Royal Australian Chemical Institute

ABN: 69 030 287 244

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Prepared by: The RACI National Office

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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Board Report

Your Board members submit the financial report of the Royal Australian Chemical Institute Inc. ('RACI') for the financial year ended 30 June 2015.

Board Members

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

Paul Bernhardt	President 2015/6
David Edmonds	Treasurer
Scot Kable	Honorary General Secretary
Adam Cawley	
Sam Adeloju	
Peter Junk (Appointed Nov 2014)	President Elect
Steven Langford (Appointed Nov 2014)	
Matt Sykes (Appointed Nov 2014)	
Mark Buntine (Resigned Nov 2014)	President 2013/4
George Koutsantonis (Resigned Nov 2014)	
Tatiana Anesbury (Resigned Nov 2014)	

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

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

Operating Result

The deficit from operating activities amounted to ($348,292).

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

Paul Bernhardt	David Edmonds
President	Treasurer
……………. 2015	……………. 2015

CEO Report

Operational Results

Operational results for the financial year 2014/5 were below expectations being in deficit to the amount of $348,292 compared with a breakeven budgeted figure.
The poor results were caused by two major factors:-

1) The 2014 National congress, although running in surplus, was $120,000 short of the budgeted surplus figure of $160,000. The short fall was caused by a combination of
   1.1.) a shortfall of $56,000 in sponsorships received
   1.2.) 10% fewer delegates than anticipated
   1.3.) a much larger than expected student and earlybird contingent that resulted in the lowering of predicted average fees from $838 per delegate to $666.
2) The contractor organising the Australian National Chemistry Quiz [ANCQ] changed the date of the 2014 competition from July 2014 to June 2014. This had the accounting effect that ANCQ income that was budgeted in the 2014/5 financial year was instead attributed to the 2013/4 financial year. This action was taken after the budget had been created and had the effect of an income shortfall of $220,000 against budget. Expenses, however, were still incurred in the 2014/5 year as budgeted.

Revenue figures

The revenue of $1,448,798 were much lower than the previous year's total of $1,941,782.
Causes include:-

1) Schools' competitions income. Schools' competitions included the ANCQ where two income figures were received in 2013/4 but with very little income in 2014/5 (represents a $325,000 turn around). The balance of school competitions competitions performed as per budget.
2) Sponsorship income. The Inspiring Australia grant concluded in 2013/4 resulting in no income in 2014/5 financial year compared with an income of $90,000 in 2013/4.
3) Meetings and conferences. There was very little activity by the Divisions in 2014/5 due to the National Congress being held during the year. The turnaround of $93,000 year on year was, in fact, far worse as $184,000 flowed through the events income from a UNSW conference in Dubai administered by the RACI in 2014/5. These figures underline how important surplus producing Divisional meetings are to the finances of the organisation.

Expense figures

Expenditure was kept close to budget in most areas with the exception of meetings and conference expenses. The UNSW conference outgoings were not budgeted for.

Cash Flow

Despite the poor operational results the net financial instrument position, fell by only $11,954. This result is important to the operational management of the RACI as cash is the driver of the organisation. The cash position was bolstered by the ANCQ fees already received for the 2015/6 event, a very large portion of the operational costs being for depreciation of assets being used for the Inspiring Australia project (now complete) and a Queensland Government grant of $50,000 to sponsor a conference in Cairns in 2018.

Roger Stapleford [CEO]

Comparative Highlights

Total Operating Revenue

2014/2015	**$1,448,798**
2013/2014	**$1,941,782**

Operating Deficit

2014/2015	**($348,292)**
2013/2014	**($33,775)**

Net Assets

2014/2015	**$1,892,734**
2013/2014	**$2,221,589**

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 6.5 full-time employees as at 30th June 2015, one fewer than as at 30th June 2014.

