Royal Australian Chemical Institute

ABN: 69 030 287 244

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

Prepared by: The RACI National Office

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016
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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 2016.

Board Members

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

Paul Bernhardt	President 2015/6
Peter Junk	President Elect
David Edmonds	Treasurer
Scot Kable	Honorary General Secretary
Adam Cawley (Resigned Nov 2015)	
Sam Adeloju (Resigned Nov 2015)	
Steven Langford	
Matt Sykes	
Tania Notaras (Appointed Nov 2015)	
Amanda Ellis (Appointed Nov 2015)	

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 surplus from operating activities amounted to $86,252.

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

Paul Bernhardt	David Edmonds
President	Treasurer
……………. 2016	……………. 2016

CEO Report

Operational Results

Operational results for the financial year 2015/6 were better than expectations being in surplus to the amount of $86,252 compared with a budgeted deficit figure of $53,000.
The good results were caused by two major factors:-

- Not replacing a staff member after termination
- The Branches and Divisions recording surplus figures after budgeting for deficits.
  The Branches produced far less events than originally budgeted and, consequently, incurred far less expense than originally anticipated.
  The Polymer and Medicinal Chemistry Chemical Biology divisions produced much higher surplus from events held than was anticipated

Revenue figures

The revenue of $1,607,716 was much higher than the previous year's total of $1,448,798.
The reasons for this are:-

- Schools' competitions income. There was very little income from the ANCQ included in Schools' competitions account line in 2014/5 due to no quiz being carried out that year.
- Sponsorship income. The Branches, Groups and Divisions were very active in raising sponsorships during the year receiving $20,000 more than budgeted for. There was no one big sponsor amount but many small ones.

Expense figures

Expenditure, at $1,521,464 was well behind the previous year's total of $1,797,090 due to

- $59,000 being saved from wages and salaries due to staff being reduced by one.
- Depreciation falling by $67,000 due to the travelling exhibitions being completely written off.
- Reduced sponsorship and meeting expenses with no National Congress being held in 2015/6.

Cash Flow

The high liquidity financial assets fell by $30,000 from the previous year's total, however the short term creditor and payables amount fell by $93,000 putting the organisations in a much better position net financial instruments position. This result is important to the operational management of the RACI as cash is the driver of the organisation.

Net Assets

The net assets increased by $34,663 to $1,927,397. The operational surplus of $86,252 was reduced by a fall in value of the investments portfolio. However the increase is pleasing being only the second net asset increase in the last 6 years.

Roger Stapleford [CEO]

Comparative Highlights

Total Operating Revenue

2015/2016	**$1,607,716**
2014/2015	**$1,448,798**

Total Operating Expenses

2015/2016	**$1,521,464**
2014/2015	**$1,797,090**

Operating Surplus (Deficit)

2015/2016	**$ 86,252**
2014/2015	**($348,292)**

Net Assets

2015/2016	**$1,927,397**
2014/2015	**$1,892,734**

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 full-time employees as at 30th June 2016, one half fewer than as at 30th June 2015.

Statement of Financial Position
As at 30 June 2016

	Notes	2016 $	2015 $
CURRENT ASSETS			
Cash and Cash Equivalents	4	203,844	370,281
Trade and Other Receivables	5	93,763	47,966
Financial Assets	6	1,019,623	880,258
Inventories		-	-
Total Current Assets		**1,317,230**	**1,298,505**
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	1,353,342	1,384,429
Intangible Assets	8	30,951	51,783
Total Non-Current Assets		**1,384,293**	**1,436,212**
TOTAL ASSETS		**2,701,523**	**2,734,717**
CURRENT LIABILITIES			
Deferred Revenue	9	547,286	523,197
Trade & Other Payables	10	60,458	147,864
Provisions	11	83,470	82,152
Funds held in trust on behalf of other chemical Societies	12	72,220	71,440
TOTAL CURRENT LIABILITIES		**763,434**	**824,653**
NON-CURRENT LIABILITIES			
Provisions	11	10,692	17,330
TOTAL NON-CURRENT LIABILITIES		**10,692**	**17,330**
TOTAL LIABILITIES		**774,126**	**841,983**
NET ASSETS		**1,927,397**	**1,892,734**
MEMBERS FUNDS			
Reserves		1,496,097	1,550,902
Accumulated Surplus		431,301	341,832
TOTAL MEMBERS FUNDS		**1,927,397**	**1,892,734**

The accompanying notes form part of the financial statements.

Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Notes	2016 $	2015 $
Revenues			
Members' subscription Income		716,591	738,708
School Competition Income	2	277,048	117,349
Meetings, conference and symposium income		246,377	253,295
Sponsorships, donations and grants		124,531	86,655
Media Income		105,687	107,012
Investment Income		47,644	50,548
Rental Income		42,518	40,887
Other Income		47,320	54,344
Total Income		**1,607,716**	**1,448,798**
Expenses			
Wages, Salaries & Entitlements		511,715	570,787
Depreciation Expense	3	51,919	118,719
Stock write off		-	13,949
Meetings, Conferences & Symposiums		349,410	343,723
School Competitions		147,076	168,423
Finance & Accounting Expenses		35,283	40,158
Office Administration Expenses		149,686	173,528
Media & Advertising Expenses		163,439	173,774
Sponsorships & Awards		75,648	145,364
Non Office Administration Expenses		37,288	48,665
Total Expenses		**1,521,464**	**1,797,090**
Operating (Deficit) from ordinary activities before tax		86,252	(348,292)
Income tax		-	-
Operating (Deficit) from ordinary activities after tax		86,252	(348,292)
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment			
Net gain on revaluation of financial assets		(51,589)	17,937
Total comprehensive income for the period		**34,663**	**(330,355)**

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

As at 30 June 2016

	Notes	Reserves	Financial Asset Revaluation Reserve	Asset Revaluation Reserve	Accumulated Surplus	Total
		$	$	$	$	$
As at 30/6/2014		**326,242**	**170,701**	**1,036,872**	**687,774**	**2,221,589**
(Deficit) for Year		-	-	-	(348,292)	(348,292)
Other Comprehensive Income		-	17,937	-	-	17,937
Transfer to/from Reserves	13	(850)	-	-	2,350	1,500
As at 30/6/2015		**325,392**	**188,638**	**1,036,872**	**341,832**	**1,892,734**
(Deficit) for Year		**-**	**-**	**-**	**86,252**	**86,252**
Other Comprehensive Income		**-**	**(51,589)**		**-**	**(51,589)**
Transfer to/from Reserves	13	**(3,216)**	**-**	**-**	**3,216**	**-**
As at 30/6/2016		**322,176**	**137,049**	**1,036,872**	**431,300**	**1,927,397**

Statement of Cash Flows
For the Year Ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from Members' subscriptions		696,993	634,248
Receipts from School Competitions		286,780	273,480
Receipts from meetings, conferences & symposiums		280,333	285,295
Receipts from sponsorships, donations & grants		124,531	86,654
Receipts from media advertising		105,687	107,012
Receipts from other activities		1,522	71,588
Investment income		46,163	48,204
Rental income		42,518	40,887
Payment to suppliers and employees		(1,561,491)	(1,575,820)
Net cash inflow (outflow) from operating activities	14	**23,036**	**(28,452)**
Cash flows for investing activities			
Payment for property, plant and equipment		-	-
Proceeds from the sale of Investments		240,000	305,000
Payments for investments		(429,473)	(144,603)
Net cash inflow/(outflow) from investing activities		**(189,473)**	**160,397**
Net increase/(decrease) in cash held		(166,437)	131,945
Cash at the beginning of Financial Year		370,281	238,336
Cash at the end of the Financial Year	4	**203,844**	**370,281**

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 2016 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 in May 2014. The fair value was based on market conditions, and was 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. I

The valuation was 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.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements.
The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.
The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective
Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;

Notes to the Financial Statements (Cont.)

- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.
Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 2016. 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.

