



**THE ROYAL AUSTRALIAN
CHEMICAL INSTITUTE INCORPORATED**

Chemistry serving Australia

ABN: 69 030 287 244

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

Prepared by: The RACI National Office



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

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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 2010.

Board Members

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

Robert Watts
David Wood
Frances Separovic
Joseph Shapter
Vicki-Anne Gardiner
Roger Read

Alan French
Mark Buntine (Appointed Nov 2010)
Dr Muthupandian Ashokkumar (Appointed Nov 2010)
George Koutsantonis (Appointed Nov 2010)
Curt Wentrup

Principal Activities

The principal activity of the RACI during the financial year was acting as a qualifying body in Australia for professional chemists and a learned society promoting the science and practice of chemistry.

Significant Changes

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

Operating Result

The deficit from operating activities amounted to \$486,830.

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

Robert Watts

President

20 November 2010

Frances Separovic

Treasurer



Comparative Highlights

Total Operating Revenue

2009/2010	\$1,514,794
2008/2009	\$1,985,599

Operating Surplus/(Deficit)

2009/2010	(\$486,830)
2008/2009	(\$735,692)

Net Assets

2009/2010	\$2,515,369
2008/2009	\$2,270,139

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 5 full-time employees.



Statement of Financial Position

As at 30 June 2010

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	378,681	1,027,166
Trade and Other Receivables	5	31,021	25,090
Financial Assets	6	1,260,246	690,758
Inventories	7	8,441	4,075
Total Current Assets		1,678,389	1,747,089
NON-CURRENT ASSETS			
Financial Assets	6	-	565,237
Property, Plant and Equipment	8	1,145,641	302,353
Intangible Assets	9	13,976	23,293
Total Non-Current Assets		1,159,617	890,883
TOTAL ASSETS		2,838,006	2,637,972
CURRENT LIABILITIES			
Deferred Revenue	10	263,860	314,621
Trade & Other Payables	11	22,019	28,125
Interest – Special Projects	12	4,190	4,190
Provisions	13	27,224	20,897
TOTAL CURRENT LIABILITIES		317,293	367,833
NON-CURRENT LIABILITIES			
Provisions	13	5,344	-
TOTAL NON-CURRENT LIABILITIES		5,344	-
TOTAL LIABILITIES		322,637	367,833
NET ASSETS		2,515,369	2,270,139
MEMBERS FUNDS			
Reserves		791,763	833,630
Retained Surplus		1,723,606	1,436,509
TOTAL MEMBERS FUNDS		2,515,369	2,270,139

The accompanying notes form part of the financial statements.



Statement of Comprehensive Income

For the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenues	2	1,514,794	1,985,599
Expenses			
Salaries & Employees Benefits Expense		(457,994)	(572,687)
Depreciation Expense	3	(34,831)	(49,707)
Meeting Expenses		(401,035)	(642,770)
Finance Expenses		(22,673)	(27,165)
Membership Expenses		(140,490)	(136,120)
Administration Expenses		(336,444)	(366,228)
Project Expenses		(181,879)	(270,507)
Scholarships, Prizes and Donations		(125,452)	(95,917)
Chemistry In Australia Publication Expenses		(171,827)	(274,366)
Other Expense	3	(128,999)	(285,824)
Total Expenses		(2,001,654)	(2,721,291)
Operating Surplus/(Deficit) from ordinary activities		(486,830)	(735,692)
Other comprehensive income:			
Net gain/(loss) on revaluation of property, plant and equipment		703,198	-
Net gain/(loss) on revaluation of financial assets		28,862	(15,938)
Total comprehensive income for the period		245,230	(751,630)

The accompanying notes form part of the financial statements.