Statement of Financial Position
As at 30 June 2015

	Notes	2015 $	2014 $
CURRENT ASSETS			
Cash and Cash Equivalents	4	370,281	238,336
Trade and Other Receivables	5	47,966	65,210
Financial Assets	6	880,258	1,018,873
Inventories	7	0	13,949
Total Current Assets		**1,298,505**	**1,336,368**
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	1,384,429	1,468,148
Intangible Assets	9	51,783	86,783
Total Non-Current Assets		**1,436,212**	**1,554,931**
TOTAL ASSETS		**2,734,717**	**2,891,299**
CURRENT LIABILITIES			
Deferred Revenue	10	523,197	439,526
Trade & Other Payables	11	147,864	78,102
Provisions	12	82,152	63,061
Funds held in trust on behalf of other chemical Societies	13	71,440	69,488
TOTAL CURRENT LIABILITIES		**824,653**	**650,177**
NON-CURRENT LIABILITIES			
Provisions	12	17,330	19,533
TOTAL NON-CURRENT LIABILITIES		**17,330**	**19,533**
TOTAL LIABILITIES		**841,983**	**669,710**
NET ASSETS		**1,892,734**	**2,221,589**
MEMBERS FUNDS			
Reserves		1,550,902	1,533,815
Accumulated Surplus		341,832	687,774
TOTAL MEMBERS FUNDS		**1,892,734**	**2,221,589**

The accompanying notes form part of the financial statements.

Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
Revenues			
Members' subscription Income		738,708	724,101
School Competition Income	2	117,349	441,778
Meetings, conference and symposium income		253,295	346,802
Sponsorships, donations and grants		86,655	184,324
Media Income		107,012	129,114
Investment Income		50,548	36,337
Rental Income		40,887	39,064
Other Income		54,344	40,262
Total Income		1,448,798	1,941,782
Expenses			
Wages, Salaries & Entitlements		570,787	570,444
Depreciation Expense	3	118,719	99,617
Stock write off		13,949	
Meetings, Conferences & Symposiums		343,723	259,424
School Competitions		168,423	290,995
Finance & Accounting Expenses		40,158	48,368
Office Administration Expenses		173,528	282,740
Media & Advertising Expenses		173,774	181,232
Sponsorships & Awards		145,364	200,081
Non Office Administration Expenses		48,665	42,656
Total Expenses		1,797,090	1,975,557
Operating (Deficit) from ordinary activities before tax		(348,292)	(33,775)
Income tax		0	0
Operating (Deficit) from ordinary activities after tax		(348,292)	(33,775)
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment	8		333,671
Net gain on revaluation of financial assets		17,937	91,253
Total comprehensive income for the period		**(330,355)**	**391,149**

The accompanying notes form part of the financial statements.

Statement of Changes in Equity
As at 30 June 2015

	Notes	Reserves	Financial Asset Revaluation Reserve	Asset Revaluation Reserve	Accumulated Surplus	Total
		$	$	$	$	$
As at 30/6/2013		**324,765**	**79,448**	**703,198**	**723,026**	**1,830,437**
(Deficit) for Year		0	0	0	(33,775)	(33,775)
Other Comprehensive Income		0	91,253	333,674	0	424,927
Transfer to/from Reserves	14	1,477	0	0	(1,477)	0
As at 30/6/2014		**326,242**	**170,701**	**1,036,872**	**687,774**	**2,221,589**
(Deficit) for Year		0	0	0	(348,292)	(348,292)
Other Comprehensive Income		0	17,937		0	17,937
Transfer to/from Reserves	14	(850)	0	0	2,350	1500
As at 30/6/2015		**325,392**	**188,638**	**1,036,872**	**341,832**	**1,892,734**

Statement of Cash Flows
For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from Members' subscriptions		634,248	859,261
Receipts from School Competitions		273,480	263,995
Receipts from meetings, conferences & symposiums		285,295	367,485
Receipts from sponsorships, donations & grants		86,654	184,324
Receipts from media advertising		107,012	129,114
Receipts from other activities		71,588	(1,665)
Investment income		48,204	34,125
Rental income		40,887	39,064
Payment to suppliers and employees		(1,628,276)	(1,868,659)
GST paid		52,456	42,984
Net cash inflow (outflow) from operating activities	15	**(28,452)**	**50,028**
Cash flows for investing activities			
Payment for property, plant and equipment		0	(59,833)
Proceeds from the sale of Investments		305,000	400,000
Payments for investments		(144,603)	(517,164)
Net cash inflow/(outflow) from investing activities		**160,397**	**(176,997)**
Net increase/(decrease) in cash held		131,945	(126,969)
Cash at the beginning of Financial Year		238,336	365,305
Cash at the end of the Financial Year	4	**370,281**	**238,336**

Notes to the Financial Statements

The financial statements apply to The Royal Australian Chemical Institute Incorporated (RACI) as an individual entity. The Royal Australian Chemical Institute Inc. is incorporated and domiciled in Australia.

