raci ROYAL AUSTRALIAN CHEMICAL INSTITUTE

ABN: 69 030 287 244

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Prepared by: The RACI National Office

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

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ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Board Report

Your Board members submit the financial report of the Royal Australian Chemical Institute Inc. ('RACI') for the financial year ended 30 June 2022.

Board Members

The names of Board members throughout the year and at the date of this report are:

Steven Bottle	President 2021/22	
Pall Thordarson	President Elect	
Lidia Matesic	Treasurer	
Danielle Skropeta	General Secretary	(Elected Nov 2021)
Melanie MacGregor		
Sarah Cresswell		(Elected Nov 2021)
Yvonne Mah		(Elected Nov 2021)
Jess Gledhill		(Appointed Nov 2021)
John Leader		(Appointed Nov 2021)
Cynthia Cliff		(Resigned Nov 2021)
Maree Stuart		(Resigned Nov 2021)
Greg Ewing		(Resigned Nov 2021)
David Springer		(Resigned Nov 2021)
Renate Griffith		(Resigned Nov 2021)

Principal Activities

The principal activities of the RACI during the financial year were acting as a qualifying body in Australia for professional chemists and a learned society promoting the science and practice of chemistry to professional chemists and the broader community.

Significant Changes

COVID-19 has had an impact on the business for the 2022 financial year particularly with government support falling away.

The major financial market deterioration had a large negative impact on the financial and property assets of the organisation.

Operating Result

Over the financial year the RACI generated a deficit from operating activities amounting to ($37,404), (2021 Surplus $71,482) however this did include a ($30,652) adjustment changing an accounting treatments that has been carried in the accounts since 2016

Net Assets

Net Assets decreased by $279,681 to $3,205,520. The fall due mainly to the macroeconomic conditions effecting the financial markets producing a net loss on revaluation of financial assets of ($196,766) and a loss on the revaluation of property assets of ($45,501)

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

DocuSigned by:
Professor Steven Bottle
91D431C4F7D6455...
Steven Bottle [President]

DocuSigned by:
Lidia Matsic
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Lidia Matesic [Treasurer]

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

CEO Report

Overall Results

The operational result for the year was an overall deficit of ($37,404), while other comprehensive income ran at a deficit of $242,267 resulting in a total comprehensive income deficit of $279,695 compared with the previous year's surplus of $203,549.
The operational results included a ($30,652) adjustment to change an accounting treatment with prepayment accounting from the 2015/6 financial year).
Government covid support in 2019/20 and 2020/21 financial years assisted the RACI to achieve operational surpluses however, in the 2021/2 financial, year no support was received.
The budget, at a breakeven result, was conservative but had factored in events resuming to some extent, in the second half of the year, however, the residue Covid pandemic effects had a major impact on the confidence of the organisation to run physical, face to face, events resulting in an adverse effect on the revenue streams.

The significant downturn in financial markets resulting from international logistical problems, inflation and the war in the Ukraine severely impacted the financial investments resulting in the net gain of $132,067 achieved in the last financial being more than wiped out by this year's net loss of $196,766.
The impact of the covid induced working from home trend has negatively affected he office rental market and this adversely impacted the revaluation of the building dropping the value by $200,000 from the last valuation to $2,300,000. Factoring in the accumulated depreciation resulted in an additional other comprehensive income deficit of $45,501

Revenue figures

Revenue received at $1,198,948 was lower than the previous year result of $1,278,754 but $95,828 Covid support had been received in 2020/21. Income around events, at $350,126 was above the previous year's figure of $324,750 but below the budged figure of $570,634.
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Expense figures

Expenditure was adversely affected by the $30,652 accounting policy change but outside this the trend mirror the revenue figures somewhat, with a total expenditure (adjusted) of $1,220,839 virtually the same as 2020/21 @ $1,214,084. Event related expenditure of $258,708 was somewhat higher than the $182,992 in the previous year indicating there was more activity than the previous year but far less than budgeted for (budget $344,299).

Cash Flow

The cash position deteriorated by $52,624 year on year with the operational loss of $37,404 and no government support payments to bolster cash reserves.

Net Assets

Net Assets decreased by $279,681 to $3,205,520.