Statement of Changes in Equity

As at 30 June 2010

	Reserves \$	Financial Asset Revaluation Reserve \$	Asset Revaluation Reserve \$	Accumulated Losses \$	Total \$
As at 30/6/2008	822,594	(97,515)	-	2,191,197	2,916,276
Profit/(Loss) for Year	-	-	-	(735,692)	(735,692)
Gains/(Losses) on revaluation of financial assets	-	(15,938)	-	-	(15,938)
Impairment Losses transferred to Income Statement	-	62,968	-	-	62,968
Transfer to/from Reserves	61,521	-	-	(18,996)	42,525
As at 30/6/2009	884,115	(50,485)	-	1,436,509	2,270,139
Profit/(Loss) for Year	-	-	-	(486,830)	(486,830)
Gains/ (Losses) on revaluation of financial assets	-	28,862	-	-	28,862
Gains/ (Losses) on revaluation of non-current assets	-	-	703,198	-	703,198
Transfer to/from Reserves	(92,352)	-	-	92,352	-
As at 30/6/2010	791,763	(21,623)	703,198	1,042,031	2,515,369



Statement of Cash Flows

For the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash Flows from Operating activities			
Receipts from Member's subscriptions		663,002	749,914
Receipts from Advertisers		94,278	135,471
Receipts from Other Activities		434,509	796,123
Interest Received		71,755	106,217
Dividends Received		24,762	53,294
Receipts from Australian National Chemistry Quiz		233,084	174,417
Payment to Suppliers and employees		(2,821,000)	(2,237,009)
GST Paid		42,231	(26,989)
Net cash inflow (outflow) from operating activities	15	(1,257,379)	(248,562)
Cash flows for Investing Activities			
Payment for Property, Plant and Equipment		165,604	6,144
Proceeds from the sale of Investments		668,926	608,034
Payments for Investments		(582,000)	-
Net (payments for)/proceeds for Bank Bills		356,044	(690,758)
Net Cash Inflow/(Outflow) from Investing Activities		608,574	(76,580)
Net increase/(decrease) in cash held		(648,805)	(325,142)
Cash at the beginning of Financial year		1,027,166	1,352,308
Cash at the end of the financial year	4	378,361	1,027,166



Notes to the Financial Statements

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

The financial report for the year ended 30 June 2010 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 prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Associations Incorporations Act 1981.

The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian Dollars.

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

b) Significant Judgements and Key Assumptions

No key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the RACI Directors consider have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

At the end of each reporting period, 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 an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

c) Principles of Consolidation

The Royal Australian Chemical Institute Incorporated financial statements comprise the overall results and financial position of all RACI business units (Branches, Groups, Sections and Divisions).

d) Revenue Recognition

I. Membership Fees and Subscriptions

The subscription year for the RACI Corporate members runs from 1 July through to 30 June. The subscription year, for RACI Associate and Affiliate members, runs from 1 January to 31 December. All membership subscriptions are recognised in the year to which the subscriptions relate.

II. Subscriptions In Advance

Subscriptions in Advance 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.



Notes to the Financial Statements (Cont.)

IV. Meeting Seminars and Conferences

Revenue is recognised when the service is provided

V. National Chemistry Quiz

Revenue is recognised when the quiz fees are received.

VI. Interest and Dividends

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

e) Impairment

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

f) Inventories

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

g) Investments

Current investments in shares in listed entities are classified as "Available for Sale" and are stated at fair value at quoted market prices. A gain or loss arising from a change in fair value is recognised directly in equity through the "Statement of Changes of Equity" (except for impairment losses and foreign exchange gains or losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in profit and loss.

Short term bank deposits are described as "held to Maturity" investment and are measured at amortised cost. Gains and losses are recognised in the Profit and Loss account evenly over the maturity period of the financial asset.

h) 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).

i) Cash and Cash Equivalents

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

j) Unearned Income

Unearned income has been provided for in respect of the conferences.

k) Trust Fund

The Jim O'Donnell International Travel Award is administered by the RACI National Office under the authorisation of Dr Tom Spurling as per the bequest directions of the late James Hamilton O'Donnell.

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 Wolskel Award is administered by the RACI National Office under authorisation of the RACI Industrial Chemistry Division as per the bequest directions of the late Augustus Wolskel.



Notes to the Financial Statements (Cont.)

The Ollé Bequest is administered by the RACI National Office under authorisation of the RACI NSW Branch as per the bequest directions of the late Anna Katherine Ollé in the name of Archibald Durrant Ollé.