The Royal Australian Chemical Institute Inc. financial statements comprise the overall results and financial position of all RACI business units (Branches, Groups, Sections, Divisions, the Chemistry in Australia magazine and the Australian National Chemistry Quiz).

The financial report for the year ended 30 June 2015 was authorised for issue by the Board Members of The Royal Australian Chemical Institute Incorporated on the date shown on the Declaration by the Board Members attached to the financial statements.

1. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Reform Act 2012.

The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals 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. The financial statements are presented in Australian Dollars.

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

b) Critical Accounting Judgements, Estimates and Assumptions

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

Fair value measurement hierarchy
The association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Notes to the Financial Statements (Cont.)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Financial assets categorised as available-for-sale have been measured at fair value using Level 1 data.

Valuation of land and buildings

The fair value of the land and buildings in the financial statements has been determined by an independent registered valuer. The fair value is based on market conditions, and is the estimated amount for which the property could be exchanged, on valuation date, between and independent, willing and knowledgeable buyer and an independent, willing, and knowledgeable seller, in an arm’s length transaction.

The valuation has been prepared with reference to both rental capitalisation and discounted cashflows approaches.

These valuation methods use a range of information and assumptions including; contract rentals, expected future market rentals, income void assumptions, maintenance requirements and appropriate discount rates, to derive a current market value. The assumptions are derived predominantly from market based evidence and transactions.

Employee benefits provision

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

Useful Lives

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

c) Change in Accounting Policy

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and

Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The company has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The company has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The company has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

d) Revenue Recognition

I. Membership Fees and Subscriptions

The subscription year for the RACI members runs from 1 July through to 30 June for the financial year ending 30 June 2015. All membership subscriptions are recognised in the year to which the subscriptions relate.

II. Subscriptions In Advance

Subscriptions received prior to the reporting date are shown in the Statement of Financial Position as deferred revenue.

III. Publications – Advertising and Sales

Revenue from Publications advertising and sales is recognised when the RACI controls the right to be compensated for the service provided.

IV. Meeting Seminars and Conferences

Revenue is recognised when the service is provided.

V. National Chemistry Quiz

Revenue is recognised in the financial year that the quiz is held. Any revenue received in the financial year prior to the quiz is classified as deferred revenue.

VI. Interest and Dividends

Revenue is recognised when the RACI controls the right to receive interest and dividend payments.

e) Impairment of non-financial assets other than goodwill and indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

g) Income Tax

Tax effect accounting has not been applied as the Association is exempt from Income Tax under Section 50-5 of the Income Assessment Act (1997).

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements (Cont.)

i) Reserves – Funds Held in Trust

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 OG 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 the Division of Interfaces, Colloids and Nanomaterials.

j) Funds Held in Trust on Behalf of Other Chemical Societies

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

k) Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services provided by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l) Employee Entitlements

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When RACI has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

n) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

o) Financial Assets and Financial Liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(iv) less any reduction for impairment.

RACI does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.
The association has not held any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements (Cont.)

p) Property, Plant and Equipment

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

I. Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

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

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

II. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their estimated useful lives to the RACI commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	**Depreciation rates**	**Depreciation basis**
Furniture and Fittings	20%	Diminishing Value
Computer Equipment	20%-40%	Diminishing Value
Exhibition Assets	20%	Straight line
Software	40%	Diminishing Value
Buildings	2.5%	Straight line

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to accumulated surplus.

q) Intangibles

Software development costs are capitalised only when the association identifies that the project will deliver future economic benefits and these benefits can be measured reliably.

Notes to the Financial Statements (Cont.)

Software development costs have a finite life and are amortised on a systematic basis over five years matched to future economic benefits over the useful life of the project. Amortisation begins when the software becomes operational.

r) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

s) 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

t) Goods & Services Tax (GST)

The RACI is subject to GST on Income and Expenditure and the GST results for the financial year are as follows:

GST Paid	$142,178
GST Collected	$ 89,722

This resulted in a Net Receivable to the Australian Taxation Office of $52,456.

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 the asset or as part of an item of the expense.

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

Notes to the Financial Statements (Cont.)