Roger Stapleford [CEO]

Comparative Highlights

Total Operating Revenue

2021/2022	**$1,214,084**
2020/2021	**$1,278,754**

Total Operating Expenses

2021/2022	**$1,251,491**
2020/2021	**$1,207,273**

Operating Surplus (Deficit)

2021/2022	**$ (37,407)**
2020/2021	**$ 71,482**

Net Assets

2021/2022	**$3,205,520**
2020/2021	**$3,485,201**

Corporate Structure

The Royal Australian Chemical Institute Incorporated is an incorporated association that is incorporated and domiciled in Australia.

The address of the Registered Office and principal place of business is:

1/21 Vale Street
North Melbourne VIC 3051

Employees

The Royal Australian Chemical Institute Incorporated (National Office) employed the equivalent of 6.8 full-time employees as at 30th June 2022.

Auditor's Independence Declaration to the Board of Royal Australian Chemical Institute Inc.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Statement of Financial Position
As at 30 June 2022

	Notes	2022 $	2021 $
CURRENT ASSETS			
Cash and Cash Equivalents	3	401,270	453,894
Trade and Other Receivables	4	127,861	104,225
Financial Assets	5	1,160,472	1,383,749
Total Current Assets		**1,689,603**	**1,941,868**
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	2,300,000	2,345,501
Intangible Assets	6	29,536	45,200
Total Non-Current Assets		**2,329,536**	**2,390,701**
TOTAL ASSETS		**4,019,139**	**4,332,569**
CURRENT LIABILITIES			
Deferred Revenue	9	474,862	502,931
Trade & Other Payables	8	65,192	72,730
Provisions	10	138,110	136,002
Funds held in Trust on behalf of other Chemical Societies	11	133,380	133,310
TOTAL CURRENT LIABILITIES		**811,544**	**844,973**
NON-CURRENT LIABILITIES			
Provisions	10	**2,075**	**2,395**
TOTAL NON-CURRENT LIABILITIES		**2,075**	**2,395**
TOTAL LIABILITIES		**813,619**	**847,368**
NET ASSETS		**3,205,520**	**3,485,201**
MEMBERS FUNDS			
Reserves		2,508,953	2,751,173
Accumulated Surplus		696,567	734,028
TOTAL MEMBERS FUNDS		**3,205,520**	**3,485,201**

The accompanying notes form part of the financial statements.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Notes	2022 $	2021 $
Revenues			
Members' subscription Income		651,131	664,788
School Competition Income		188,469	34,697
Meetings, conference and symposium income		88,383	38,852
Sponsorships, donations and grants		73,274	34,621
Media Income		65,618	83,347
Investment Income		63,540	42,648
Rental Income		59,087	57,075
Government - JobKeeper & Cash Flow Boost		-	312,408
Other Income		24,582	10,318
Total Income		**1,214,084**	**1,278,754**
Expenses			
Wages, Salaries & Entitlements		683,231	687,329
Depreciation Expense	6	15,664	76,308
Meetings, Conferences & Symposiums		130,362	80,224
School Competitions		128,347	107,768
Finance & Accounting Expenses		21,757	24,549
Office Administration Expenses		117,656	145,401
Media & Advertising Expenses		53,517	65,194
Sponsorships & Awards		53,275	14,539
Non-Office Administration Expenses		17,030	5,961
Adjustment to correct historical error		30,652	-
Total Expenses		**1,251,491**	**1,207,273**
Operating surplus (Deficit) before tax		(37,407)	71,482
Income tax		-	-
Operating surplus (Deficit)		(37,407)	71,482
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net gain (loss) on revaluation of financial assets		(196,766)	132,067
Net gain (loss) on revaluation buildings		(45,502)	
Total comprehensive income for the period		**(279,675)**	**203,549**

