



*ABN: 69 030 287 244*

**FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

**Prepared by: The RACI National Office**



## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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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 2021.

## Board Members

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

Steven Bottle	President 2021/22	
Pall Thordarson	President Elect	(Elected Nov 2020)
Lidia Matesic	Treasurer	(Elected Nov 2020)
Renate Griffith	General Secretary	
Cynthia Cliff		
Maree Stuart		
Greg Ewing		
David Springer		
Melanie MacGregor		(Elected Nov 2020)
Lisa Stevens		(Resigned Aug 2020)
Matt Sykes		(Resigned Nov 2020)
Vicki Gardiner		(Resigned Nov 2020)

## Principal Activities

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

## Significant Changes

COVID-19 has had an impact on the business for the 2021 financial year. It is also expected to have an impact in the 2022 financial year.


## Operating Result

The surplus from operating activities amounted to \$71,482, (2020 Surplus \$10,065)

## Net Assets

Net Assets increased by \$203,566 to \$3,071,396. (inclusive of the revaluation of financial assets)

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

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Steven Bottle  
 President

9/17/2021

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Lidia Matesic  
 Treasurer

9/17/2021



## CEO Report

### Operational Results

The operational result for the year was an overall surplus of \$71,482 prior to any other comprehensive income figure. This figure is \$137,747 above the budgeted figure purely because \$214,608 more was received from the government Covid support package than was expected due to the 6 months extension given.

It must be noted that without the government Covid support package and Job Keeper, that amounted to a total of \$312,408, the organisation could have had an operational deficit of \$240,927 that is far in excess of the budgeted deficit of \$66,265. The additional deficit was partially caused by additional staff costs, covered by Covid, being used to continue the implementation of the new ICQ website/database and continuing with the set up of the main website/data base and the Branches/Divisions not being able to run any budgeted physical events at all.

Other comprehensive income gave a net surplus of \$132,067 resulting from a net gain on the revaluation of financial assets that resulted from the stock market value returning to March 2020 highs.

The total comprehensive income for the year was a surplus of \$203,549.

### Revenue figures

Revenue received at \$1,278,754 was substantially lower than the previous year result of \$1,746,849, due to few events occurring, but higher than the budget of \$1,195,458, due to the additional \$216,408 Covid support received.

The Covid situation prevented many physical events being run through the year which was reflected in the budgeted events income being \$340,000 while the actual income was only \$117,000.

### Expense figures

Expenditure, at \$1,207,273 was far less than the previous year's figure of \$1,736,785 due to the absence of events, but close to the budget of \$1,206,723.

Expenses relating to Branch and Divisions were \$157,000 lower than budget however wages were \$93,000 above [additional hours and less leave taken].

### Cash Flow

The cash position improved by \$192,104 year on year, This was due to membership renewals beginning much earlier than last year and the International Chemistry Quiz restarting this year and bringing in sales income once again.

### Net Assets

Net Assets increased by \$213,805 to \$3,485,201.

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Roger Stapleford [CEO]

9/16/2021



## Comparative Highlights

### *Total Operating Revenue*

<b>2020/2021</b>	<b>\$1,278,754</b>
<b>2019/2020</b>	<b>\$1,746,849</b>

### *Total Operating Expenses*

<b>2020/2021</b>	<b>\$1,207,273</b>
<b>2019/2020</b>	<b>\$1,736,785</b>

### *Operating Surplus (Deficit)*

<b>2020/2021</b>	<b>\$ 71,482</b>
<b>2019/2020</b>	<b>\$ 10,065</b>

### *Net Assets*

<b>2020/2021</b>	<b>\$3,485,201</b>
<b>2019/2020</b>	<b>\$3,271,396</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 6.8 full-time employees as at 30<sup>th</sup> June 2021.



