



*ABN: 69 030 287 244*

## **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017**

**Prepared by: The RACI National Office**

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

### *Table of contents*

|   |    |
|---|----|
| Board Report.....   | 3  |
| CEO Report .....  | 4  |
| Comparative Highlights.....   | 5  |
| Statement of Financial Position .....                               | 6  |
| Statement of Profit and Loss and Other Comprehensive Income.....    | 7  |
| Statement of Changes in Equity .....                                | 8  |
| Statement of Cash Flows .....                                       | 9  |
| Notes to the Financial Statements.....                              | 10 |
| 1. Statement of Significant Accounting Policies .....               | 10 |
| 2. Revenue .....  | 17 |
| 3. Items included in Depreciation.....                              | 17 |
| 4. Cash and Cash Equivalents.....                                   | 17 |
| 5. Trade and Other Receivables.....                                 | 17 |
| 6. Financial Assets.....  | 17 |
| 7. Property, Plant and Equipment.....                               | 18 |
| 8. Intangible Assets.....   | 19 |
| 9. Deferred Revenue .....   | 19 |
| 10. Trade and Other Payables.....                                   | 19 |
| 11. Provisions .....  | 20 |
| 12. Funds Held in Trust on Behalf of Other Chemical Societies ..... | 20 |
| 13. Equity.....   | 21 |
| 14. Note to the Cash Flow Statement .....                           | 21 |
| 15. Contingent Assets & Liabilities.....                            | 22 |
| 16. Commitments.....  | 22 |
| 17. Related Party Transactions .....                                | 22 |
| 18. Key Management Personnel.....                                   | 22 |
| 19. Events Subsequent to Reporting Date .....                       | 22 |
| 20. Financial Instruments .....                                     | 22 |
| Statement by Members of the Board .....                             | 24 |
| Independent Audit Report to the Members .....                       |    |

## Board Report

Your Board members submit the financial report of the Royal Australian Chemical Institute Inc. ('RACI') for the financial year ended 30 June 2017.

### Board Members

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

|   |                                      |
|---|--------------------------------------|
| Peter Junk                                | President 2017/8                     |
| Vicki Gardiner                            | President Elect (Appointed Nov 2016) |
| Steven Langford                           | Treasurer                            |
| Scot Kable                                | Honorary General Secretary           |
| Tania Notaras                             |                                      |
| Amanda Ellis                              |                                      |
| Katherine Locock (Appointed Nov 2016)     |                                      |
| Pamela Sutton-Legaud (Appointed Nov 2016) |                                      |
| Paul Bernhardt (Resigned Nov 2016)        |                                      |
| David Edmonds (Resigned Nov 2016)         |                                      |
| Matt Sykes (Resigned Nov 2016)            |                                      |

### 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 \$ 64,625.

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



Peter Junk  
President

9/10/ 2017



Steven Langford  
Treasurer

24/10/ 2017

## CEO Report

### Operational Results

A pleasing result for the year was that net membership numbers remained virtually static following 10 years falling membership, however it must be noted that almost 500 high paying members were lost and replaced with lower paying student members resulting in a revenue shortfall in membership of close to \$60,000. The critical task for the RACI is to maintain this new cohort and develop them through the ranks.

Operational results for the financial year 2016/7 were better than expectations being in surplus to the amount of \$64,625 compared with a budgeted figure of \$42,000.

The number of activities carried out by the various RACI business units were below what was originally planned. This drop off in events was probably caused by the RACI centenary congress diverting the Divisions attention from their normal meeting schedules. This inactivity is evident in both the income and expenditure levels each being \$150,000 below budget [7.5%].

It is, however, pleasing to note that those activities that occurred generated higher than expected surpluses.

### Revenue figures

Despite the below budget activity levels the revenue of \$1,893,859 was much higher than the previous year's total of \$1,607,716 due to a number of smaller conferences being run in house rather than by a third party resulting in, firstly all the income and expenses running through the RACI accounts rather than simply seeing the surplus [deficit] and secondly, saving the costs of the third party, boosted the surplus from the events.