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

As at 30 June 2022

	Notes	Reserves	Financial Asset Revaluation Reserve	Asset Revaluation Reserve	Accumulated Surplus	Total
		$	$	$	$	$
As at 30/6/2020		**321,771**	**47,826**	**2,239,153**	**662,646**	**3,271,396**
(Deficit) for Year		-	-	-	71,482	71,482
Other Comprehensive Income		-	132,067	-	-	132,067
Transfer to/from Reserves	12	10,356	-	-	(100)	10,256
As at 30/6/2021		**332,127**	**179,893**	**2,239,153**	**734,028**	**3,485,201**
(Deficit) for Ye2r		-	-	-	(37,407)	(37,407)
Other Comprehensive Income		-	(196,766)	-	-	(196,766)
Additions to Reserves		-	-	-		-
Transfer to/from Reserves	12	47	-	(45,501)	(54)	(45,508)
As at 30/6/2022		**332,174**	**(16,873)**	**2,193,652**	**696,567**	**3,205,520**

The accompanying notes form part of the financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from Members' subscriptions		633,692	806,522
Receipts from School Competitions		169,784	122,588
Receipts from meetings, conferences & symposiums		96,437	52,711
Receipts from sponsorships, donations & grants		73,274	347,029
Receipts from media advertising		65,618	83,347
Receipts from other activities		(29,705)	23,561
Investment income		63,163	43,023
Rental income		59,087	57,075
Payment to suppliers and employees		(1,210,926)	(1,073,728)
Net cash inflow (outflow) from operating activities	14	**(79,576)**	**462,128**
Cash flows for investing activities			
Purchase of assets		-	(6,039)
Proceeds from the sale of managed portfolio investments		220,000	-
Term deposits (increase) / Decrease		(117)	(39,495)
Payments for managed portfolio investments		(192,931)	(224,489)
Net cash inflow/(outflow) from investing activities		**26,952**	**(270,023)**
Net increase/(decrease) in cash held		(52,624)	192,105
Cash at the beginning of Financial Year		453,894	261,789
Cash at the end of the Financial Year	3	**401,270**	**453,894**

Notes to the Financial Statements for the Year Ended 30 June 2022

1.) Statement of significant accounting policies

These general purpose financial statements have been prepared in accordance with the *Associations Incorporations Reform Act 2012*, the *Australian Charities and Not-for-Profits Commission Act 2012 and Regulations 2013*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of Compliance

The financial report complies with Australian Accounting Standards.

Where appropriate, comparative figures have been amended to accord with current presentation and disclosures.

(a) Income Tax

The Association was endorsed for Charity tax concessions from 20 April 2018 and is therefore income tax exempt from this date under Subdivision 50-8 of the *Income Tax Assessment Act 1997*.

Non-member income of the Association was only assessable for income tax up to this date, as member income was excluded under the principle of mutuality.

(b) Property, Plant and Equipment

Each class of property, plant and equipment are carried at valuation or cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by the Association 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' usage and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line or diminishing value basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Furniture and Fittings	20%	Diminishing Value
Software	40%	Diminishing Value
Buildings	2.5%	Straight line

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

(b) Property, Plant and Equipment

(Cont'd)Fair Value
All property (land and buildings) not deemed to be investment properties are measured initially at cost and subsequently revalued to fair value less accumulated depreciation and impairment.

Australian Accounting Standards specify a hierarchy of three levels for fair value, which are as follows:

Level 1 - assets which can be purchased in an active market in which there are identical or similar assets readily available.

Level 2 - assets in a market in which there are other like or observable assets, other than those included in LevelI, which can be quoted either directly or indirectly.

Level 3 - assets which are not observable against any other assets to determine a comparable

cost.Occupied land and buildings are classified as Level 1 fair value assets.

(c) Investment Properties

Two properties held to earn rental income have been recognised as investment properties. In accordance with AASB 140 "Investment Properties", these buildings are not depreciated and are measured at market value. Any change in the value of the properties is recognised in the Statement of Comprehensive Income.

Investment properties are classified as Level 1 fair value assets.

(d) Employee Entitlements

Provision is made for the Association 's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Association to an employee accumulated superannuation fund and are charged as expenses when incurred. The Association is not obliged to contribute to these funds other than to meet its liability under the Superannuation Guarantee system. The Association is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees. The Association has no unfunded superannuation liability.

(e) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

(f) Revenue

Revenue recognition

The Association has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058).

