \$5,506,052 in the year (2020 deficit of \$3,161,431). This result excludes one off revenue transactions. The unprecedented and sustained impact of COVID-19 on the operations of the RNA, including the cancellation of the Royal Queensland Show, severely impacted all revenue streams. Through some land transactions and federal funding assistance along with actions by the RNA to reduce operational and discretionary costs, a stable cash position was maintained.

As in previous years, the accounts contain realisation of proceeds from the Showgrounds redevelopment, offset by the continued recognition of Interest on the loan and depreciation for the Convention Centre.

The closing cash position (including term deposits) of the RNA was \$4,592,905 (2020: \$8,939,633). The RNA has established a working capital facility with QTC of \$3 Million which was undrawn at year end.

Strategic Direction of the Association

The RNA's mission is to celebrate and champion the essential role agriculture plays in the everyday lives of Queenslanders.

The RNA's vision focuses on the ongoing successful staging of the Ekka at the Brisbane Showgrounds, establishing the Brisbane Showgrounds and the Royal International Convention Centre (Royal ICC) as Queensland's leading events venues, and transforming the Brisbane Showgrounds precinct into a destination.

The RNA has also embarked on a redevelopment program to transform the Showgrounds into a vibrant mixed use precinct that is utilised all year round. The redevelopment provides the RNA with new and improved exhibition facilities as well as other income generating assets which form a significant part of the RNA diversification strategy.

Principal Activities

The principal activity of the association is to provide facilities and personnel to celebrate and champion the essential role agriculture plays in the everyday lives of Queenslanders.

The RNA achieves its objectives via a number of means, however, its primary method is through the staging of the Royal Queensland Show in August each year. The Show is the State's premier exhibition of Queensland's primary and agricultural industries.

No significant change in the nature of these activities occurred during the year.

Councillors' Remuneration

Councillors' receive no remuneration for their services.

COUNCILLORS' REPORT

Indemnification of Councillors and Officers

The RNA has agreed to reimburse the reasonable costs (including but not limited to legal fees) incurred by any current or past Councillor or Officer in relation to the performance of his or her duties as a Councillor or Officer of the RNA provided:

- (i) the person is not charged with any offence, or if charged, is subsequently acquitted of all charges;
- (ii) any investigations or hearings do not reveal conduct by that person which constitutes conduct which breaches that person's fiduciary relationship with the RNA whether that person is charged or not or convicted or not;
- (iii) the person's conduct is not unbecoming of a person holding the position, which that person held at the time of the conduct.

The level of such reimbursement is to be set by the Executive Committee.

The RNA has paid insurance premiums for Councillor's and Officers' Insurance since the end of the previous year. The Councillors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Councillors' and Officers' liability and legal expenses insurance contracts as such disclosures is prohibited under the terms of the contract.

Signed in accordance with a resolution of the members of the Council.



Council member: _____
Hon Justice D G Thomas - President



Council member: _____
Ms J Onley - Honorary Treasurer

Dated this 25th day of March 2022

THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
ABN 41 417 513 726

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Revenue			
Ground operations and venue rental		13,037,397	8,185,295
Show operations		1,517,593	980,557
Membership subscription		-	166,365
Redevelopment income	3	-	30,062
Net compensation revenue	3	1,131,366	4,579,139
Proceeds from sale of assets	3	17,100	-
Federal wage and other subsidies		782,000	4,172,950
Federal supporting agricultural shows grant		-	3,258,432
Other revenue		1,851,555	1,353,279
Total Revenue		18,337,011	22,726,079
Less : Expenses			
Ground operations and venue costs		(4,778,588)	(3,177,372)
Show operations costs		(2,036,373)	(923,819)
Depreciation and amortisation expense	3	(3,105,610)	(3,112,545)
Employee benefits expense		(12,028,050)	(11,355,436)
Finance costs	3	(2,358,578)	(2,696,560)
Showgrounds maintenance		(1,051,671)	(565,638)
Other expenses		(2,786,136)	(1,920,865)
COGS – redevelopment	3	-	(32,033)
Total Expenses		(28,145,006)	(23,784,268)
Profit / (Loss) before income tax expense		(9,807,995)	(1,058,189)
Income tax expense		-	-
Profit / (Loss) for the year		(9,807,995)	(1,058,189)
Other comprehensive income for the year		-	-
Total comprehensive profit / (loss)		(9,807,995)	(1,058,189)