### Expense figures

Expenditure, at \$1,829,234 was well above the previous year's total of \$1,521,464. The reason, as described for the revenue, was the in-house organisation of divisional meetings.

### Cash Flow

The cash position improved by \$11,015 year on year while the financial instruments position increased by \$215,385. The majority of this increase was due to increases in the value of investments (\$106,467) plus events income in advance through a government grant for ICBIC (\$70,000) being placed in a short term investment.

### Net Assets

The net assets increased by \$90,761 to \$2,018,158. The operational surplus of \$64,625 was added to by an increase in the value of the investments portfolio.

Roger Stapleford [CEO]

## Comparative Highlights

### *Total Operating Revenue*

|                  |                    |
|------------------|--------------------|
| <b>2016/2017</b> | <b>\$1,893,859</b> |
| <b>2015/2016</b> | <b>\$1,607,716</b> |

### *Total Operating Expenses*

|                  |                    |
|------------------|--------------------|
| <b>2016/2017</b> | <b>\$1,829,234</b> |
| <b>2015/2016</b> | <b>\$1,521,464</b> |

### *Operating Surplus (Deficit)*

|                  |                  |
|------------------|------------------|
| <b>2016/2017</b> | <b>\$ 64,625</b> |
| <b>2015/2016</b> | <b>\$ 86,252</b> |

### *Net Assets*

|                  |                    |
|------------------|--------------------|
| <b>2016/2017</b> | <b>\$2,018,158</b> |
| <b>2015/2016</b> | <b>\$1,927,397</b> |

## *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 6.25 full-time employees as at 30<sup>th</sup> June 2017.

## Statement of Financial Position

As at 30 June 2017

|  | Notes | 2017<br>\$       | 2016<br>\$       |
|--|-------|------------------|------------------|
| <b>CURRENT ASSETS</b>  |       |                  |                  |
| Cash and Cash Equivalents                                    | 3     | 214,859          | 203,844          |
| Trade and Other Receivables                                  | 4     | 187,313          | 93,763           |
| Financial Assets   | 5     | 1,174,581        | 1,019,623        |
| <b>Total Current Assets</b>                                  |       | <b>1,576,753</b> | <b>1,317,230</b> |
| <b>NON-CURRENT ASSETS</b>                                    |       |                  |                  |
| Property, Plant and Equipment                                | 6     | 1,326,490        | 1,353,342        |
| Intangible Assets  | 7     | 18,454           | 30,951           |
| <b>Total Non-Current Assets</b>                              |       | <b>1,344,944</b> | <b>1,384,293</b> |
| <b>TOTAL ASSETS</b>  |       | <b>2,921,697</b> | <b>2,701,523</b> |
| <b>CURRENT LIABILITIES</b>                                   |       |                  |                  |
| Deferred Revenue   | 8     | 631,647          | 547,286          |
| Trade & Other Payables                                       | 9     | 48,619           | 60,458           |
| Provisions   | 10    | 103,837          | 83,470           |
| Funds held in Trust on behalf of other<br>Chemical Societies | 11    | 113,523          | 72,220           |
| <b>TOTAL CURRENT LIABILITIES</b>                             |       | <b>897,626</b>   | <b>763,434</b>   |
| <b>NON-CURRENT LIABILITIES</b>                               |       |                  |                  |
| Provisions   | 10    | 4,680            | 10,692           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |       | <b>4,680</b>     | <b>10,692</b>    |
| <b>TOTAL LIABILITIES</b>                                     |       | <b>902,306</b>   | <b>774,126</b>   |
| <b>NET ASSETS</b>  |       | <b>2,019,391</b> | <b>1,927,397</b> |
| <b>MEMBERS FUNDS</b>   |       |                  |                  |
| Reserves   |       | 1,523,406        | 1,496,097        |
| Accumulated Surplus  |       | 495,985          | 431,301          |
| <b>TOTAL MEMBERS FUNDS</b>                                   |       | <b>2,019,391</b> | <b>1,927,397</b> |

The accompanying notes form part of the financial statements.

## Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 30 June 2017

|   | Notes | 2017<br>\$       | 2016<br>\$       |
|---|-------|------------------|------------------|
| <b>Revenues</b>   |       |                  |                  |
| Members' subscription Income  |       | 678,778          | 716,591          |
| School Competition Income   |       | 281,284          | 277,048          |
| Meetings, conference and symposium income                             |       | 499,098          | 246,377          |
| Sponsorships, donations and grants                                    |       | 160,046          | 124,531          |
| Media Income  |       | 92,547           | 105,687          |
| Investment Income   |       | 58,961           | 47,644           |
| Rental Income   |       | 44,215           | 42,518           |
| Other Income  |       | 78,930           | 47,320           |
| <b>Total Income</b>   |       | <b>1,893,859</b> | <b>1,607,716</b> |
| <b>Expenses</b>   |       |                  |                  |
| Wages, Salaries & Entitlements  |       | 541,384          | 511,715          |
| Depreciation Expense  | 2     | 39,349           | 51,919           |
| Meetings, Conferences & Symposiums                                    |       | 562,863          | 349,410          |
| School Competitions   |       | 217,224          | 147,076          |
| Finance & Accounting Expenses   |       | 40,573           | 35,283           |
| Office Administration Expenses  |       | 140,570          | 149,686          |
| Media & Advertising Expenses  |       | 150,656          | 163,439          |
| Sponsorships & Awards   |       | 81,921           | 75,648           |
| Non-Office Administration Expenses                                    |       | 54,694           | 37,288           |
| <b>Total Expenses</b>   |       | <b>1,829,234</b> | <b>1,521,464</b> |
| <b>Operating surplus (Deficit) before tax</b>                         |       | 64,625           | 86,252           |
| Income tax  |       | -                | -                |
| <b>Operating surplus (Deficit)</b>                                    |       | 64,625           | 86,252           |
| <b>Other comprehensive income:</b>                                    |       |                  |                  |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |                  |                  |
| Net gain on revaluation of financial assets                           |       | 27,369           | (51,589)         |
| <b>Total comprehensive income for the period</b>                      |       | <b>91,994</b>    | <b>34,663</b>    |

The accompanying notes form part of the financial statements.

## Statement of Changes in Equity

As at 30 June 2017

|                               | Notes | Reserves       | Financial<br>Asset<br>Revaluation<br>Reserve | Asset<br>Revaluation<br>Reserve | Accumulated<br>Surplus | Total            |
|-------------------------------|-------|----------------|--|---------------------------------|------------------------|------------------|
|                               |       | \$             | \$   | \$                              | \$                     | \$               |
| <b>As at 30/6/2015</b>        |       | <b>325,392</b> | <b>188,638</b>                               | <b>1,036,872</b>                | <b>341,832</b>         | <b>1,892,734</b> |
| (Deficit) for Year            |       | -              | -  | -                               | 86,252                 | 86,252           |
| Other Comprehensive<br>Income |       | -              | (51,589)                                     |                                 | -                      | (51,589)         |
| Transfer to/from<br>Reserves  | 12    | (3,216)        | -  | -                               | 3,216                  | -                |
| <b>As at 30/6/2016</b>        |       | <b>322,176</b> | <b>137,049</b>                               | <b>1,036,872</b>                | <b>431,300</b>         | <b>1,927,397</b> |
| (Deficit) for Year            |       | -              | -  | -                               | 64,625                 | 64,625           |
| Other Comprehensive<br>Income |       | -              | 27,369                                       |                                 | -                      | 27,369           |
| Transfer to/from<br>Reserves  | 12    | (60)           | -  | -                               | 60                     | -                |
| <b>As at 30/6/2017</b>        |       | <b>322,116</b> | <b>164,418</b>                               | <b>1,036,872</b>                | <b>495,985</b>         | <b>2,019,391</b> |

The accompanying notes form part of the financial statements.