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



## Statement of Financial Position

### As at 30 June 2021

	Notes	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	453,894	261,789
Trade and Other Receivables	4	104,225	117,469
Financial Assets	5	1,383,749	990,633
		0	0
<b>Total Current Assets</b>		<b>1,941,868</b>	<b>1,369,891</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	2,345,501	2,395,703
Intangible Assets	6	45,200	- 65,267
<b>Total Non-Current Assets</b>		<b>2,390,701</b>	<b>2,460,970</b>
<b>TOTAL ASSETS</b>		<b>4,332,569</b>	<b>3,830,861</b>
<b>CURRENT LIABILITIES</b>			
Deferred Revenue	9	502,931	269,689
Trade & Other Payables	8	72,730	40,401
Provisions	10	136,002	115,518
Funds held in Trust on behalf of other Chemical Societies	11	133,310	132,932
<b>TOTAL CURRENT LIABILITIES</b>		<b>844,973</b>	<b>558,540</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	2,395	925
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,395</b>	<b>925</b>
<b>TOTAL LIABILITIES</b>		<b>847,368</b>	<b>559,465</b>
<b>NET ASSETS</b>		<b>3,485,201</b>	<b>3,271,396</b>
<b>MEMBERS FUNDS</b>			
Reserves		2,751,173	2,608,750
Accumulated Surplus		734,028	662,646
<b>TOTAL MEMBERS FUNDS</b>		<b>3,485,201</b>	<b>3,271,396</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 2021

	Notes	2021 \$	2020 \$
<b>Revenues</b>			
Members' subscription Income		664,788	666,035
School Competition Income		34,697	212,176
Meetings, conference and symposium income		38,852	404,876
Sponsorships, donations and grants		34,621	166,899
Media Income		83,347	69,575
Investment Income		42,648	39,240
Rental Income		57,075	54,370
Government - JobKeeper & Cash Flow Boost		312,408	95,828
Other Income		10,318	37,850
<b>Total Income</b>		<b>1,278,754</b>	<b>1,746,849</b>
<b>Expenses</b>			
Wages, Salaries & Entitlements		687,329	626,112
Depreciation Expense	7	76,308	51,489
Meetings, Conferences & Symposiums		80,224	454,282
School Competitions		107,768	163,482
Finance & Accounting Expenses		24,549	28,977
Office Administration Expenses		145,401	200,213
Media & Advertising Expenses		65,194	78,578
Sponsorships & Awards		14,539	49,852
Non-Office Administration Expenses		5,961	83,799
<b>Total Expenses</b>		<b>1,207,273</b>	<b>1,736,784</b>
<b>Operating surplus (Deficit) before tax</b>		71,482	10,065
Income tax		-	-
<b>Operating surplus (Deficit)</b>		71,482	10,065
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain (loss) on revaluation of financial assets		132,067	(41,386)
<b>Total comprehensive income for the period</b>		<b>203,549</b>	<b>(31,321)</b>

The accompanying notes form part of the financial statements.



## Statement of Changes in Equity

As at 30 June 2021

	Notes	Reserves	Financial Asset Revaluation Reserve	Asset Revaluation Reserve	Accumulated Surplus	Total
		\$	\$	\$	\$	\$
<b>As at 30/6/2019</b>		<b>321,276</b>	<b>89,212</b>	<b>2,239,153</b>	<b>653,076</b>	<b>3,302,717</b>
(Deficit) for Year		-	-	-	10,065	10,065
Other Comprehensive Income		-	(41,386)	-	-	(41,386)
Transfer to/from Reserves	12	495	-	-	(495)	
<b>As at 30/6/2020</b>		<b>321,771</b>	<b>47,826</b>	<b>2,239,153</b>	<b>662,646</b>	<b>3,271,396</b>
(Deficit) for Year		-	-	-	71,482	71,482
Other Comprehensive Income		-	132,067	-	-	132,067
Additions to Reserves		10,256	-	-	-	<b>10,256</b>
Transfer to/from Reserves	12	100	-	-	(100)	<b>10,256</b>
<b>As at 30/6/2021</b>		<b>332,127</b>	<b>179,893</b>	<b>2,239,153</b>	<b>734,028</b>	<b>3,485,201</b>

The accompanying notes form part of the financial statements.