The accompanying notes form part of these financial statements

**THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
ABN 41 417 513 726**

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	4	4,592,905	8,939,633
Receivables	5	1,077,840	1,827,852
Inventories	6	302,082	363,453
Redevelopment work in progress	9	-	-
Other assets	7	1,104,924	828,767
Total current assets		<u>7,077,751</u>	<u>11,959,705</u>
Non-current assets			
Receivables	5	169,113	169,113
Other assets	7	1,624,290	1,624,290
Intangible assets	8	67,072	228,025
Redevelopment work in progress	9	8,005,678	8,005,678
Property, plant and equipment	10	90,024,579	92,510,784
Total non-current assets		<u>99,890,732</u>	<u>102,537,890</u>
Total assets		<u>106,968,483</u>	<u>114,497,595</u>
Current liabilities			
Payables	11	2,137,466	2,194,026
Borrowings	12	6,317,251	5,936,784
Provisions	13	654,761	753,356
Other liabilities	14	4,408,280	3,253,486
Total current liabilities		<u>13,517,758</u>	<u>12,137,652</u>
Non-current liabilities			
Borrowings	12	60,647,761	66,711,777
Provisions	13	3,233,469	3,168,676
Other liabilities	14	35,910,999	29,012,999
Total non-current liabilities		<u>99,792,229</u>	<u>98,893,452</u>
Total liabilities		<u>113,309,987</u>	<u>111,031,104</u>
Net assets		<u>(6,341,504)</u>	<u>3,466,491</u>
Members funds			
Reserves	15	901,121	717,490
Accumulated surplus		<u>(7,242,625)</u>	<u>2,749,001</u>
Total members funds		<u>(6,341,504)</u>	<u>3,466,491</u>

The accompanying notes form part of these financial statements

THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
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STATEMENT OF MEMBERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Reserves	Accumulated Surplus	Total Equity
	\$	\$	\$
Balance as at 1 January 2020	625,607	3,899,073	4,524,680
Profit / (Loss) for the year	-	(1,058,189)	(1,058,189)
Total comprehensive income for the year	-	(1,058,189)	(1,058,189)
Transfers to reserves	91,883	(91,883)	-
Balance as at 31 December 2020	717,490	2,749,001	3,466,491
Balance as at 1 January 2021	717,490	2,749,001	3,466,491
Profit / (Loss) for the year	-	(9,807,995)	(9,807,995)
Total comprehensive income for the year	-	(9,807,995)	(9,807,995)
Transfers to reserves	183,631	(183,631)	-
Balance as at 31 December 2021	901,121	(7,242,625)	(6,341,504)

The accompanying notes form part of these financial statements

THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Receipts from customers		22,097,791	24,448,039
Payments to suppliers and employees		(24,782,972)	(18,121,309)
Interest received		19,031	32,309
Finance Costs		(6,866)	(3,995)
Net cash provided by / (used in) operating activities	17	(2,673,016)	6,355,044
Cash flow from investing activities			
Payment for property, plant and equipment and intangible assets		(553,551)	(161,315)
Payments for land held for resale		-	(15,689)
Proceeds from sale of property, plant and equipment		17,100	-
Proceeds from (Payments to) Lend Lease		6,898,000	7,251,000
Net cash provided by/ (used in) investing activities		6,361,549	7,073,996
Cash flow from financing activities			
Principal and interest paid on QTC Loan		(8,035,261)	(8,035,267)
Net cash used in financing activities		(8,035,261)	(8,035,267)
Reconciliation of cash			
Cash at beginning of the financial year		8,939,633	3,545,860
Net increase / (decrease) in cash held		(4,346,728)	5,393,773
Cash at end of financial year	4	4,592,905	8,939,633

The accompanying notes form part of these financial statements

THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Royal National Agricultural and Industrial Association of Queensland ("the Association") is a body corporate under the Royal National Agricultural and Industrial Association of Queensland Act 1971 (the "RNA Act") as amended.

The financial report was approved by the Council as at the date of the Councillors' report.

The following is a summary of the material accounting policies adopted by the Association in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the RNA Act.

The RNA is a not-for-profit entity for the purpose of preparation of the financial statements.

Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the RNA comply with the Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Revenue

Revenue Recognition

Royal Queensland Show, Ground Operations & Venue Rental, Rendering of Services, Capital Grants and Subsidies

When the Association receives these types of revenues, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the revenue;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

Sale of goods revenue is recognised at the point of delivery as this corresponds to the performance obligation resulting in the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Income tax

No provision for income tax has been raised as the Association is exempt from income tax under Section 50-40 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are primarily consumable stores used by the RNA in its operations.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Financial instruments (Cont.)

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Association initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Financial instruments (Cont.)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Impairment

The Association recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for financial assets measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Association uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach; and
- the simplified approach;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Financial instruments (Cont.)

General approach

Under the general approach, at each reporting period, the Association assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Association measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Association measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Property is measured on a cost basis.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Council to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

**THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
ABN 41 417 513 726**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Property, plant and equipment (Cont.)

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Freehold land and buildings are carried at cost or at independent or Council valuation.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2-26%	Straight line
Plant and equipment at cost	2-33%	Straight line
Sub-stations and electrical equipment	5-20%	Straight line

(h) Land held for resale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

(i) Intangibles

Other intangibles

Intangible assets consist of computer software acquired to assist in managing the operations of the Association.

Software assets are initially recorded at the purchase price. Other intangible assets are amortised on a straight line basis over the period of 3-5 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable are written off.

(j) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(k) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Leases

The Association as lessee

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee.

However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

THE ROYAL NATIONAL AGRICULTURAL AND INDUSTRIAL ASSOCIATION OF QUEENSLAND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) Leases (Cont.)

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-8 and measures the right-of-use assets at cost on initial recognition.

The Association as lessor

The Association leases parts of its land to external parties.

Upon entering into each contract as a lessor, the Association assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases is recognised as receivables at the amount of the Association's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Association applies AASB 15 to allocate the consideration under the contract to each component.

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the Association does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(n) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings and ancillary costs incurred in connection with arrangement of borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(o) Goods and services tax (GST) (Cont.)

the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(q) Trust funds

The RNA from time to time receives monies from third parties to be held in trust and used for specific prize payments where the particular prize is eligible to be paid. These monies accrue interest at the average term deposit rate with any prizes paid deducted from the balance of the trust fund.

(r) Going Concern

During the year ended 31 December 2021, the Association made a loss of \$9,807,995 (2020: loss \$1,058,189). At 31 December 2021, the Association has net liabilities of \$6,341,504 (2020: net assets of \$3,466,491) and a working capital deficit of \$6,440,007 (2020: deficit \$177,947). Operating cash outflows were \$2,673,016 (2020 inflow of \$6,355,044). The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business.

Net Current Asset Position

At 31 December 2021 the Association's current liabilities exceed its current assets by \$6,440,007 (2020: \$177,947). The deficiency in current assets is primarily caused by:

QTC Loans - \$6,317,251 (2020: \$5,936,784) (refer note 12)

The repayments on this loan will be funded by Lend Lease by way of Advance Land Payments through the RNADF as stipulated under the Project Development Agreement (PDA).

Venue hire rent and bonds & Other - \$4,408,280 (2020: \$3,253,486) (refer note 14)

These amounts relate to future events and/or performance obligations of contracts that are yet to be satisfied. It should be noted that monies relating to these items have already been received and will be transferred to revenue once the recognition criteria have been met, as such these do not require any future cash outflows to settle these liabilities.

Net Liability Position

At 31 December 2021 the Association's total liabilities exceed its total assets by \$6,341,504. The deficiency in total assets is primarily caused by:

QTC Loans - \$29,781,868 (2020: \$35,718,690) (refer note 12)

The repayments on this loan will be funded by Lend Lease by way of Advance Land Payments through the RNADF as stipulated under the Project Development Agreement (PDA).

Prepaid Land Entitlements – The Yards - \$4,298,447 (2020: \$4,298,447) (refer note 14)

This amount consists of Land Entitlements paid by Lend Lease in 2016 and 2017 prior to The Yards property settlements which will occur in future periods. This prepayment will be taken up as revenue when property settlements occur, as such these do not require any future cash outflows to settle these liabilities.

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FOR THE YEAR ENDED 31 DECEMBER 2021

(r) Going Concern (Cont'd)

Liquidity

In addition, the Association currently has a working capital facility with QTC to the value of \$3,000,000, that has not been drawn down on as at 31 December 2021 (2020: \$nil). This facility is set to expire on 31 December 2022, however is expected to be renewed as has occurred historically.