## Statement of Cash Flows

### For the Year Ended 30 June 2017

|  | Notes | 2017<br>\$       | 2016<br>\$       |
|--|-------|------------------|------------------|
| <b>Cash flows from operating activities</b>                |       |                  |                  |
| Receipts from Members' subscriptions                       |       | 714,897          | 696,993          |
| Receipts from School Competitions                          |       | 262,292          | 286,780          |
| Receipts from meetings, conferences & symposiums           |       | 566,333          | 280,333          |
| Receipts from sponsorships, donations & grants             |       | 160,046          | 124,531          |
| Receipts from media advertising                            |       | 92,547           | 105,687          |
| Receipts from other activities                             |       | -                | 1,522            |
| Investment income  |       | 60,968           | 46,163           |
| Rental income  |       | 44,215           | 42,518           |
| Payment to suppliers and employees                         |       | (1,760,687)      | (1,561,491)      |
| <b>Net cash inflow (outflow) from operating activities</b> | 13    | <b>140,611</b>   | <b>23,036</b>    |
| <b>Cash flows for investing activities</b>                 |       |                  |                  |
| Proceeds from the sale of Investments                      |       | 135,000          | 240,000          |
| Payments for investments                                   |       | (264,596)        | (429,473)        |
| <b>Net cash inflow/(outflow) from investing activities</b> |       | <b>(129,596)</b> | <b>(189,473)</b> |
| Net increase/(decrease) in cash held                       |       | 11,015           | (166,437)        |
| Cash at the beginning of Financial Year                    |       | 203,844          | 370,281          |
| <b>Cash at the end of the Financial Year</b>               | 3     | <b>214,859</b>   | <b>203,844</b>   |

The accompanying notes form part of the financial statements.

## 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 2017 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, and financial assets. 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.

## *Notes to the Financial Statements (Cont.)*

### **Valuation of land and buildings**

The freehold land and buildings were independently valued at 30 June 2014 by Charter Keck Cramer Pty Ltd. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for the land and buildings in the area and recent sales data for similar properties. The value resulted in a revaluation increment being recognised for the year ended 30 June 2014.

At 30 June 2017, the association has reviewed the key assumptions adopted by the valuers in 2014 and do not believe there has been a significant change in the assumptions at 30 June 2017. The association therefore believe the carrying value of the land and buildings correctly reflects the fair value less cost to sell at 30 June 2017.

### **Employee benefits provision**

As discussed in Note 1) 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.

### **Estimation of useful lives of assets**

The association 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.

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.

*Notes to the Financial Statements (Cont.)*

**d) Revenue Recognition**

**I. Membership Fees and Subscriptions**

The subscription year for the majority of RACI members runs from 1 July through to 30 June, however a calendar year approach was introduced in June 2016 to eliminate the need to pro rata memberships and to even the membership cash inflow over the year. 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) 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).

**f) 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.

**g) 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.

***Notes to the Financial Statements (Cont.)***

***h) Funds Held in Trust on Behalf of Other Chemical Societies***

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

***i) 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.

***j) 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.

***k) 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.

## *Notes to the Financial Statements (Cont.)*

### **1) 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.

#### *(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.

## **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.

### ***m) 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. Freehold Property**

Freehold land and buildings are shown at their fair value based on periodic, but at least quadrennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the association conduct director's valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

## **II. 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.

**Notes to the Financial Statements (Cont.)**

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.

**III. 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:

| <b>Class of fixed asset</b> | <b>Depreciation rates</b> | <b>Depreciation basis</b> |
|-----------------------------|---------------------------|---------------------------|
| 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 reserve relating to that asset are transferred to accumulated surplus.