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

l) Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received 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.

m) Employee Benefits

Provision is made for the RACI's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages, salaries, annual leave and personal/carers leave which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the RACI to an employee selected superannuation fund and are charged as expenses when incurred.

n) Comparative Figures

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

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

o) Financial Assets and Financial Liabilities

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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.



Notes to the Financial Statements (Cont.)

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

The association has not held any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

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

(v) Financial liabilities

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

Impairment

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

Derecognition

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

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.



Notes to the Financial Statements (Cont.)

p) New and Revised Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the association has decided not to early adopt. A discussion of those future requirements and their impact on the association is as follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The association has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the association.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the association.

- AASB 2009-9 "Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]" (applicable for annual reporting periods commencing on or after 1 January 2010)

This Standard specifies requirements for entities using the full-cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4, when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the association.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)



Notes to the Financial Statements (Cont.)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the association.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the association.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the association.

The association does not anticipate early adoption of any of the above Australian Accounting Standards.

q) Property, Plant and Equipment

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

I. Plant and Equipment

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

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

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

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



Notes to the Financial Statements (Cont.)

II. Depreciation

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

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

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment	40%	Straight line
Furniture Fixtures and Fitting	20%	Straight line
Buildings	2.5%	Straight line

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

r) Land and Building, 1/21 Vale Street, North Melbourne, Victoria

The purchase of property in December 1992 was funded from the RACI Investment Pool. No repayment of principal will be made back to the investment pool because it is merely a conversion of cash investment to property investment. National Office will pay notional interest to the Branches and Divisions at a rate determined when the property was purchased. This notional interest will be paid over a twenty year period.

s) Leases

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

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

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

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

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

t) 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.)

u) Goods & Services Tax (GST)

The RACI is subject to GST on Income and Expenditure and the GST results for 2010 are as follows:

GST Paid	\$158,250
GST Collected	\$116,019

This resulted in a Net Refund from the Australian Taxation Office of \$42,231.

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. Receivables and payables in the balance sheet are shown inclusive of GST.

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



Notes to the Financial Statements (Cont.)

2. Revenues

	2010 \$	2009 \$
Revenue from Operating Activities		
Revenue from Members	713,764	741,073
Chemistry in Australia Publication	94,278	135,471
Meeting, Seminar and Conference Receipts	360,647	996,188
Commissions	17,547	21,040
Australian National Chemistry Quiz	233,084	174,417
Merchandise	3,408	6,975
Grants and Funding	3,320	55,630
Other Income		
Interest Received	71,703	106,217
Dividends Received	24,762	53,294
Realised Gains/(Losses) on sale of Investments	(39,383)	(349,181)
Realised Gains/(Losses) on sale of Fixed Assets	(23,855)	-
Other Revenue	55,519	44,475
Total Revenue	1,514,794	1,985,599

3. Items included in Surplus / (Deficit)

Depreciation		
Buildings and Chattels	7,324	5,696
Furniture and Equipment	27,507	44,011
Total Depreciation on Non-Current Assets	34,831	49,707
Impairment		
Impairment of Investments	-	62,968

4. Cash and Cash Equivalents

Current		
Cash at Bank	88,638	157,166
Cash Management Account	-	650,000
Deposits at Call	290,043	220,000
Total Cash Available	378,681	1,027,166

The effective interest rate on short term bank deposits was 4.4% (2009: 3.1%)

Reconciliation of Cash

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

Cash and Cash Equivalents	378,681	1,027,166
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5. Trade and Other Receivables

Current		
Trade Debtors	5,112	7,962
Sundry Debtors	25,909	17,128
Total Current Debtors	31,021	25,090

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



THE ROYAL AUSTRALIAN CHEMICAL INSTITUTE INCORPORATED

Notes to the Financial Statements (Cont.)