In March 2022, the Association received a grant of \$6,506,620 from the Department of Agriculture, Water and Environment in relation to the Supporting Agricultural Shows and Field Days grant program for those bodies that were forced to cancel their shows during 2021.

Based on the Association's forward cash flow projections, it indicates that the Association is able to meet its debts as and when they become due and payable.

On this basis the Councillor's have determined that the financial report should be prepared on a going concern basis

(s) Sinking fund

The RNA entered into a Site Management Agreement in 2016 which provides governance over the shared Brisbane Showgrounds precinct public realm. Under this agreement, a Sinking Fund containing contributions from each property across the Brisbane Showgrounds Precinct has been established to provide funds for future capital maintenance and improvements in public realm areas.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the RNA. If an indicator of impairment exists the recoverable amount of the asset is determined.

(b) Useful lives of property, plant and equipment

Useful lives of property, plant and equipment are based upon expectations of the consumption of the assets at their acquisition date and are re-assessed annually. The actual useful lives of property, plant and equipment may vary for various reasons from the useful lives adopted for depreciation purposes.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$	2020 \$
NOTE 3: OPERATING SURPLUS		
Profit / (Loss) before income tax has been determined after:		
Net gain on disposal of non-current assets:		
-Proceeds from sale of assets	17,100	-
-Loss on disposal of non-current assets	(95,097)	(18,393)
- Profit / (Loss) on sale or disposal of property, plant and equipment	(77,997)	(18,393)
- Redevelopment Net Revenue - The Green	-	30,062
	-	30,062
Cost of Goods Sold - Redevelopment		
- Land held for resale - expensed	-	12,663
- Duties and Taxes	-	17,970
- Lend Lease Performance Payments	-	1,400
	-	32,033
Net gain on Compensation claims	1,131,366	4,579,139
Depreciation		
- Buildings	2,387,583	2,386,018
- Plant and equipment	618,062	629,088
- Sub-stations and electrical equipment	34,111	31,446
	3,039,756	3,046,552
Amortisation of non-current assets		
- Software	65,854	65,993
Bad debts		
- Trade receivables	62,145	(22,978)
Finance costs		
- Interest and finance charges paid/payable for financial liabilities not at fair value through the profit and loss	2,358,578	2,696,560

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	16,836	26,676
Cash at bank	4,576,069	8,912,957
	<u>4,592,905</u>	<u>8,939,633</u>
 NOTE 5: RECEIVABLES		
CURRENT		
Trade receivables	763,819	1,032,148
Provision for impairment	(2,077)	(1,641)
	<u>761,742</u>	<u>1,030,507</u>
 Other receivables	 236,723	 796,517
GST receivable	79,375	828
	<u>1,077,840</u>	<u>1,827,852</u>
 NON CURRENT		
Land entitlements – The Green	<u>169,113</u>	<u>169,113</u>
 Impairment of trade receivables		
Opening balance at 1 January	1,641	41,341
Charge for the year	62,145	(21,337)
Amounts written off (uncollectable)	(61,709)	(18,363)
Closing balance at 31 December	2,077	1,641
 NOTE 6: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	<u>302,082</u>	<u>363,453</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$	2020 \$
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	397,388	258,622
Restricted cash – RNADF (a)	151	431
Restricted cash – SMA Sinking Fund (b)	599,073	445,754
Restricted cash – SMA Administration Fund (c)	5,261	46,877
Restricted cash – King Street Carpark Account (e)	103,051	77,083
	<u>1,104,924</u>	<u>828,767</u>
NON CURRENT		
Prepaid EDQ (Economic Development Qld) Infrastructure Levies – The Yards	1,408,085	1,408,085
Prepaid EDQ (Economic Development Qld) Infrastructure Levies – The Green	216,205	216,205
	<u>1,624,290</u>	<u>1,624,290</u>

(a) Restricted cash – RNADF

The RNA development fund (RNADF) is an account established to receive Land Entitlements and other RNA Project Entitlements and to pay RNA Project Costs and other expenses relevant to the development project.

(b) Restricted cash – SMA Sinking Fund

The Sinking Fund is an account established to receive contributions from the Brisbane Showgrounds precinct property owners for the purpose of future capital maintenance and improvements to shared public realm areas.