## Statement of Cash Flows

### For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from Members' subscriptions		806,522	572,792
Receipts from School Competitions		122,588	88,558
Receipts from meetings, conferences & symposiums		52,711	380,341
Receipts from sponsorships, donations & grants		347,029	166,899
Receipts from media advertising		83,347	69,575
Receipts from other activities		23,561	100,924
Investment income		43,023	34,349
Rental income		57,075	54,370
Payment to suppliers and employees		(1,073,728)	(1,737,854)
<b>Net cash inflow (outflow) from operating activities</b>	<b>14</b>	<b><u>462,128</u></b>	<b><u>(270,046)</u></b>
<b>Cash flows for investing activities</b>			
Purchase of assets		(6,039)	(65,267)
Proceeds from the sale of managed portfolio investments		-	350,000
Term deposits (increase) / Decrease		(39,495)	37,292
Payments for managed portfolio investments		(224,489)	(413,804)
<b>Net cash inflow/(outflow) from investing activities</b>		<b><u>(270,023)</u></b>	<b><u>(91,779)</u></b>
Net increase/(decrease) in cash held		192,105	(361,825)
Cash at the beginning of Financial Year		261,789	623,614
<b>Cash at the end of the Financial Year</b>	<b>3</b>	<b><u>453,894</u></b>	<b><u>261,789</u></b>

## Notes to the Financial Statements for the Year Ended 30 June 2021

### 1.) Statement of significant accounting policies

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

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

#### Statement of Compliance

The financial report complies with Australian Accounting Standards.

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

#### (a) Income Tax

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

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

#### (b) Property, Plant and Equipment

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

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

#### Depreciation

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

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

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

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

#### **(b) Property, Plant and Equipment**

##### **(Cont'd) Fair Value**

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

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

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

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

Level 3 - assets which are not observable against any other assets to determine a comparable cost. Occupied land and buildings are classified as Level 1 fair value assets.

#### **(c) Investment Properties**

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

Investment properties are classified as Level 1 fair value assets.

#### **(d) Employee Entitlements**

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

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

#### **(e) Cash**

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

#### **(f) Revenue**

Revenue recognition

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

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

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

#### Grants

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

When both these conditions are satisfied, the Association: identifies each performance obligation relating to the grant

recognises a contract liability for its obligations under the agreement recognises revenue as it satisfies its performance obligations

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

recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (e.g AASB 9, AASB 116 and AASB 138)

recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)

recognises income immediately in profit and loss as the difference between the initial carrying amount of the asset and the related amount.

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

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

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

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

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

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

#### **(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

## Notes to the Financial Statements (Cont.)

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

#### (h) Financial Instruments

Initial recognition and measurement

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

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

#### Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as fair value through profit or loss.

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

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

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

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

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

A financial liability is held for trading if it is:

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

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

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

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

A financial liability cannot be reclassified.

#### Financial Assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

## Notes to the Financial Statements (Cont.)

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

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

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

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

#### Equity instruments

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

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

#### Derecognition

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

#### Derecognition of financial liabilities

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

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

#### Derecognition of financial assets

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

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

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



## Notes to the Financial Statements (Cont.)

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

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

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

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

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

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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

The Association used the following approaches to impairment, as applicable under AASB9:

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

#### General approach

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

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

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

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

#### Simplified approach

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

This approach is applicable to:

- trade receivables; and
- lease receivables.

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

#### Purchased or originated credit-impaired approach

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

Evidence of credit impairment includes:

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

#### Low credit risk operational simplification approach

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

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

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

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

#### Recognition of expected credit losses in financial statements

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

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

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

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

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

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

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

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

#### **(i) Leases**

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

#### **Concessionary Leases**

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has

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

*Notes to the Financial Statements (Cont.)*

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

The Association as lessor

If the Association leases floorspace in their buildings to external parties, upon entering into each contract as a lessor, it assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