6. Financial Assets

	2010 \$	2009 \$
Current		
Available for Sale Financial Assets		
Managed Investments at Fair Value	1,260,246	690,758
Investments at Net Market Value	1,260,246	690,758
Non-Current		
Available for Sale Financial Assets		
Shares in Listed Companies at Fair Value	-	565,237
Investments at Net Market Value	-	565,237

7. Inventories

RACI merchandise – at cost	8,441	4,075
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8. Property, Plant and Equipment

Land and Building		
Cost	289,616	327,831
Freehold Improvements	174,449	-
Revaluation Increment	703,198	-
Accumulated Depreciation	(67,263)	(74,299)
Total Land and Building	1,100,000	253,532
Plant and Equipment		
Furniture and Fittings at Cost	24,754	9,744
Accumulated Depreciation	(5,817)	(3,144)
	18,937	6,600
Computer Equipment Cost	158,886	174,549
Accumulated Depreciation	(132,182)	(132,328)
	26,704	42,221
Total Plant and Equipment	45,641	48,821
Total Property, Plant and Equipment	1,145,641	302,353

Reconciliations

Land and Building		
Opening written down value	253,532	254,964
Additions	877,647	4,264
Disposals	(23,855)	-
Depreciation Expense	(7,324)	(5,696)
Closing written down value	1,100,000	253,532

Plant and Equipment		
<i>Furniture and Fittings</i>		
Opening written down value	6,600	24,167
Additions	15,010	590
Disposals	-	(16,208)
Depreciation Expense	(2,673)	(1,949)
Closing written down value	18,937	6,600

Computer Equipment		
Opening written down value	42,221	84,941
Additions	-	-
Disposals	-	(2,712)
Depreciation Expense	(15,517)	(40,008)
Closing written down value	26,704	42,221

Total Property, Plant and Equipment	1,145,641	302,353
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As at 30 June 2010 the interest in Land and Buildings, (Suite 1, 21 Vale Street, North Melbourne) was valued by Doug Lane FAPI, Certified Practising Valuer API Member No 62010 of Charter Keck Cramer. The value of the interest was assessed at \$1,100,000.



Notes to the Financial Statements (Cont.)

	2010 \$	2009 \$
9. Intangible Assets		
Software		
At Cost	64,980	64,980
Accumulated Depreciation	(51,004)	(41,687)
Total Software	13,976	23,293
Reconciliations		
Software		
Opening written down value	23,293	5,139
Additions	-	20,210
Disposals	-	-
Depreciation Expense	(9,317)	(2,056)
Closing written down value	13,976	23,293
10. Deferred Revenue		
Members' Fees received in advance	263,860	314,621
11. Trade and Other Payables		
Unsecured		
Sundry Creditors	22,019	28,125
12. Interest - Special Projects		
Interest Owing	4,190	4,190
13. Provisions		
Current		
Employee Entitlements	27,224	20,897
Non-Current		
Employee Entitlements	5,344	-
	32,568	20,897



THE ROYAL AUSTRALIAN CHEMICAL INSTITUTE INCORPORATED
Notes to the Financial Statements (Cont.)