(c) Restricted cash – SMA Administration Fund

The Administration Fund is an account established to receive contributions from the Brisbane Showgrounds precinct property owners for the purpose of administering and funding the operations of shared public realm areas.

(d) Restricted cash – King Street Carpark Account

The King Street Carpark Account is an account established to receive revenue from the operations of the King Street Carpark and pay costs associated with administering the operations of the carpark. Lend Lease receive the net proceeds from this account.

NOTE 8: INTANGIBLE ASSETS

Software at cost	1,154,729	1,593,099
Accumulated amortisation and impairment	(1,087,657)	(1,365,074)
	<u>67,072</u>	<u>228,025</u>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year:

<i>Software at cost</i>		
Opening balance	228,025	294,018
Additions	-	-
Disposals	(95,099)	-
Amortisation expense	(65,854)	(65,993)
Closing balance	<u>67,072</u>	<u>228,025</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 9: REDEVELOPMENT WORK IN PROGRESS		
CURRENT ASSETS		
Redevelopment Work In Progress	-	-
NON CURRENT ASSETS		
Redevelopment Work In Progress	8,005,678	8,005,678
Redevelopment Work In Progress comprises capitalised expenses in relation to the redevelopment project including but not limited to legal expenses, consultants fees and salaries and wages.		
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Capital Work In Progress		
Work In Progress		
At cost	-	2,000
Land		
Freehold land		
At cost	96,880	96,880
Buildings and ground improvements		
At cost	118,601,915	118,625,198
Accumulated depreciation	(33,920,319)	(31,636,019)
	84,681,596	86,989,179
Plant and equipment		
Plant and equipment at cost	19,994,784	19,838,668
Accumulated depreciation	(14,956,711)	(14,636,846)
	5,038,073	5,201,822
Sub-stations and electrical equipment at cost	608,145	586,907
Accumulated depreciation	(400,115)	(366,004)
	208,030	220,903
Total plant and equipment	5,246,103	5,424,726
Total property, plant and equipment	90,024,579	92,510,784

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 10 : PROPERTY, PLANT AND EQUIPMENT (CONT.)		
Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:		
<i>Freehold land</i>		
Opening carrying amount	96,880	96,880
Closing carrying amount	<u>96,880</u>	<u>96,880</u>
<i>Buildings</i>		
Opening carrying amount	86,989,179	89,353,394
Additions	80,000	21,803
Transfers	-	-
Disposals	-	-
Depreciation expense	(2,387,583)	(2,386,018)
Closing carrying amount	<u>84,681,596</u>	<u>86,989,179</u>
<i>Plant and equipment</i>		
Opening carrying amount	5,201,822	5,711,795
Additions	452,313	137,508
Transfers	2,000	-
Disposals	-	(18,393)
Depreciation expense	(618,062)	(629,088)
Closing carrying amount	<u>5,038,073</u>	<u>5,201,822</u>
<i>Sub-stations and electrical equipment</i>		
Opening carrying amount	220,903	252,349
Additions	21,238	-
Depreciation expense	(34,111)	(31,446)
Closing carrying amount	<u>208,030</u>	<u>220,903</u>
<i>Work-in-progress - Construction and other related equipment</i>		
Opening carrying amount	2000	-
Additions	-	2,000
Transfers	(2,000)	-
Disposals	-	-
Closing carrying amount	<u>-</u>	<u>2,000</u>
Total Property Plant and Equipment	<u>90,024,579</u>	<u>92,510,784</u>

Rights and Obligations attached to Freehold Land

The Association is incorporated under the Royal National Agricultural and Industrial Association of Queensland Act 1971 ("the Act") and operates under the provisions of that Act. In accordance with the Act, the Association cannot sell its land without the approval of the Governor in Council. In the event of an RNA insolvency, the balance site (approx 14 ha which has not been made available for private development) would be divested automatically to the State Government.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$	2020 \$
NOTE 11: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	983,149	1,368,111
Sundry creditors and accruals	1,154,317	825,915
	2,137,466	2,194,026
 NOTE 12: BORROWINGS		
CURRENT		
<i>Secured liabilities</i>		
Queensland Treasury Corporation loan	6,317,251	5,936,784
	6,317,251	5,936,784
 NON CURRENT		
<i>Secured liabilities</i>		
Queensland Treasury Corporation loan	23,464,617	29,781,906
Cash Advance Facility - Lend Lease	7,183,144	6,929,871
Large Animal Pavilion – Lend Lease	30,000,000	30,000,000
	60,647,761	66,711,777