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

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

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

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

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

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

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

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

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

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

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

## Notes to the Financial Statements (Cont.)

### 2. Surplus from ordinary activities

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

<u>Source of revenue</u>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Revenue from contracts with customers</b>		
Member subscriptions	664,788	666,035
Competition	34,697	212,176
Membership activities and public	132,517	512,301
	<u>832,002</u>	<u>1,390,512</u>
<b>Revenue from furthering objectives:</b>		
Sponsorships, grants and/or donations	<u>34,621</u>	<u>166,899</u>
<b>Other revenue</b>		
Interest	42,648	39,240
Other	<u>369,483</u>	<u>150,198</u>
	<u>412,131</u>	<u>189,438</u>
<b>Total revenue by source</b>	<u>1,278,754</u>	<u>1,746,849</u>
<b><u>Type of customer</u></b>		
<b>Revenue from contracts with customers</b>		
Members	664,788	666,035
Other parties	<u>167,214</u>	<u>724,477</u>
	<u>832,002</u>	<u>1,390,512</u>
<b>Revenue from furthering objectives:</b>		
Other parties	<u>34,621</u>	<u>166,899</u>
<b>Other revenue</b>		
Government	312,408	95,828
Other parties	<u>99,724</u>	<u>93,610</u>
	<u>412,132</u>	<u>189,438</u>
<b>Total revenue by customer type</b>	<u>1,278,754</u>	<u>1,746,849</u>
<b><u>Revenue by type of customer</u></b>		
Members	664,788	666,035
Government	312,408	95,828
Other parties	<u>301,558</u>	<u>984,986</u>
	<u>1,278,754</u>	<u>1,746,849</u>

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Auditors Remuneration</b>		
Audit of Financial statements	10,000	8,025
Other Services (Assistance with financial statements and other regulatory requirements)	1,200	1,284
<b>Total</b>	<u>11,200</u>	<u>9,309</u>

### 3. Cash and Cash Equivalents

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Cash at Bank	443,539	241,441
Deposits at Call	10,355	20,348
<b>Total Cash Available</b>	<u>453,894</u>	<u>261,789</u>

### 4. Trade and Other Receivables

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Prepayments	48,997	70,247
Sundry Debtors	44,852	44,852
Accrued income	10,376	2,370
<b>Total</b>	<u>104,225</u>	<u>117,469</u>

### 5. Financial Assets

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<b><i>Fair Value through other comprehensive income</i></b>		
Managed Investments at Fair Value	1,256,608	902,986
<b><i>Amortised cost</i></b>		
Term Deposits at Amortised Cost	127,141	87,647
<b>Investments at Net Market Value</b>	<u><b>1,383,749</b></u>	<u><b>990,633</b></u>

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.

## Notes to the Financial Statements (Cont.)

### 6. Intangible Assets

	2021	2020
	\$	\$
<b>Software</b>		
At Cost	236,421	230,381
Accumulated Amortisation	(191,221)	(165,114)
<b>Total Software</b>	<u>45,200</u>	<u>65,267</u>
<b>Reconciliations</b>		
<b>Software</b>		
Opening written down value	65,267	-
Additions	6,039	-
Disposals		65,267
Amortisation	(26,106)	-
<b>Closing written down value</b>	<u>45,200</u>	<u>65,267</u>

### 7. Property, Plant and Equipment

	2021	2020
	\$	\$
<b>Land and Building</b>		
Land, at Fair Value 2018	387,650	387,650
Building, at fair value 2018	2,112,350	2,112,350
Accumulated Depreciation	(154,499)	(104,297)
<b>Total Land and Building</b>	<u>2,345,501</u>	<u>2,395,703</u>
<b>EDP Equipment</b>		
Equipment at cost	159,259	159,259
Accumulated depreciation	(159,259)	(159,259)
<b>Total Plant and Equipment</b>	<u>-</u>	<u>-</u>
<b>Plant and Equipment</b>		
Furniture and Fittings at cost	31,834	31,834
Accumulated Depreciation	(31,834)	(31,834)
<b>Total Plant and Equipment</b>	<u>-</u>	<u>-</u>
<b>Total Property, Plant and Equipment</b>	<u>2,345,501</u>	<u>2,395,703</u>