14. Equity

i. Nature and Purpose of Reserves

Reserve	Purpose
Breyer Memorial	Recognition of international contributions in the field of electrochemistry.
CS Piper	Award made for the best published original research work carried out in the fields of soil chemistry or mineral nutrition.
Cornforth Medal	Award made to the member who is judged to have completed the most outstanding PhD thesis in a branch of chemistry, chemical science or chemical technology.
H.G. Smith Memorial	Award made to the member who is judged to have contributed the most to the development of a branch of chemical science.
Board Initiatives Fund	RACI funds set aside for shortfalls in conference Funding.
Leighton Memorial Medal	Award in recognition of eminent services to chemistry in Australia in the broadest sense.
Masson Memorial Scholarship	Award made to those members who are eligible to proceed for a further years study of chemistry at BSc Honours level.
Wolskel Bequest	Award made every six years for an essay relating to industrial chemistry.
National Awards	RACI funds set aside to purchase medals in relation to national awards.
Organometallic Chemistry Award	The award shall be awarded to the applicant who has been a financial member of the RACI for at least five years and who, in the opinion of the Board, has contributed most to the development of organometallic chemistry.
Solomon Foundation	Support the provision of lectures by internationally respected Polymer Scientists to the Australian Polymer community.
Centenary of Federation Reserve	To recognise and reward outstanding excellence in the teaching of chemistry in Australia.
Jim O'Donnell Travel Award	Award made to two members (graduate students) judged by a selection committee, for the use in attending an international conference overseas to benefit a student's career.
Special Projects	Funds issued by the RACI Projects and Initiatives Committee upon written submissions for special projects.
Nyholm Memorial	To assist in financing the Nyholm Memorial Event.
Ollé Prize Bequest	Award made to the member who submits the best paper on any subject to the RACI's interests.
South Australian Exposition	To assist in financing the South Australian Exposition.
Organometallic Award	Award made to the member who has contributed the most toward the development of organometallic chemistry.
NSW Powerhouse	To support the financing of a "chemical attractions" exhibit at the Powerhouse Museum.
NT Branch Prize Account	Awarded to the best Northern Territory chemistry university student.
Alan Walsh Bursary	To provide the opportunity for outstanding PhD students who have made significant advances in the areas of analytical chemistry, optics or atomic or molecular spectroscopy to present their work at a major international conference overseas.
NSW Chem Education Group M-M Prize	Award made to the outstanding performances in the National Titration competition.
Healy-Hunter Award	Award made to the member who has contributed the most toward the development of colloid chemistry.
NSW ICG Scholarship	Funds sets aside for the NSW ICG Scholarship Trust Fund, now incorporated into the New South Wales Industrial Chemistry Group Reserves.
Geelong Section Annual Chemistry Award	Annual Chemistry Award at Deakin University.
Stokes Medal	Award for distinguished research in the field of electrochemistry carried out mainly in Australasia.



Notes to the Financial Statements (Cont.)

i. Movement in Reserves

	2010	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance	2009	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance
		\$	\$	\$	\$		\$	\$	\$	\$
RACI Funds										
Breyer Memorial		6,478	178	-	6,656		6,213	265	-	6,478
C.S Piper		279,132	7,667	-	286,799		278,329	11,497	10,694	279,132
Cornforth Medal		1,031	23	289	765		1,187	43	199	1,031
H.G. Smith Memorial		2,959	72	468	2,563		2,838	121	-	2,959
Board Initiatives Fund		41,581	6,154	-	47,735		3,537	38,044	-	41,581
Special Projects		83,523	740	87,573	(3,311)		54,791	35,220	6,488	83,523
Masson Memorial Scholarship		1,203	33	-	1,236		1,154	49	-	1,203
Wolskel		10,081	277	-	10,358		9,669	412	-	10,081
National Wards		201	-	574	(373)		365	9	173	201
Solomon Foundation		75,956	2,086	-	78,042		72,856	3,100	-	75,956
Centenary of Federation		34,911	950	500	35,361		34,480	1,431	1,000	34,911
J O'Donnell Travel Award		2,132	5,081	-	7,214		4,968	5,164	8,000	2,132
Federation of Asian Chemical Societies		52,302	1,437	-	53,739		52,115	2,193	2,006	52,302
ACGC Funds		15,530	426	-	15,956		14,896	634	-	15,530
Leighton Memorial Medal		1,849	12	2,153	(292)		(3,148)	5,026	29	1,849
Royal Society Travel Fund		2,102	20	1,500	622		87	4,015	2,000	2,102
Organometallic Futures Fund		48,404	833	28,818	20,419		46,413	1,991	-	48,404
Total RACI Funds		659,375	25,989	121,875	563,489		580,750	109,214	30,589	659,375

ii. Movement in Reserves (cont.)