Notes to the Financial Statements (Cont.)

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.

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 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 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.

Notes to the Financial Statements (Cont.)

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).

Notes to the Financial Statements (Cont.)

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.

Notes to the Financial Statements (Cont.)

(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.

De-recognition

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.

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.

Notes to the Financial Statements (Cont.)

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.
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.

Notes to the Financial Statements (Cont.)

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	$ 79,557
GST Collected	$ 143,143

This resulted in a Net Receivable to the Australian Taxation Office of $ 63,586

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.

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 2015 ANCQ reverted to the customary July date and income was received for the 2015/6 financial year.

3. Items included in Depreciation

	2016 **$**	**2015** **$**
Depreciation/Amortisation		
Buildings and Chattels	25,884	26,550
Plant and Equipment	5,203	2,744
Computer Equipment	-	339
Exhibition Assets	-	54,086
Software	20,832	35,000
Total Depreciation Non-Curent Assets	**51,919**	**118,719**

Notes to the Financial Statements (Cont.)

4. Cash and Cash Equivalents

	2016 $	2015 $
Current		
Cash at Bank	30,729	90,114
Deposits at Call	173,115	280,167
Total Cash Available	**203,844**	**370,281**

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

	2016 $	2015 $
Cash and Cash Equivalents	**203,844**	**370,281**

5. Trade and Other Receivables

	2016 $	2015 $
Current		
Prepayments	52,637	4,650
Sundry Debtors	41,126	43,316
Total Current Debtors	**93,763**	**47,966**

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

6. Financial Assets

	2016 $	2015 $
Current		
Available for Sale Financial Assets		
Managed Investments at Fair Value	826,882	716,990
Held to Maturity		
Term Deposits at Amortised Cost	192,741	163,268
Investments at Net Market Value	**1,019,623**	**880,258**

Notes to the Financial Statements (Cont.)

7. Property, Plant and Equipment

	2016 $	2015 $
Land and Building		
At Fair Value	1,400,000	1,400,000
Accumulated Depreciation	(52,434)	(26,550)
Total Land and Building	**1,347,566**	**1,373,450**
Plant and Equipment		
Furniture and Fittings at Cost	31,834	31,834
Accumulated Depreciation	(26,058)	(20,855)
Furniture and Fittings	**5,776**	**10,979**
Computer Equipment at Cost	159,259	159,259
Accumulated Depreciation	(159,259)	(159,259)
Computer Equipment	**-**	**-**
Exhibition Assets at cost	256,430	256,430
Accumulated Depreciation	(256,430)	(256,430)
Exhibition Assets	**-**	**-**
Total Plant and Equipment	**5,776**	**10,979**
Total Property, Plant and Equipment	**1,353,342**	**1,384,429**

Reconciliations	2016 $	2015 $
Land and Building		
Opening written down value	1,373,450	1,400,000
Revaluation increment	-	-
Depreciation Expense	(25,884)	(26,550)
Closing written down value	**1,347,566**	**1,373,450**
Plant and Equipment		
Furniture and Fittings		
Opening written down value	10,979	13,723
Additions	-	-
Depreciation Expense	(5,203)	(2,744)
Closing written down value	**5,776**	**10,979**
Computer Equipment		
Opening written down value	-	339
Additions	-	-
Depreciation Expense	-	(339)
Closing written down value	**-**	**-**

Notes to the Financial Statements (Cont.)

Exhibition Assets		
Opening written down value	-	54,086
Additions	-	-
Depreciation Expense	-	(54,086)
Closing written down value	**-**	**-**
Total Property, Plant and Equipment	**1,353,342**	**1,384,429**

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.