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

Grants

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Association: identifies each performance obligation relating to the grant
recognises a contract liability for its obligations under the agreement recognises revenue as it satisfies its performance obligations

When the contract Association 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 (e.g AASB 9, AASB 116 and AASB 138)
recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
recognises income immediately in profit and 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.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

No changes to comparative information were required given the adoption of AASB 15: Revenue from Contracts with Customers.

All revenue is recognised at the point of sale/service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

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

(g) 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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of 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.The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

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Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

(h) 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 as "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 or if the practical expedient was applied as specified in AASB 15: *Revenue fromContracts with Customers.*

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:

- a contingent consideration of an acquirer in a business combination to which AASB 3: BusinessCombinations applies;
- held for trading; or
- initially designated as 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 the 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 discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or aderivative that is in effective hedging relationships).

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.

A financial liability cannot be reclassified.

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 principaland interest on the principal amount outstanding on specified dates.

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

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

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

The entity 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 thegains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about thegroupings 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 flowsotherwise required by the contract.

The initial designation of 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.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

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 andpayable, including any non-cash assets transferred or liabilities, 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 entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the assetto a third party).

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

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.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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;
- 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; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-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 used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected creditlosses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the lossallowance for the financial instrument at an amount equal to 12-month expected credit losses.

1.) Statement of significant accounting policies (Cont'd)

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 time
This approach is applicable to:

- trade receivables; 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 delivery of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Association measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lenderwould not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meets its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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 and loss and other comprehensive income.

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

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

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.

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Members assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised In the Income Statement.

(i) Leases

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 (lease with 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.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as

follows:fixed lease payments less any lease incentives;
variable lease payments that depend on an index or rate, initially measured using the index or rate atthe commencement date;
the amount expected to be payable by the lessee under residual value guarantees;
the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is deprecated over theuseful life of the underlying asset.

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 MSB 2018-8 and measures the right of use assets at cost on initial recognition.

Notes to the Financial Statements (Cont.)

1.) Statement of significant accounting policies (Cont'd)

The Association as lessor

If the Association leases floorspace in their buildings to external parties, upon entering into each contract as a lessor, it 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 (eg 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.

The Board note that the adoption of AASB 16 has not significantly impacted the Association 's financial statements.

(j) Reserves - Funds Held in Trust related to awards

The C.S. Piper Award is administered by the RACI National Office under authorisation of the RACI Board as per the bequest directions of the late Charles Sherwood Piper.

The David Solomon Foundation Fund is administered by the RACI National Office under authorisation and direction of Professor David Solomon.

The Pat Rodgers O.G. Prize is commemorative award administered by RACI Consultants Group (NSW)for deserving tertiary students in chemical science, provided as a cash award

The Hunter Healy award is administered by the RACI National Office under the direction of the Chair of theDivision of Interfaces, Colloids and Nanomaterials.

(k) Reserves - Funds Held in Trust on behalf of Other Chemical Societies

Monies held on behalf of Other Chemical Societies are classified as current liabilities

(l) New and Amended Accounting Standards Adopted by the Entity

There is no impact of adopting new and not yet operating accounting standards on the future financial performance and position of the association.

Notes to the Financial Statements (Cont.)

2. Surplus from ordinary activities

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

The table below sets out revenue and its disaggregation by source and type of customer

Source of revenue	2022 $	2021 $
Revenue from contracts with customers		
Member subscriptions	651,131	664,789
Competition	188,469	34,697
Membership activities and public	154,001	122,198
	993,601	**821,684**
Revenue from furthering objectives:		
Sponsorships, grants and/or donations	73,274	251,201
Other revenue		
Interest	63,540	42,648
Other	83,669	163,221
Total Other revenue	**147,209**	**205,869**
Total revenue by source	**1,214,084**	**1,278,754**
Type of customer		
Revenue from contracts with customers		
Members	651,131	664,789
Other parties	342,470	156,895
Total revenue from customers	**993,601**	**821,684**
Revenue from furthering objectives:		
Other parties	**73,274**	**251,201**
Other revenue		
Government	0	95,827
Other parties	147,209	110,042
Total Other Revenue	**147,209**	**205,869**
Total revenue by customer type	**1,214,084**	**1,278,754**
Revenue by type of customer		
Members	651,131	664,789
Government	0	95,827
Other parties	562,953	518,138
Total Revenue	**1,214,084**	**1,278,754**

Notes to the Financial Statements (Cont.)