2. Revenue

There was no local revenue for the ANCQ for the financial year 2014-15 due to the change in date in 2014 that resulted in income for 2013-14 including revenue from two ANCQ competitions, the 2013 ANCQ held in July 2013 and the 2014 ANCQ held in June 2014.
(The 2015 ANCQ will revert to the customary July 2015 date.)

3. Items included in Depreciation

	2015 $	2014 $
Depreciation/Amortisation		
Buildings and Chattels	26,550	18,519
Plant and Equipment	2,744	3,053
Computer Equipment	339	7,589
Exhibition Assets	54,086	54,086
Software	35,000	16,370
Total Depreciation Non-Curent Assets	**118,719**	**99,617**

4. Cash and Cash Equivalents

	2015 $	2014 $
Current		
Cash at Bank	90,114	55,336
Deposits at Call	280,167	183,000
Total Cash Available	**370,281**	**238,336**

Reconciliation of Cash

Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the balance as follows

	2015 $	2014 $
Cash and Cash Equivalents	**370,281**	**238,336**

5. Trade and Other Receivables

	2015 $	2014 $
Current		
Prepayments	4,650	42,429
Sundry Debtors	43,316	22,781
Total Current Debtors	**47,966**	**65,210**

The Association has no significant credit risk with respect to any single receivable or group of receivables.

Notes to the Financial Statements (Cont.)

6. Financial Assets

	2015 $	2014 $
Current		
Available for Sale Financial Assets		
Managed Investments at Fair Value	716,990	906,123
Held to Maturity		
Term Deposits at Amortised Cost	163,268	112,750
Investments at Net Market Value	**880,258**	**1,018,873**

7. Inventories

	2015 $	2014 $
RACI merchandise – at cost	**0**	**13,949**

8. Property, Plant and Equipment

	2015 $	2014 $
Land and Building		
At Fair Value	1,400,000	1,400,000
Accumulated Depreciation	(26,550)	0
Total Land and Building	**1,373,450**	**1,400,000**
Plant and Equipment		
Furniture and Fittings at Cost	31,834	31,834
Accumulated Depreciation	(20,855)	(18,111)
	10,979	**13,723**
Computer Equipment Cost	159,259	159,259
Accumulated Depreciation	(159,259)	(158,920)
	0	**339**
Exhibition Assets	256,430	256,430
Accumulated Depreciation	(256,430)	(202,344)
	0	**54,086**
Total Plant and Equipment	**10,979**	**68,148**
Total Property, Plant and Equipment	**1,384,429**	**1,468,148**

Notes to the Financial Statements (Cont.)

Reconciliations	2015 $	2014 $
Land and Building		
Opening written down value	1,400,000	1,084,845
Revaluation increment	0	333,671
Depreciation Expense	(26,550)	(18,516)
Closing written down value	**1,373,450**	**1,400,000**
Plant and Equipment		
Furniture and Fittings		
Opening written down value	13,723	9,696
Additions	0	7,080
Depreciation Expense	(2,744)	(3,053)
Closing written down value	**10,979**	**13,723**
Computer Equipment		
Opening written down value	339	7,555
Additions	0	373
Depreciation Expense	(339)	(7,589)
Closing written down value	**0**	**339**
Exhibition Assets		
Opening written down value	54,086	108,172
Additions	0	0
Depreciation Expense	(54,086)	(54,086)
Closing written down value	**0**	**54,086**
Total Property, Plant and Equipment	**1,384,429**	**1,468,148**

As at 30 June 2014 the interest in Land and Buildings, (Suite 1, 21 Vale Street, North Melbourne) was valued by James Trescowthick AAPI, Certified Practising Valuer API Member No 63175 of Charter Keck Cramer. The value of the interest was assessed at $1,400,000.

9. Intangible Assets

Software	2015 $	2014 $
At Cost	165,114	165,114
Accumulated Depreciation	(113,331)	(78,331)
Total Software	**51,783**	**86,783**
Reconciliations		
Software		
Opening written down value	86,783	50,773
Additions	0	52,380
Depreciation Expense	(35,000)	(16,370)
Closing written down value	**51,783**	**86,783**

Notes to the Financial Statements (Cont.)