Terms and conditions

Queensland Treasury Corporation Loans

The RNA has entered into a loan agreement with Queensland Treasury Corporation to assist in the financing of new facilities to be delivered as part of the RNA redevelopment. The loan is secured by a first registered mortgage over the balance site (i.e. the part of the RNA site that is not within the private development lots to be sold in accordance with the Project Development Agreement) and a first ranking charge over all of the assets of the RNA. As at 31 December 2021 \$59,000,000 (2020: \$59,000,000) had been drawn down, interest charges of \$31,290,236 (2020: \$29,191,797) calculated using the effective interest rate method have been capitalised and repayments of principal and interest totalling \$60,508,841 (2020: \$52,473,618) have been made.

Repayments of the principal are scheduled over an 11 year period with the first repayments made in 2016. Interest was variable until 10 January 2014 when it converted to a fixed rate of 7.105%. Interest was paid monthly whilst the rate was variable and then quarterly once the loan was transferred to the fixed facility.

The RNA also has a working capital facility with QTC to the value of \$3,000,000 as at 31 December 2021 (2020: \$3,000,000). This facility was not drawn at balance date (2020: \$nil drawn). This facility is set to expire on 31 December 2022.

Cash Advance facility - Lend Lease

As part of the RNA Redevelopment Project, Lend Lease has agreed to provide a standby cash advance facility of up to \$10,000,000 to meet funding shortfalls, essentially for Levies and RNA Project Costs. The terms and conditions of this facility are set out in a Project Finance Agreement. This facility will be repaid by future cash flows from the Redevelopment Project. The facility end date is the date of the final payment of all ULDA levies under the Redevelopment project. Interest is charged on the same basis as the Queensland Treasury Corporation Loan. Interest is not required to be repaid until there are sufficient funds in the RNADF to repay the interest. As at 31 December 2021 \$5,479,756 (2020: \$5,479,756) had been drawn down. Accumulated Interest of \$1,703,386 (2020: \$1,450,113) has been capitalised to the loan to date.

Large Animal Pavilion - Lend Lease

As part of the construction of the Large Animal Pavilion within the next stage of the RNA Redevelopment Project, Lend Lease has agreed to lend RNA \$30,000,000 to fund the facility. Repayments of this loan facility are to be disbursed from RNADF when the RNADF has the funds for this to occur. As at 31 December 2021 \$30,000,000 (2020: \$30,000,000) had been drawn down.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$	2020 \$
NOTE 13: PROVISIONS		
CURRENT		
Employee benefits	654,761	753,356
Total Current Provision	654,761	753,356
NON CURRENT		
Lend Lease Performance Payments	2,912,268	2,912,268
Employee benefits	321,201	256,408
Total Non Current Provision	3,233,469	3,168,676
NOTE 14: OTHER LIABILITIES		
CURRENT		
Venue hire rent and bond	3,128,612	2,691,379
Other	1,279,668	562,107
	4,408,280	3,253,486
NON CURRENT		
Deferred revenue (i)	35,910,999	29,012,999
	35,910,999	29,012,999
<i>(i) Deferred revenue comprises:</i>		
Lend Lease initial payments (a)	4,611,436	4,611,436
Contribution to public realm development (b)	4,799,658	4,799,658
Advance land payments (c)	21,044,058	14,146,058
Ekka Gross Floor Area (GFA) Waiver (d)	1,157,400	1,157,400
Prepaid Land Entitlements – The Yards	4,298,447	4,298,447
	35,910,999	29,012,999

(a) Lend Lease initial payments

Under the Project Development Agreement the Developer is liable to pay to the RNA the sum of \$6,000,000 as a contribution towards the RNA's costs and expenses of entering into the Redevelopment Agreement. These payments are made at intervals during the first 48 months of the project.

(b) Contribution to public realm development

This amount relates to payments received from the developer for infrastructure works in relation to the Redevelopment Project, carried out by the RNA.

(c) Advance land payments - Lend Lease

Amounts owing to Lend Lease pursuant to the Master Plan Project Development Agreement (PDA) are secured by:

- a mortgage over the land designated for redevelopment under the PDA
- a conditional contract for RNA to transfer undeveloped portions of the redevelopment land. Settlement of this contract only occurs if the PDA is terminated because of RNA default and Lend Lease elects to complete that contract instead of enforcing its mortgage security.