**n) 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.

**o) 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.

*Notes to the Financial Statements (Cont.)*

*p) 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      | \$ 109,079 |
| GST Collected | \$ 171,669 |

This resulted in a Net Receivable to the Australian Taxation Office of \$ 62,590

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. Items included in Depreciation**

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>Depreciation/Amortisation</b>            |               |               |
| Buildings and Chattels                      | 25,239        | 25,884        |
| Plant and Equipment                         | 1,613         | 5,203         |
| Software                                    | 12,497        | 20,832        |
| <b>Total Depreciation Non-Curent Assets</b> | <b>39,349</b> | <b>51,919</b> |

**3. Cash and Cash Equivalentents**

|                             | <b>2017</b>    | <b>2016</b>    |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| <b>Current</b>              |                |                |
| Cash at Bank                | 69,522         | 30,729         |
| Deposits at Call            | 145,337        | 173,115        |
| <b>Total Cash Available</b> | <b>214,859</b> | <b>203,844</b> |

**4. Trade and Other Receivables**

|                              | <b>2017</b>    | <b>2016</b>   |
|------------------------------|----------------|---------------|
|                              | \$             | \$            |
| <b>Current</b>               |                |               |
| Prepayments                  | 108,613        | 52,637        |
| Sundry Debtors               | 78,700         | 41,126        |
| <b>Total Current Debtors</b> | <b>187,313</b> | <b>93,763</b> |

*Notes to the Financial Statements (Cont.)*

**5. Financial Assets**

|  | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| <b>Current</b>                             |                         |                         |
| <i>Available for Sale Financial Assets</i> |                         |                         |
| Managed Investments at Fair Value          | 970,244                 | 826,882                 |
| <i>Held to Maturity</i>                    |                         |                         |
| Term Deposits at Amortised Cost            | 204,337                 | 192,741                 |
| <b>Investments at Net Market Value</b>     | <b><u>1,174,581</u></b> | <b><u>1,019,623</u></b> |

**6. Property, Plant and Equipment**

|  | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| <b>Land and Building</b>                   |                         |                         |
| At Fair Value                              | 1,400,000               | 1,400,000               |
| Accumulated Depreciation                   | (77,673)                | (52,434)                |
| <b>Total Land and Building</b>             | <b><u>1,322,327</u></b> | <b><u>1,347,566</u></b> |
| <b>Plant and Equipment</b>                 |                         |                         |
| Furniture and Fittings at Cost             | 31,834                  | 31,834                  |
| Accumulated Depreciation                   | (27,671)                | (26,058)                |
|  | <b><u>4,163</u></b>     | <b><u>5,776</u></b>     |
| <b>Total Plant and Equipment</b>           | <b><u>4,163</u></b>     | <b><u>5,776</u></b>     |
| <b>Total Property, Plant and Equipment</b> | <b><u>1,326,490</u></b> | <b><u>1,353,342</u></b> |

| <b>Reconciliations</b>                     | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| <b>Land and Building</b>                   |                         |                         |
| Opening written down value                 | 1,347,566               | 1,373,450               |
| Revaluation increment                      | -                       | -                       |
| Depreciation Expense                       | (25,239)                | (25,884)                |
| <b>Closing written down value</b>          | <b><u>1,322,327</u></b> | <b><u>1,347,566</u></b> |
| <b>Plant and Equipment</b>                 |                         |                         |
| <i>Furniture and Fittings</i>              |                         |                         |
| Opening written down value                 | 5,776                   | 10,979                  |
| Additions                                  | -                       | -                       |
| Depreciation Expense                       | (1,613)                 | (5,203)                 |
| <b>Closing written down value</b>          | <b><u>4,163</u></b>     | <b><u>5,776</u></b>     |
| <b>Total Property, Plant and Equipment</b> | <b><u>1,326,490</u></b> | <b><u>1,353,342</u></b> |

*Notes to the Financial Statements (Cont.)*

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.