10. Deferred Revenue

	2015	2014
Current	$	$
Members' Fees received in advance	307,065	411,525
Event Income in Advance	60,000	28,000
ANCQ Fees received in advance	156,132	0
Total Deferred Revenue	**523,197**	**439,526**

11. Trade and Other Payables

Unsecured		
Trade Creditors	0	18,560
Sundry Creditors	147,864	59,542
Total Current Creditors	**147,864**	**78,102**

Sundry creditors includes $90,626 yet to be distributed to UNSW as their share of the 11AASTC event.

12. Provisions

Current		
Employee Entitlements	82,152	63,061
Non-Current		
Employee Entitlements	17,330	19,533
	99,482	**82,594**

13. Funds held in trust on behalf of Other Chemical Societies

Current		
Federation of Asian Chemical Societies	53,123	51,619
Asian Coordination Group for Chemistry Funds (ACGC)	18,317	17,869
	71,440	**69,488**

14. Equity

i. Nature and Purpose of Reserves

Reserve	**Purpose**
CS 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.

Notes to the Financial Statements (Cont.)

ii. Movement in Reserves

	2015				2014			
	Opening Balance $	Transfers to Reserve $	Payment from Reserve $	Closing Balance $	Opening Balance $	Transfers to Reserve $	Payment from Reserve $	Closing Balance $
RACI Funds								
C.S Piper	282,055	0	0	282,055	282,055	0	0	282,055
Solomon Foundation	30,851	470	0	31,321	30,000	851	0	30,851
Total RACI Funds	**312,906**	**470**	**0**	**313,376**	**312,055**	**851**	**0**	**312,906**
Business Unit Funds								
Pat Rodgers OG Prize	1,510	0	0	1,510	1,210	300	0	1,510
Healy-Hunter Award	11,826	0	(1320)	10,506	11,500	326	0	11,826
Total Business Unit Funds	**13,336**	**0**	**(1,320)**	**12,016**	**12,710**	**626**	**0**	**13,336**
Total Consolidated Funds	**326,242**	**470**	**(1,320)**	**325,392**	**324,765**	**1,477**	**0**	**326,242**

15. Note to the Cash Flow Statement

	2015 $	2014 $
Reconciliation of net cash outflow from operating activities to operating income		
Operating Surplus/(deficit) for the year	(348,292)	(33,775)
Adjustment for non-cash items		
Depreciation	118,719	99,617
(Gains)/Losses on Sale of Investments	(2,345)	(2,211)
Changes in operating assets and liabilities		
(Increase)/decrease in trade & other receivables	17,244	(43,203)
(Increase)/decrease in inventories	13,949	1,276
Increase/(decrease) in deferred revenue	83,671	(21,941)
Increase/(decrease) in sundry creditors	69,762	30,236
Increase/(decrease) in provisions	16,888	16,889
Increase/(decrease) in funds held in trust	1952	3,140
Net cash flow from operating activities	**(28,452)**	**50,028**

Notes to the Financial Statements (Cont.)

16. Contingent Assets & Liabilities

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

17. Commitments

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

18. Related Party Transactions

The RACI is governed by a Board of Management. The principal officers of the RACI are the President, President-Elect, Honorary General Secretary, Honorary General Treasurer, National Representative, Western Representative, South Eastern Representative and North Eastern Representative. All Board members are elected in accordance with the provisions of the RACI Constitution and By-Laws. Transactions with Related Parties are on terms no more favourable than those offered to the General Public

19. Key Management Personnel

The Board Members of the RACI are elected volunteers and do not receive remuneration. They are only reimbursed for personal costs in attending meetings and performing general RACI duties.

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:

	2015	2014
	$	$
Aggregate compensation	**156,811**	**148,976**

20. Events Subsequent to Reporting Date

There are no material events subsequent to reporting date.

21. Financial Instruments

The association's financial instruments consist mainly of deposits with banks, managed funds, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents	370,281	238,336
Loans and receivables	43,316	65,210
Held to maturity	163,268	112,750
Available for sale financial assets	716,990	906,123
Total Financial Assets	**1,293,855**	**1,322,419**
Financial Liabilities		
Trade and other payables	0	18,560
Net Financial instrument position	**1,293,855**	**1,303,859**

Net Fair value

The net fair value of listed investments have 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.

Statement by Members of the Board

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 2015, 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

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

Paul Bernhardt President	David Edmonds Treasurer
……………. 2015	……………. 2015

Independent Audit Report to the Members