Surplus from ordinary activities before income tax expense has been determined after:-

	2022 $	2021 $
Auditors Remuneration		
Audit of Financial statements	8,250	10,000
Other Services (Assistance with financial statements and other regulatory requirements)		1,200
Total	**8,250**	**11,200**

3. Cash and Cash Equivalents

	2022 $	2021 $
Current		
Cash at Bank	95,912	443,539
Deposits at Call	305,358	10,355
Total Cash Available	**401,270**	**453,894**

4. Trade and Other Receivables

	2022 $	2021 $
Current		
Prepayments	44,963	48,997
Sundry Debtors	64,852	44,852
Accrued income	18,046	10,376
Total	**127,861**	**104,225**

5. Financial Assets

	2022 $	2021 $
Current		
Fair Value through other comprehensive income		
Managed Investments at Fair Value	1,033,213	1,256,608
Amortised cost		
Term Deposits at Amortised Cost	127,258	127,141
Investments at Net Market Value	**1,160,471**	**1,383,749**

The net fair value of listed investments has been valued at quoted market bid prices at the end of the reporting period.
For other financial assets and financial liabilities, the net fair values approximate their carrying values as presented in the statement of financial position.
Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Notes to the Financial Statements (Cont.)

6. Intangible Assets

	2022 $	2021 $
Software		
At Cost	236,421	236,421
Accumulated Amortisation	(206,885)	(191,221)
Total Software	**29,536**	**45,200**
Reconciliations		
Software		
Opening written down value	45,200	65,267
Additions	-	6,039
Disposals	-	-
Amortisation	(15,664)	(26,106)
Closing written down value	**29,536**	**45,200**

7. Property, Plant and Equipment

	2022 $	2021 $
Land and Building		
Land, at Fair Value 2022	1015000	387,650
Building, at fair value 2022	1285000	2,112,350
Accumulated Depreciation	-	(154,499)
Total Land and Building	**2300000**	**2,345,501**
EDP Equipment		
Equipment at cost	159,259	159,259
Accumulated depreciation	(159,259)	(159,259)
Total Plant and Equipment	-	-
Plant and Equipment		
Furniture and Fittings at cost	31,834	31,834
Accumulated Depreciation	(31,834)	(31,834)
Total Plant and Equipment	-	-
Total Property, Plant and Equipment	**2,300,000**	**2,345,501**

Notes to the Financial Statements (Cont.)

Movements in Carrying Amounts
Movements in carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

2021	Land & Building	Furniture & Fittings	EDP Equipment	Total
	$	$	$	$
Balance at the beginning of the year	2,395,703	-	-	2,395,703
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation Increment / (Decrement)	-	-	-	-
Depreciation expense	(50,202)	-	-	(50,202)

2022	Land & Building	Furniture & Fittings	EDP Equipment	Total
	$	$	$	$
Balance at the beginning of the year	2,345,501		-	2,345,501
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation Increment / (Decrement)	(45,501)	-	-	(45,501)
Depreciation expense	-	-	-	-
Carrying amount at the end of the year	2,300,000	-	-	2,300,000

8. Trade and Other Payables

	2022	2021
Current	$	$
Sundry Payables and Accrued Expenses	13892	13,892
ATO BAS Payable	41,900	46,578
PAYG Withholding Payable	9,400	12,260
Total	**65,192**	**72,730**

9. Deferred Revenue

	2022	2021
Current	**$**	**$**
Members' Fees received in advance	356,388	373,826
Event Income in Advance	49,267	41,214
ICQ Fees received in advance	69,207	87,891
Total Deferred Revenue	**474,862**	**502,931**

Notes to the Financial Statements (Cont.)