As at 30 June 2017 the directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

**7. Intangible Assets**

|                                   | <b>2017</b>   | <b>2016</b>   |
|-----------------------------------|---------------|---------------|
|                                   | \$            | \$            |
| <b>Software</b>                   |               |               |
| At Cost                           | 165,114       | 165,114       |
| Accumulated Depreciation          | (146,660)     | (134,163)     |
| <b>Total Software</b>             | <b>18,454</b> | <b>30,951</b> |
| <br>                              |               |               |
| <b>Reconciliations</b>            |               |               |
| <b>Software</b>                   |               |               |
| Opening written down value        | 30,951        | 51,783        |
| Additions                         | -             | -             |
| Depreciation Expense              | (12,497)      | (20,832)      |
| <b>Closing written down value</b> | <b>18,454</b> | <b>30,951</b> |

**8. Deferred Revenue**

|                                   | <b>2017</b>    | <b>2016</b>    |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| <b>Current</b>                    |                |                |
| Members' Fees received in advance | 323,586        | 287,467        |
| Event Income in Advance           | 161,190        | 93,956         |
| ANCQ Fees received in advance     | 146,871        | 165,863        |
| <b>Total Deferred Revenue</b>     | <b>631,647</b> | <b>547,286</b> |

**9. Trade and Other Payables**

|                                | <b>2017</b>   | <b>2016</b>   |
|--------------------------------|---------------|---------------|
|                                | \$            | \$            |
| <b>Unsecured</b>               |               |               |
| Trade Creditors                | -             | -             |
| Sundry Creditors               | 48,619        | 60,458        |
| <b>Total Current Creditors</b> | <b>48,619</b> | <b>60,458</b> |

*Notes to the Financial Statements (Cont.)*

**10. Provisions**

|                                 | <b>2017</b>    | <b>2016</b>   |
|---------------------------------|----------------|---------------|
| <b>Current</b>                  | <b>\$</b>      | <b>\$</b>     |
| Annual Leave Entitlements       | 65,273         | 59,227        |
| Long Service Leave Entitlements | 38,564         | 24,243        |
|                                 | <u>103,837</u> | <u>83,470</u> |
| <b>Non-Current</b>              |                |               |
| Long Service Leave Entitlements | 4,680          | 10,692        |
|                                 | <u>109,750</u> | <u>94,162</u> |

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

|   | <b>2017</b>    | <b>2016</b>   |
|---|----------------|---------------|
|   | <b>\$</b>      | <b>\$</b>     |
| <b>Current</b>                                      |                |               |
| Friends of East Timor                               | 2,600          | -             |
| AIMECS seed money                                   | 37,328         | -             |
| Federation of Asian Chemical Societies              | 54,886         | 53,720        |
| Asian Coordination Group for Chemistry Funds (ACGC) | 18,709         | 18,500        |
|   | <u>113,523</u> | <u>72,220</u> |

**12. Equity**

**i. Nature and Purpose of Reserves**

| <b>Reserve</b>         | <b>Purpose</b>  |
|------------------------|---|
| 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**