## Notes to the Financial Statements (Cont.)

### Movements in Carrying Amounts

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

<b>2020</b>	<b>Land &amp; Building</b>	<b>Furniture &amp; Fittings</b>	<b>EDP Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Balance at the beginning of the year	2,447,191	-	-	2,447,191
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation Increment / (Decrement)	-	-	-	-
Depreciation expense	(51,488)	-	-	(51,488)

<b>2021</b>	<b>Land &amp; Building</b>	<b>Furniture &amp; Fittings</b>	<b>EDP Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Balance at the beginning of the year	2,395,703	-	-	2,395,703
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation Increment / (Decrement)	-	-	-	-
Depreciation expense	(50,202)	-	-	((50,202))
Carrying amount at the end of the year	2,345,501	-	-	2,345,501

### 8. Trade and Other Payables

	<b>2021</b>	<b>2020</b>
<b>Current</b>	\$	\$
Sundry Payables and Accrued Expenses	13,892	14,771
ATO BAS Payable	46,578	14,914
PAYG Withholding Payable	12,260	10,716
<b>Total</b>	<b>72,730</b>	<b>40,401</b>

### 9. Deferred Revenue

	<b>2021</b>	<b>2020</b>
<b>Current</b>	\$	\$
Members' Fees received in advance	373,826	232,093
Event Income in Advance	41,214	37,596
ICQ Fees received in advance	87,891	-
<b>Total Deferred Revenue</b>	<b>502,931</b>	<b>269,689</b>



## Notes to the Financial Statements (Cont.)

### 10. Provisions

	<b>2021</b>	<b>2020</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Annual Leave Entitlements	102,481	70,422
Long Service Leave Entitlements	33,521	45,096
	<u><b>136,002</b></u>	<u><b>115,518</b></u>
<b>Non-Current</b>		
Long Service Leave Entitlements	2,395	925
	<u><b>2,395</b></u>	<u><b>925</b></u>

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

	<b>2021</b>	<b>2020</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Friends of East Timor	236	236
Seed money [various conferences]	55,995	55,995
Federation of Asian Chemical Societies	57,530	57,262
Asian Coordination Group for Chemistry (ACGC)	19,549	19,439
	<u><b>133,310</b></u>	<u><b>132,932</b></u>

### 12. Revaluation Reserves

Asset Revaluation Reserve	2,239,153	2,239,153
	<u>2,239,153</u>	<u>2,239,153</u>

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

#### i. Nature and Purpose of Reserves

<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.

Summer School Program Funds to support student member programs  
*Notes to the Financial Statements (Cont.)*

i) **Movement in Reserves 2021**

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

ii) **Movement in Reserves 2020**

<b>RACI Funds 2020</b>	<b>Opening Balance</b>	<b>Transfer to reserves</b>	<b>Payment from Reserve</b>	<b>Closing Balance</b>
C.S. Piper	282,055	-	-	282,055
Soloman Foundation	31,327	367		31,694
<b>Total RACI Funds</b>	<b>313,382</b>	<b>367</b>	<b>-</b>	<b>313,749</b>
<b>Business Unit Funds</b>				
	10			
Pat Rodgers O.G. Prize		-	-	10
Healy-Hunter Award	7,884	128	-	8,012
<b>Total Business Unit Funds</b>	<b>7,984</b>	<b>128</b>	<b>-</b>	<b>8,012</b>
<b>Total Consolidated Funds</b>	<b>321,276</b>	<b>495</b>	<b>-</b>	<b>321,771</b>

**13. Accumulated Surplus**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	662,646	653,076
Net surplus(loss) attributable to the RACI	71,482	10,065
Transfer to/from Reserves	(100)	(495)
<b>Balance at the end of the financial year</b>	<b>734,028</b>	<b>662,646</b>

**14. Segment Reporting**

The Association operates one business model across the geographical segment, being in

the promotion of the collective rights and interests of its members as a professional membership society within Australia.