10. Provisions

	2022	2021
Current	**$**	**$**
Annual Leave Entitlements	121,057	102,481
Long Service Leave Entitlements	17,052	33,521
	138,110	**136,002**
Non-Current		
Long Service Leave Entitlements	2,075	2,395
	2,075	**2,395**

11. Funds held in trust on behalf of Other Chemical Societies and Organisations

	2022	2021
Current	**$**	**$**
Friends of East Timor	57,583	236
Seed money [various conferences]	19,566	55,995
Federation of Asian Chemical Societies	55,995	57,530
Asian Coordination Group for Chemistry (ACGC)	236	19,549
	133,379	**133,310**

12. Revaluation Reserves

Asset Revaluation Reserve	2,193,652	2,239,153
	2,193,652	**2,239,153**

The asset revaluation reserve records the net increment on revaluation of the land and buildings owned and occupied by the Association

i. Nature and Purpose of Reserves

Reserve	**Purpose**
C.S. Piper	Award made for the best published original research work carried out in the fields of soil chemistry or mineral nutrition.
Solomon Foundation	Support the provision of lectures by internationally respected Polymer Scientists to the Australian Polymer community.
Pat Rodgers O.G. Prize	A commemorative award administered by RACI Consultants Group (NSW) for deserving tertiary students in chemical science, provided as a cash award.
Healy-Hunter Award	Award made to the member who has contributed the most toward the development of colloid chemistry.
Summer School Program	Funds to support student member programs

Notes to the Financial Statements (Cont.)

i) Movement in Reserves 2022

RACI Funds 2022	**Opening Balance**	**Transfer to reserves**	**Payment from Reserve**	**Closing Balance**
C.S. Piper	282,055	-	-	282,055
Soloman Foundation	31,740	29		31,769
Summer school program	10,258	10		10,268
Total RACI Funds	**324,053**	39	-	**324,092**
Business Unit Funds		-		
Pat Rodgers O.G. Prize	10		-	10
				10
Healy-Hunter Award	8,065	8	-	8,072
Total Business Unit Funds	**8,075**	**8**	-	**8,082**
Total Consolidated Funds	**323,128**	**47**	-	**332,174**

ii) **Movement in Reserves 2021**

RACI Funds 2021	**Opening Balance**	**Transfer to reserves**	**Payment from Reserve**	**Closing Balance**
C.S. Piper	282,055	-	-	282,055
Soloman Foundation	31,694	46		31,740
Summer school program		10,258		10,258
Total RACI Funds	**313,749**	**10,304**	-	**324,053**
Business Unit Funds				
Pat Rodgers O.G. Prize	10	-	-	10
				10
Healy-Hunter Award	8,012	53	-	8,065
Total Business Unit Funds	**8,022**	**53**	-	**8,075**
Total Consolidated Funds	**321,771**	**10,357**	-	**333,128**

13. Accumulated Surplus

	2022 **$**	**2021** **$**
Balance at beginning of financial year	734,028	662,646
Net surplus(loss) attributable to the RACI	(37,407)	71,482
Transfer to/from Reserves	(54)	(100)
Balance at the end of the financial year	**696,567**	**734,028**

14. Segment Reporting

The Association operates one business model across the geographical segment, being in the promotion of the collective rights and interests of its members as a professional membership society within Australia.

Notes to the Financial Statements (Cont.)

15. Key management personnel disclosures

Compensation

The aggregate compensation made to officers and other members of key management personnel of the Incorporated association is set out below:

	2022 $	2021 $
Aggregate compensation	**190,860**	**188,841**

16. Cash flow information

	2022 $	2021 $
a) Reconciliation of cash in bank		
Cash in Bank	401,270	453,894
	401,270	**453,894**

	2022	2021
b) Reconciliation of net cash outflow from operating activities to operating income		
Operating Surplus/(deficit) for the year	(37,407)	71,482
Adjustment for non-cash items		
Depreciation	15,664	76,308
(Gains)/Losses on Sale of Investments	-441	
Changes in operating assets and liabilities		
(Increase)/decrease in trade & other receivables	(23,636)	13,243
Increase/(decrease) in deferred revenue/income in advance	(28,074)	246,434
Increase/(decrease) in sundry creditors	(7,538)	32,330
Increase/(decrease) in provisions	1,787	21,954
Increase/(decrease) in funds held in trust	70	377
Net cash flow from operating activities	**(79,575)**	**462,128**

17. Contingent assets and liabilities

As at reporting date the Board are not aware of the existence of any contingent assets or liabilities.