	2010	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance	2009	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance
		\$	\$	\$	\$		\$	\$	\$	\$
Business Unit Funds										
NSW Nyholm Memorial		9,855	265	1,613	8,507		14,249	502	4,896	9,855
NSW Ollé Bequest		15,769	432	130	16,071		15,126	643	-	15,769
South Australian Exposition		16,353	450	-	16,803		15,686	667	-	16,353
Stokes Medal-Electro Div Organometallic Chemistry Award		2,255	62	-	2,317		2,163	92	-	2,255
NSW Powerhouse		28,844	778	875	28,747		27,667	1,177	-	28,844
NT Branch Prize		1,710	47	-	1,757		1,640	70	-	1,710
Alan Walsh Bursary- Analytical Division		15,591	428	-	16,019		14,955	636	-	15,591
WA David Koch Travel Grant		27,282	749	-	28,031		26,169	1,113	-	27,282
NSW Chem Ed Group M- M Prize		9,307	256	-	9,563		8,927	380	-	9,307
Healy-Hunter Award- Colloid Division		2,784	77	-	2,861		2,671	113	-	2,784
NSW ICG Scholarship		22,483	617	-	23,100		21,565	918	-	22,483
Geelong Section Annual Chemistry Award		72,507	1,991	-	74,498		69,676	2,831	-	72,507
		-	-	-	-		21,350	-	21,350	-
Total Business Unit Funds		224,740	6,152	2,618	228,274		241,844	9,142	26,246	224,740
Total Consolidated Funds		884,115	32,141	124,493	791,763		822,594	118,356	56,835	884,115



Notes to the Financial Statements (Cont.)

15. Note to the Cash Flow Statement

	2010 \$	2009 \$
Reconciliation of net cash outflow from operating activities to operating surplus		
Operating Surplus for the year	(486,830)	(735,692)
Adjustment for non-cash items		
Depreciation	34,831	49,707
(Gains)/Losses on Sale of Investments	21,623	349,181
Revaluation	(703,198)	-
Impairment	(62,968)	62,968
Other	-	31,981
Changes in operating assets and liabilities		
(Increase)/decrease in trade & other payables	(5,931)	25,558
(Increase)/decrease in inventories	(4,366)	29,810
Increase/(decrease) in deferred revenue	(50,761)	2,022
Increase/(decrease) in sundry creditors	(6,106)	(30,320)
Increase/(decrease) in special projects interest	-	(22,534)
Increase/(decrease) in provisions	6,327	(11,243)
Net cash flow from operating activities	(1,257,379)	(248,562)

16. Segment Reporting

The RACI obtains all of its revenues from the general promotion of Chemistry and membership subscriptions. The majority of these activities are performed in one geographical segment – Australia.

17. Related Party Transactions

The RACI is governed by a Board of Management. The principal officers of the RACI are the President, President-Elect, Honorary General Secretary, Honorary General Treasurer, National Representative, Western Representative, South Eastern Representative and North Eastern Representative. All Board members are elected in accordance with the provisions of the RACI Constitution and By-Laws.

The RACI is governed by a Board of Management. The principal officers of the RACI are the President, President-Elect, Honorary General Secretary

Transactions with Related Parties are on terms no more favourable than those offered to the General Public

18. Key Management Personnel

Key Management personnel comprise the Directors, having the authority and responsibility for planning, directing and controlling the activities of the RACI and the General Manager who is a non-voting observer on the Board. The General Manager is remunerated at market rates in line with industry standards. The remuneration has not been disclosed for reasons of privacy.

The Directors of the RACI are elected volunteers and do not receive remuneration.

Board members are only reimbursed for personal costs in attending meetings and performing general RACI duties.



Notes to the Financial Statements (Cont.)

19. Board Members

Board Members – Office Holders

Robert Watts	President (Outgoing November 2010)
David Wood	President-Elect (Incoming President November 2010)
Mark Buntine	President-Elect (Incoming November 2010)
Vicki-Anne Gardiner	Honorary General Secretary
Frances Separovic	Honorary General Treasurer (Outgoing November 2010)
Dr Muthupandian Ashokkumar	Honorary General Treasurer (Incoming November 2010)
Roger Read	National Representative
Joseph Shapter	Western Representative (Outgoing November 2010)
George Koutsantonis	Western Representative (Incoming November 2010)
Alan French	South Eastern Representative
Curt Wentrup	North Eastern Representative

Assembly Members

Mal McLeod	Australian Capital Territory Branch
Adam Cawley	New South Wales Branch
Michelle Iles	Northern Territory Branch
Graham King	Queensland Branch
David Lewis	South Australian Branch
Emily Hilder	Tasmanian Branch
Phillip Marriott	Victorian Branch
Paul van der Beeke	Western Australian Branch
Neil Barnett	Analytical Division
Wim Meutermans	Biomolecular Division
Bronwyn Elliott	Cereal Chemistry Division
Siegbert Schmid	Chemical Education Division
Paul Mulvaney	Colloid and Surface Science Division
Justin Gooding	Electrochemistry Division
Gary Bowman	Industrial Chemistry Division
Paul Bernhardt	Inorganic Chemistry Division
Christopher Ling	Materials Division
Paul Savage	Organic Chemistry Division
Mark Buntine	Physical Chemistry Division
Martina Stenzel	Polymer Division