## Notes to the Financial Statements (Cont.)

### 15. Key management personnel disclosures

#### Compensation

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

	2021	2020
	\$	\$
Aggregate compensation	<b>188,841</b>	<b>184,024</b>

### 16. Cash flow information

	2021	2020
	\$	\$
<b>a) Reconciliation of cash in bank</b>		
Cash in Bank	453,894	261,789
	<b>453,894</b>	<b>261,789</b>
<b>b) Reconciliation of net cash outflow from operating activities to operating income</b>		
Operating Surplus/(deficit) for the year	71,482	10,065
Adjustment for non-cash items		
Depreciation	76,308	51,489
(Gains)/Losses on Sale of Investments	-	(4,883)
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in trade & other receivables	13,243	(25,617)
Increase/(decrease) in deferred revenue/income in advance	246,434	(241,398)
Increase/(decrease) in sundry creditors	32,330	(89,642)
Increase/(decrease) in provisions	21,954	(7,139)
Increase/(decrease) in funds held in trust	377	37,079
<b>Net cash flow from operating activities</b>	<b>462,128</b>	<b>(270,046)</b>

### 17. Contingent assets and liabilities

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

### 18. Commitments

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

*Notes to the Financial Statements (Cont.)*

**19. Related Party Transactions**

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

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

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

**20. Events Subsequent to Reporting Date**

There are no material events subsequent to reporting date.



*Notes to the Financial Statements (Cont.)*

**21. Financial Instruments**

**(e) Interest Rate Risk**

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

	Weighted Average Effective Interest Rate		Non Interest Bearing		Floating Interest Rate		Fixed Interest Rate Maturing				Total	
	2021	2020	2021	2020	2021	2020	Within 1 Year		1 to 5 years		2021	2020
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>												
Cash at Bank	0.5%	0.5%	453,894	261,789	—	—	—	—	—	—	453,894	261,789
Receivables			104,225	117,469	—	—	—	—	—	—	104,225	117,469
Investments Amortised Cost	1.40%	1.40%	—	—	—	—	127,141	87,647	—	—	127,141	87,647
Investments (FVPL)			1,256,608	902,986	—	—	—	—	—	—	1,256,608	902,986
<b>Total</b>			<b>1,814,727</b>	<b>1,282,244</b>	<b>—</b>	<b>—</b>	<b>127,141</b>	<b>87,647</b>	<b>—</b>	<b>—</b>	<b>1,941,868</b>	<b>1,369,891</b>
<b>Financial Liabilities</b>												
Creditors			72,730	40,401	—	—	—	—	—	—	72,730	40,401
Funds Held In Trust	1.40%	1.40%	—	—	—	—	133,310	132,932	—	—	133,310	132,932
<b>Total</b>			<b>72,730</b>	<b>40,401</b>	<b>—</b>	<b>—</b>	<b>133,310</b>	<b>132,932</b>	<b>—</b>	<b>—</b>	<b>206,040</b>	<b>173,333</b>



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

### Financial Instruments [Continued]

#### **(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying number of receivables, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

#### **(c) Net Fair Values**

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

#### **(d) Risks and mitigation**

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

##### **Market Risk**

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

##### **Interest rate risk**

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

##### **Credit risk**

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

##### **Liquidity risk**

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

*Notes to the Financial Statements (Cont.)*

Financial Instruments [Continued]

**(d) Sensitivity analysis**

Based on balances at 30 June 2021 of interest-bearing assets and liabilities a movement in the interest rates by +1% or -1% (100 basis points) would impact on the operating result as follows:

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Change in Surplus</b>		
Increase in interest rate by 1%	(62)	(555)
Decrease in interest rate by 1%	62	555
<b>Change in Equity</b>		
Increase in interest rate by 1%	(62)	(555)
Decrease in interest rate by 1%	62	555



## Statement by Members of the Board for the year ending 30 June 2021

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 2021, and its performance for the year ended on that date in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- (b) At the date of this statement, there are reasonable grounds to believe that the Royal Australian Chemical Institute Inc. will be able to pay its debts as and when they fall due

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

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

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.....  
Steven Bottle  
President  
9/17/2021

DocuSigned by:  
  
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Lidia Matesic  
Treasurer  
9/17/2021