18. Commitments

There is no capital or leasing commitments in existence as at reporting date.

Notes to the Financial Statements (Cont.)

19. Related Party Transactions

The RACI is governed by a Board consisting of the principal officers of the RACI, the President, President-Elect, Honorary General Secretary and the Honorary General Treasurer plus 3 ordinary members and 2 appointed members. All Board members are appointed in accordance with the provisions of the RACI Constitution and By-Laws.

There are no other transactions between the Association and Board Members for the supply of goods or services other than in the normal relationship between a member and the Association.

Transactions between the Association and Board Members are on the same terms and conditions available to all other members

20. Events Subsequent to Reporting Date

There are no material events subsequent to reporting date.

Notes to the Financial Statements (Cont.)

21. Financial Instruments

(e) Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on those financial assets and financial liabilities, is as follows: -

	Weighted Average Effective Interest Rate		Non Interest Bearing		Floating Interest Rate		Fixed Interest Rate Maturing				Total	
							Within 1 Year		1 to 5 years			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash at Bank	0.5%	0.5%	401,270	453,894	—	—	—	—	—	—	401,270	453,894
Receivables			158,513	104,225	—	—	—	—	—	—	158,513	104,225
Investments Amortised Cost	1.40%	1.40%	—	—	—	—	127,258	127,141	—	—	127,258	127,141
Investments (FVPL)			1,054,393	1,256,608	—	—			—	—	1,054,393	1,256,608
Total			1,614,176	1,814,727	—	—	127,258	127,141	—	—	1,741,434	1,941,868
Financial Liabilities												
Creditors			65,193	72,730	—	—	—	—	—	—	65,193	72,730
Funds Held In Trust	1.40%	1.40%	—	—	—	—	133,380	133,310	—	—	133,380	133,310
Total			65,193	72,730	—	—	133,380	133,310	—	—	198,573	206,040

Notes to the Financial Statements (Cont.)

Financial Instruments [Continued]

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying number of receivables, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.
The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

(c) Net Fair Values

The carrying value of assets and liabilities is considered to approximate net fair value.

(d) Risks and mitigation

The risk associated with main financial instruments and policies for minimising these risks are detailed below.

Market Risk
Market risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market prices. The only market risk to which the Association is exposed is interest rate risk.

Interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in the market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets are predominantly liquid assets. Interest rate liability risk arises primarily from long term loans which expose the Association to variations in interest rate risk.

Credit risk
Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. Credit risk associated with the Association's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government, the Association does not have any significant credit risk exposure to a single customer or groups of customers.

Liquidity risk
Liquidity risk includes the risk that, as a result of the Association operational liquidity requirements, it will not have sufficient funds to settle a transaction on that date. The Association's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

Notes to the Financial Statements (Cont.)

Financial Instruments [Continued]

(d) Sensitivity analysis

Based on balances at 30 June 2022 of interest-bearing assets and liabilities a movement in the interest rates by +1% or -1% (100 basis points) would impact on the operating result as follows:

	2022 $	2021 $
Change in Surplus		
Increase in interest rate by 1%	(61)	(62)
Decrease in interest rate by 1%	61	62
Change in Equity		
Increase in interest rate by 1%	(61)	(62)
Decrease in interest rate by 1%	61	62

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Statement by Members of the Board for the year ending 30 June 2022

In the opinion of the Board of the Royal Australian Chemical Institute Inc. the financial report:

(a) Presents a true and fair view of the financial position of the Royal Australian Chemical Institute Inc. as at 30 June 2022, and its performance for the year ended on that date in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

(b) At the date of this statement, there are reasonable grounds to believe that the Royal Australian Chemical Institute Inc. will be able to pay its debts as and when they fall due

The financial statements have been compiled in accordance with Australian Accounting Standards, the *Associations Incorporation Reform Act 2012*, the *Australian Charities and Not-for-Profit Commission Act 2012*, and the *Australian Charities and Not-for-profit Commission Regulations 2013.*

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

DocuSigned by:
Professor Steven Bottle
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Steven Bottle
President

DocuSigned by:
Lidia Matsic
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Lidia Matesic
Treasurer