8. Intangible Assets

	2016 $	**2015 $**
Software		
At Cost	165,114	165,114
Accumulated Depreciation	(134,163)	(113,331)
Total Software	**30,951**	**51,783**
Reconciliations		
Software		
Opening written down value	51,783	86,783
Additions	-	-
Depreciation Expense	(20,832)	(35,000)
Closing written down value	**30,951**	**51,783**

9. Deferred Revenue

	2016 $	**2015 $**
Current		
Members' Fees received in advance	287,467	307,065
Event Income in Advance	93,956	60,000
ANCQ Fees received in advance	165,863	156,132
Total Deferred Revenue	**547,286**	**523,197**

10. Trade and Other Payables

Unsecured		
Trade Creditors	-	-
Sundry Creditors	60,458	147,864
Total Current Creditors	**60,458**	**147,864**

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

Notes to the Financial Statements (Cont.)

11. Provisions

Current		
Employee Entitlements	83,470	82,152
Non-Current		
Employee Entitlements	10,692	17,330
	94,162	**99,482**

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

Current		
Federation of Asian Chemical Societies	53,720	53,123
Asian Coordination Group for Chemistry Funds (ACGC)	18,500	18,317
	72,220	**71,440**

13. Equity

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.

Notes to the Financial Statements (Cont.)

ii. Movement in Reserves

	2016				2015			
	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	31,321	0	(1321)	30,000	30,851	470	0	31,321
Total RACI Funds	**313,376**	**0**	**(1,321)**	**312,055**	**312,906**	**470**	**0**	**313,376**
Business Unit Funds								
Pat Rodgers O.G. Prize	1,510	0	(500)	1,010	1,510	0	0	1,510
Healy-Hunter Award	10,506	0	(1395)	9,111	11,826	0	(1320)	10,506
Total Business Unit Funds	**12,016**	**0**	**(1895)**	**10,121**	**13,336**	**0**	**(1,320)**	**12,016**
Total Consolidated Funds	**325,392**	**0**	**(3,216)**	**322,176**	**326,242**	**470**	**(1,320)**	**325,392**

14. Note to the Cash Flow Statement

Reconciliation of net cash outflow from operating activities to operating income	**2016 $**	**2015 $**
Operating Surplus/(deficit) for the year	86,252	(348,292)
Adjustment for non-cash items		
Depreciation	51,919	118,719
(Gains)/Losses on Sale of Investments	(1,481)	(2,345)
Changes in operating assets and liabilities		
(Increase)/decrease in trade & other receivables	(45,796)	17,244
(Increase)/decrease in inventories	-	13,949
Increase/(decrease) in deferred revenue	24,089	83,671
Increase/(decrease) in sundry creditors	(87,406)	69,762
Increase/(decrease) in provisions	(5,320)	16,888
Increase/(decrease) in funds held in trust	779	1952
Net cash flow from operating activities	**23,036**	**(28,452)**

Notes to the Financial Statements (Cont.)

15. Contingent Assets & Liabilities

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

16. Commitments

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

17. Related Party Transactions

The RACI is governed by a Board of Management consisting of the principal officers of the RACI, the President, President-Elect, Honorary General Secretary and the Honorary General Treasurer plus 4 ordinary members. All Board members are appointed 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

18. 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:

	2016	2015
	$	$
Aggregate compensation	**161,136**	**156,811**

19. Events Subsequent to Reporting Date

There are no material events subsequent to reporting date.

20. 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:

Notes to the Financial Statements (Cont.)

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	203,844	370,281
Loans and receivables	41,127	43,316
Held to maturity	192,741	163,268
Available for sale financial assets	826,882	716,990
Total Financial Assets	**1,264,594**	**1,293,855**
Financial Liabilities		
Trade and other payables	(60,458)	(147,864)
Net Financial instrument position	**1,204,136**	**1,145,991**

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 2016, 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

……………. 2016

David Edmonds
Treasurer

……………. 2016

Independent Audit Report to the Members on the Financial Report of the RACI Inc.

We have audited the accompanying financial report of The Royal Australian Chemical Institute Inc., which comprises the statement of financial position as at 30 June 2016, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the Board.

The Board Members' Responsibility for the Financial Report
The Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Associations Incorporation Reform Act 2012 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Association as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Associations Incorporation Reform Act 2012.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

N.S Benbow
Director

Dated this day of , 2016