|                                  | 2017            |                      |                      |                 | 2016            |                      |                      |                 |
|----------------------------------|-----------------|----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|
|                                  | Opening Balance | Transfers to Reserve | Payment from Reserve | Closing Balance | Opening Balance | Transfers to Reserve | Payment from Reserve | Closing Balance |
|                                  | \$              | \$                   | \$                   | \$              | \$              | \$                   | \$                   | \$              |
| <b>RACI Funds</b>                |                 |                      |                      |                 |                 |                      |                      |                 |
| C.S. Piper                       | 282,055         | -                    | -                    | 282,055         | 282,055         | -                    | -                    | 282,055         |
| Solomon Foundation               | 30,000          | 340                  | -                    | 30,340          | 31,321          | -                    | (1,321)              | 30,000          |
| <b>Total RACI Funds</b>          | <b>312,055</b>  | <b>340</b>           | <b>-</b>             | <b>312,395</b>  | <b>313,376</b>  | <b>-</b>             | <b>(1,321)</b>       | <b>312,055</b>  |
| <b>Business Unit Funds</b>       |                 |                      |                      |                 |                 |                      |                      |                 |
| Pat Rodgers O.G. Prize           | 1,010           | -                    | (500)                | 510             | 1,510           | -                    | (500)                | 1,010           |
| Healy-Hunter Award               | 9,111           | 100                  | -                    | 9,211           | 10,506          | -                    | (1,395)              | 9,111           |
| <b>Total Business Unit Funds</b> | <b>10,121</b>   | <b>100</b>           | <b>(500)</b>         | <b>9,721</b>    | <b>12,016</b>   | <b>-</b>             | <b>(1,895)</b>       | <b>10,121</b>   |
| <b>Total Consolidated Funds</b>  | <b>322,176</b>  | <b>440</b>           | <b>(500)</b>         | <b>322,116</b>  | <b>325,392</b>  | <b>-</b>             | <b>(3,216)</b>       | <b>322,176</b>  |

**13. Note to the Cash Flow Statement**

|   | 2017           | 2016          |
|---|----------------|---------------|
|   | \$             | \$            |
| <b>Reconciliation of net cash outflow from operating activities to operating income</b> |                |               |
| Operating Surplus/(deficit) for the year  | 64,625         | 86,252        |
| Adjustment for non-cash items   |                |               |
| Depreciation  | 39,349         | 51,919        |
| (Gains)/Losses on Sale of Investments   | 3,240          | (1,481)       |
| <b>Changes in operating assets and liabilities</b>                                      |                |               |
| (Increase)/decrease in trade & other receivables  | (93,550)       | (45,796)      |
| Increase/(decrease) in deferred revenue   | 84,361         | 24,089        |
| Increase/(decrease) in sundry creditors   | (11,839)       | (87,406)      |
| Increase/(decrease) in provisions   | 14,355         | (5,320)       |
| Increase/(decrease) in funds held in trust  | 39,203         | 779           |
| <b>Net cash flow from operating activities</b>  | <b>140,611</b> | <b>23,036</b> |

*Notes to the Financial Statements (Cont.)*

**14. Contingent Assets & Liabilities**

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

**15. Commitments**

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

**16. 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

**17. 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:

|                        | <b>2017</b>    | <b>2016</b>    |
|------------------------|----------------|----------------|
|                        | <b>\$</b>      | <b>\$</b>      |
| Aggregate compensation | <b>166,179</b> | <b>161,136</b> |

**18. Events Subsequent to Reporting Date**

There are no material events subsequent to reporting date.

**19. 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 9 as detailed in the accounting policies to these financial statements, are as follows:

*Notes to the Financial Statements (Cont.)*

|  | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
|  | <b>\$</b>               | <b>\$</b>               |
| <b>Financial Assets</b>                  |                         |                         |
| Cash and cash equivalents                | 214,859                 | 203,844                 |
| Loans and receivables                    | 78,700                  | 41,127                  |
| Held to maturity                         | 204,337                 | 192,741                 |
| Available for sale financial assets      | 970,244                 | 826,882                 |
| <b>Total Financial Assets</b>            | <b><u>1,468,140</u></b> | <b><u>1,264,594</u></b> |
| <b>Financial Liabilities</b>             |                         |                         |
| Trade and other payables                 | <u>48,619</u>           | <u>(60,458)</u>         |
| <b>Net Financial instrument position</b> | <b><u>1,419,521</u></b> | <b><u>1,204,136</u></b> |

**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 2017, 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:



Peter Junk  
President

9/10/ 2017



Steven Langford  
Treasurer

24/10/ 2017