(d) Ekka Gross Floor Area (GFA) Waiver

Under the revised Project Development Agreement, the GFA restriction has been removed with Lend Lease paying RNA \$1,500,000 as compensation.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 15: RESERVES		
Trust funds (a)	271,587	271,276
Sinking Fund (b)	629,534	446,214
	901,121	717,490

(a) Trust funds

Trust funds consist of funds received from third parties to be held in trust and used for specific prize payments. The transfer in the year comprises interest earned on the funds in the year calculated at the average term deposit rate less prizes paid from the fund in the year.

Movements in reserve

Opening balance	271,276	270,384
Interest received during the year	1,141	892
Prize payments during the year	(830)	-
Closing balance	271,587	271,276

(b) Sinking fund

The RNA has entered into a Site Management Agreement which provides governance over the shared Brisbane Showgrounds precinct public realm. Under this agreement, a Sinking Fund containing contributions from each property across the Brisbane Showgrounds Precinct has been established to provide funds for future capital maintenance and improvements in public realm areas.

Movements in reserve

Opening balance	446,214	355,223
Contributions received during the year	183,320	124,248
Expenditure during the year	-	(33,257)
Closing balance	629,534	446,214

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the association	1,927,772	1,604,131
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Councillors

At the Association's Council meeting on 27 October 2000, it was resolved that 'Country Councillors' who travel a distance of more than 100km radius from Brisbane be reimbursed their travel expenses based on Australian Taxation Office rates, as published, and be able to claim overnight accommodation where applicable for attending official meeting of the Council and the Executive Committee. At 31 December 2021 there were 6 Councillors (2020: 6) eligible to claim travel expenses.

Councillors do not receive remuneration for their membership of Council.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 17: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with loss for the year		
Profit / (Loss) for the year	(9,807,995)	(1,058,189)
Adjustments and non-cash items		
Depreciation and amortisation	3,105,610	3,112,545
Net (gain) / loss on disposal of property, plant and equipment and investments	77,997	18,393
Net (gain) / loss on sale of land	-	-
Interest Capitalised on loan	253,273	236,574
Interest expensed on loans included in financing activities	2,235,672	2,606,993
Adjustment to finance costs to recognise borrowings at amortised cost	(137,233)	(151,002)
Bad Debts Expense	62,146	(22,978)
Changes in assets and liabilities		
(Increase) / decrease in receivables	629,020	4,235,712
(Increase) / decrease in other assets	(138,766)	179,393
(Increase) / decrease in land held for resale	-	12,663
(Increase) / decrease in inventories	61,371	684,577
Increase / (decrease) in payables	(149,921)	(3,018,239)
Increase / (decrease) in unearned income	1,169,612	(363,817)
Increase / (decrease) in provisions	(33,802)	(117,581)
	(2,673,016)	6,355,044
Cash flows from operating activities	(2,673,016)	6,355,044

NOTE 18: RELATED PARTY TRANSACTIONS

The name of each person holding the position of Councillor of the Association during the year is listed in the Councillors' Report.

Other transactions between the Association and Councillors and their related entities are immaterial in nature and occur with normal customer/supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealings with non-Councillor related entities at arm's length in the same circumstances.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2021 **2020**
\$ **\$**

NOTE 19: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease payable commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	44,991	89,982
- later than one year and not later than five years	-	44,991
	44,991	134,973

The Association has a five year lease with CSG (beginning July 2017) for photocopiers:

(b) Operating lease receivable commitments

Receivable

- not later than one year	48,710	25,380
- later than one year and not later than five years	215,134	114,151
- later than five years	63,235	-
	327,079	139,531

The Association has re-negotiated a ten (10) year lease with Vodafone Network for ground rental on RNA land commencing 1 March 2016, as well as re-negotiated a ten (10) year lease with Telstra Network commencing 28 February 2020. The Association also entered into month by month leases in 2021 with Megaw Enterprises for the Riding School and Streetscape Advertising for signage.

During year, the Association entered a five (5) year concessionary lease with Economic Development Queensland for the exclusive use of a small parcel of land attached to the Brisbane Showgrounds to further its objectives. The lease payments are \$1 per annum. This lease is measured at cost in accordance with the Association's accounting policy as outlined in Note 1(l).