20. Auditors Remuneration

	2010	2009
	\$	\$
Auditor's remuneration		
Auditing Services	12,800	12,000

21. Events Subsequent to Reporting Date

There are no material events subsequent to reporting date.



22. Financial Instruments

Recognition and Initial 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 the equivalent to the date that the association commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of 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: the amount in which the financial asset or financial

- liability is measured at initial recognition;
- less principal repayments;
- 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
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(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.

(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 .

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.



Notes to the Financial Statements (Cont.)

(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 association's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) Financial liabilities

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

a) Significant Terms and Conditions

It is the policy of the RACI not to enter into transactions that require the exchange of foreign currency in relation to future commitments.

b) Price Risk and Credit Risk Exposure

The RACI Board has delegated the investment of certain assets to an investment committee which closely manages the investment portfolio according to the Board's investment policy. The Institute does not engage in transactions which are speculative in nature.

c) Risk Exposure Sensitivity Analysis

Exposures to interest rate risks on financial assets and liabilities are summarised as follows:

	Non Interest Bearing	Interest Bearing	Interest Rate Sensitivity	Interest Rate Sensitivity	Equity Price Sensitivity	Equity Price Sensitivity
2010	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>			+2%	-2%	+20%	-20%
Cash and Cash Equivalents		378,361	7,567	(7,567)		
Trade and other Receivables	31,021					
Other Investments		1,260,246	25,204	(25,204)		
Shares						
<i>Financial Liabilities</i>						
Trade and other payables	(22,019)					
Interest – Special Projects	(4,190)					
Net financial Assets	4,812	1,638,607				



THE ROYAL AUSTRALIAN CHEMICAL INSTITUTE INCORPORATED

	Non Interest Bearing \$	Interest Bearing \$	Interest Rate Sensitivity \$	Interest Rate Sensitivity \$	Equity Price Sensitivity \$	Equity Price Sensitivity \$
2009						
<i>Financial Assets</i>			+2%	-2%	+20%	-20%
Cash and Cash Equivalents		1,027,166	20,543	(20,543)		
Trade and other Receivables	25,090					
Other Investments		690,758	13,815	(13,815)		
Shares	565,237				113,047	(113,047)
<i>Financial Liabilities</i>						
Trade and other payables	(28,125)					
Interest – Special Projects	(4,190)					
Net financial Assets	558,012	1,717,924				

Financial Liability and Financial Assets Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial liabilities due for payment								
Trade and other payables (exc est. annual leave and grants receivable in advance)	22,019	28,125	-	-	-	-	22,019	28,125
Total Contractual Outflows	22,019	28,125	-	-	-	-	22,019	28,125
Total Expected Outflows	22,019	28,125	-	-	-	-	22,019	28,125
Financial assets – cash flows realisable								
Cash and cash equivalents	378,361	1,027,166	-	-	-	-	378,361	1,027,166
Trade and other receivables	31,021	25,090	-	-	-	-	31,021	25,090
Available for sale investments	1,260,246	1,255,995	-	-	-	-	1,260,246	1,255,995
Total anticipated inflows	1,669,628	2,309,251	-	-	-	-	1,669,628	2,309,251
Net (outflow)/inflow on financial instruments	1,647,609	2,280,126	-	-	-	-	1,647,609	2,280,126



Statement by Members of the Board

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

- (a) Presents a true and fair view of the financial position of the Royal Australian Chemical Institute as at 30 June 2010, and its performance for the year ended on that date in accordance with Australian Accounting Standards (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 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:

Robert Watts

President

Frances Separovic

Treasurer

20 November 2010



THE ROYAL AUSTRALIAN CHEMICAL INSTITUTE INCORPORATED

Independent Audit Report to the Members