NOTE 20: CONTINGENT LIABILITIES

As at reporting date, there are no known contingent liabilities.

NOTE 21: ECONOMIC DEPENDENCY

The Association is economically dependent on Lend Lease (the developer of the RNA regeneration project) for the short to medium term funding of the QTC loan. This dependency will continue until the net cashflows from the private development lots are sufficient to extinguish the loan.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

In March 2022, the Association received a grant of \$6,506,620 from the Department of Agriculture, Water and Environment in relation to the Supporting Agricultural Shows and Field Days grant program for those bodies that were forced to cancel their shows during 2021.

There has been no other matter or circumstance, which has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2021, of the RNA; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 31 December 2021, of the RNA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2021	2020
\$	\$

NOTE 23: COVID-19 IMPACT

The COVID-19 pandemic has had a significant impact on RNA operations and activities during the 2021 financial year. RNA Council, RNA Executive Council, the Audit, Risk & Finance (ARF) Committee and management continued to focus on cost management initiatives, restrictions on all cash outflows to critical activities only, and detailed financial analysis, reporting and COVID-19 recovery plans being reported on a regular basis to the RNA Executive Council.

It is not practical to quantify the exact financial impact of COVID-19, but changes in the current year's result that are directly or indirectly attributable to COVID-19 include:

- Reduced sales revenue;
- Increased cleaning costs and protective equipment costs;
- Reduced event based costs such as food and beverage costs and casual labour costs;
- Reduced travel and accommodation costs;
- Increased information technology costs;
- Increased workplace health & safety costs; and
- Receipt of funds from the Federal Government by way of Jobkeeper Allowance.

The Association has taken the following steps to minimise regulatory and financial risk to the business:

- Significantly reducing staff travel to minimise physical contact;
- Enabling staff to work from home, where possible;
- Education programs for staff to build awareness of how to reduce risk of infection;
- Maintaining relationships with funding bodies to communicate any changes to timing or cost of deliverables;
- Maintaining relationships with clients/customers to communicate any changes in the ability to hold events; and
- Continuous updating of cash-flow projections as circumstances change.

The effect of COVID-19 is expected to continue into 2022. Although it is not possible to accurately determine the extent of the impact into 2022, it is possible that the impact will be material to RNA as the effects and consequences are outside of its control and are far reaching across Australia and the globe.

In the opinion of the Council the financial report as set out on pages 4 - 27:

1. Presents fairly the financial position of The Royal National Agricultural and Industrial Association of Queensland as at 31 December 2021 and performance for the year ended on that date in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that The Royal National Agricultural and Industrial Association of Queensland 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 Council and is signed for and on behalf of the Council by:



Council member: _____
Hon Justice D G Thomas - President



Council member: _____
Ms J Onley - Honorary Treasurer

Dated this 25th day of March 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE
ROYAL NATIONAL AGRICULTURAL AND
INDUSTRIAL ASSOCIATION OF QUEENSLAND**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Royal National Agricultural and Industrial Association of Queensland ("the Association"), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of members' funds and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Councillors' declaration.

In our opinion the financial report of the Association is in accordance with the *Royal National Agricultural and Industrial Association of Queensland Act 1971 (as amended)* including:

- (i) giving a true and fair view of the Association's financial position as at 31 December 2021 and of its financial performance for the year; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

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 Association in accordance with the ethical requirements of the Australian 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.

Other Matter – Going Concern

We draw attention to Note 1(r) which details the basis for preparing the financial report on a going concern basis. Our opinion is not modified in respect of this matter.

Other Information

The Councillors are responsible for the other information. The other information comprises the information included in the Association's Councillors' Report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Councillors for the Financial Report

The Councillors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Royal National Agricultural and Industrial Association of Queensland Act 1971 (as amended)* and for such internal control as the Councillors 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE
ROYAL NATIONAL AGRICULTURAL AND
INDUSTRIAL ASSOCIATION OF QUEENSLAND (continued)**

Responsibilities of the Councillors for the Financial Report (cont'd)

In preparing the financial report, the Councillors are responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Councillors either intend to liquidate the Association or to cease operations, or has 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.

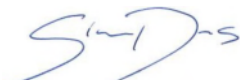
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
25 March 2022