



ABN: 69 030 287 244

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Prepared by: The RACI National Office

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Table of contents

Board Report.....	3
CEO Report.....	4
Comparative Highlights	5
Statement of Financial Position	6
Statement of Profit and Loss and Other Comprehensive Income.....	7
Statement of Changes in Equity.....	8
Statement of Cash Flows	9
Notes to the Financial Statements.....	10
1. Statement of Significant Accounting Policies	10
2. Items included in Depreciation	17
3. Cash and Cash Equivalents.....	17
4. Trade and Other Receivables.....	17
5. Financial Assets	17
6. Property, Plant and Equipment	18
7. Intangible Assets.....	19
8. Deferred Revenue	19
9. Trade and Other Payables	19
10. Provisions.....	20
11. Funds Held in Trust on Behalf of Other Chemical Societies	20
12. Equity	21
13. Note to the Cash Flow Statement	21
14. Contingent Assets & Liabilities.....	21
15. Commitments.....	22
16. Related Party Transactions	22
17. Key Management Personnel.....	22
18. Events Subsequent to Reporting Date	22
19. Financial Instruments.....	22
Statement by Members of the Board	24
Independent Audit Report to the Members.....	25

Board Report

Your Board members submit the financial report of the Royal Australian Chemical Institute Inc. ('RACI') for the financial year ended 30 June 2018.

Board Members

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

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

Principal Activities

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

Significant Changes

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

Operating Result

The deficit from operating activities amounted to \$ 45,862

Net Assets

Net Assets increased by \$1,182,957 to \$3,202,348

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



Peter Junk
President
20/9 2018



Steven Langford
Treasurer
11/10/ 2018

CEO Report

Operational Results

The operational result for the year was disappointing with a deficit of \$45,862 being recorded versus a budget of a surplus of \$99,200. The majority of the shortfall was caused by the centenary congress producing a surplus of only \$40,000 against a budget of \$150,000. Paying delegate numbers were lower than anticipated and the proportion of low paying student registrations were much higher than expectations.

Other comprehensive income at \$1,228,819 was high due to a building revaluation giving a current value of \$2.5 Million versus the previous value of \$1.4M.

Revenue figures

Revenue received at \$1,561,990 was substantially less than the previous year result of \$1,893,859 and far less than the budget of \$1,939,500. The latter was due to the \$110,000 shortfall in the congress surplus and the fact that the Chemical Education Division had budgeted \$220,000 for the ICCE2018 conference in the financial year but with the conference occurring early in the following financial year the delegate payments received, due to accrual the accounting methodology, the income will only be recognised in the 2018/9 financial year.

In general, due to the divisions utilising the centenary congress for their regular meetings and AGMs planned activity levels for this financial year were low.

Expense figures

Expenditure, at \$1,607,852 was less than the previous year's figure of \$1,829,234 and below the budget of \$1,840,300. The main cause of the variance being the Chemical Education conference budgeting error.

Cash Flow

The cash position improved by \$276,233 year on year due to 3 conferences being organised in house with much of the receipts occurring during the financial year and the majority of expenditure due in the following financial year.

Net Assets

Net Assets increased by \$1,182,957 to \$3,201,115 The bulk of this increase being the result of the building revaluation.

Membership

Membership numbers dropped by 185 over the year, proportionally the biggest loss occurring in the student membership grades.

Roger Stapleford [CEO]

Comparative Highlights

Total Operating Revenue

2017/2018	\$1,561,990
2016/2017	\$1,893,859

Total Operating Expenses

2017/2018	\$1,607,852
2016/2017	\$1,829,234

Operating Surplus (Deficit)

2017/2018	(\$ 45,862)
2016/2017	\$ 64,625

Net Assets

2017/2018	\$3,202,348
2016/2017	\$2,019,391

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 30th June 2018.

Statement of Financial Position
As at 30 June 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	491,092	214,859
Trade and Other Receivables	4	201,759	187,313
Financial Assets	5	1,349,266	1,174,581
		0	
Total Current Assets		2,042,117	1,576,753
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	2,503,331	1,326,490
Intangible Assets	7	11,026	18,454
Total Non-Current Assets		2,514,357	1,344,944
TOTAL ASSETS		4,556,473	2,921,697
CURRENT LIABILITIES			
Deferred Revenue	8	1,052,211	631,647
Trade & Other Payables	9	92,059	48,619
Provisions	10	114,567	103,837
Funds held in Trust on behalf of other Chemical Societies	11	94,372	113,523
TOTAL CURRENT LIABILITIES		1,353,209	897,626
NON-CURRENT LIABILITIES			
Provisions	10	916	4,680
TOTAL NON-CURRENT LIABILITIES		916	4,680
TOTAL LIABILITIES		1,354,125	902,306
NET ASSETS		3,202,348	2,019,391
MEMBERS FUNDS			
Reserves		2,750,617	1,523,406
Accumulated Surplus		451,731	495,985
TOTAL MEMBERS FUNDS		3,202,348	2,019,391

The accompanying notes form part of the financial statements.

**Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2018**

	Notes	2018 \$	2017 \$
Revenues			
Members' subscription Income		670,959	678,778
School Competition Income		282,629	281,284
Meetings, conference and symposium income		199,014	499,098
Sponsorships, donations and grants		187,640	160,046
Media Income		81,168	92,547
Investment Income		56,250	58,961
Rental Income		45,979	44,215
Other Income		38,351	78,930
Total Income		1,561,990	1,893,859
Expenses			
Wages, Salaries & Entitlements		534,391	541,384
Depreciation Expense	2	32,868	39,349
Meetings, Conferences & Symposiums		460,898	562,863
School Competitions		152,576	217,224
Finance & Accounting Expenses		40,254	40,573
Office Administration Expenses		129,985	140,570
Media & Advertising Expenses		129,301	150,656
Sponsorships & Awards		73,309	81,921
Non-Office Administration Expenses		54,270	54,694
Total Expenses		1,607,852	1,829,234
Operating surplus (Deficit) before tax		(45,862)	64,625
Income tax		-	-
Operating surplus (Deficit)		(45,862)	64,625
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain on revaluation of financial assets		26,538	27,369
Items that will not be reclassified subsequently to profit or loss			-
Building revaluation		1,202,281	
Total comprehensive income for the period		1,182,957	91,994

The accompanying notes form part of the financial statements.

Statement of Changes in Equity
As at 30 June 2018

	Notes	Reserves	Financial Asset Revaluation Reserve	Asset Revaluation Reserve	Accumulated Surplus	Total
		\$	\$	\$	\$	\$
As at 30/6/2016		322,176	137,049	1,036,872	431,300	1,927,397
(Deficit) for Year		-	-	-	64,625	64,625
Other Comprehensive Income		-	27,369	-	-	27,369
Transfer to/from Reserves	12	(60)	-	-	60	-
As at 30/6/2017		322,116	164,418	1,036,872	495,985	2,019,391
(Deficit) for Year		-	-	-	(45,862)	(45,862)
Other Comprehensive Income		-	26,538	1,202,281	-	1,228,819
Transfer to/from Reserves	12	(1,608)	-	-	1,608	-
As at 30/6/2018		320,508	190,956	2,239,153	451,731	3,202,348

The accompanying notes form part of the financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from Members' subscriptions		737,102	714,897
Receipts from School Competitions		277,188	262,292
Receipts from meetings, conferences & symposiums		558,874	566,333
Receipts from sponsorships, donations & grants		187,640	160,046
Receipts from media advertising		81,168	92,547
Receipts from other activities		23,906	-
Investment income		56,250	60,968
Rental income		45,979	44,215
Payment to suppliers and employees		(1,543,728)	(1,760,687)
Net cash inflow (outflow) from operating activities	13	424,379	140,611
Cash flows for investing activities			
Proceeds from the sale of managed portfolio investments		-	135,000
Term deposits (increase) / Decrease		81,854	-
Payments for managed portfolio investments		(230,000)	(264,596)
Net cash inflow/(outflow) from investing activities		(148,146)	(129,596)
Net increase/(decrease) in cash held		276,233	11,015
Cash at the beginning of Financial Year		214,859	203,844
Cash at the end of the Financial Year	3	491,092	214,859

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

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

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

The financial report for the year ended 30 June 2018 was authorised for issue by the Board Members of The Royal Australian Chemical Institute Incorporated on the date shown on the Declaration by the Board Members attached to the financial statements.

1. Statement of Significant Accounting Policies

a) *Basis of Preparation*

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

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

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

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

b) *Critical Accounting Judgements, Estimates and Assumptions*

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

Notes to the Financial Statements (Cont.)

Valuation of land and buildings

The freehold land and buildings were independently valued at 30 June 2018 by Charter Keck Cramer Pty Ltd. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for the land and buildings in the area and recent sales data for similar properties. The value resulted in a revaluation increment being recognised for the year ended 30 June 2018.

Employee benefits provision

As discussed in Note 1) below, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

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

c) Change in Accounting Policy

New, revised or amending Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements.

Notes to the Financial Statements (Cont.)

d) Revenue Recognition

I. Membership Fees and Subscriptions

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

II. Subscriptions In Advance

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

III. Publications – Advertising and Sales

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

IV. Meeting Seminars and Conferences

Revenue is recognised when the service is provided.

V. National Chemistry Quiz

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

VI. Interest and Dividends

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

e) Income Tax

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

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments with original maturities of three months or less, and bank overdrafts.

g) Reserves – Funds Held in Trust

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

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

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

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

Notes to the Financial Statements (Cont.)

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

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

i) Payables

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

j) Employee Entitlements

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

k) Fair value measurement

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

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

Notes to the Financial Statements (Cont.)

1) Financial Assets and Financial Liabilities

Initial recognition and measurement

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

(v) Financial liabilities

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

Notes to the Financial Statements (Cont.)

Impairment

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

De-recognition

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

m) Property, Plant and Equipment

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

I. Freehold Property

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

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

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

II. Plant and Equipment

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

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

Notes to the Financial Statements (Cont.)

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

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

III. Depreciation

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

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

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

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

n) Intangibles

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

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

o) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements (Cont.)

p) Goods & Services Tax (GST)

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

GST Paid	\$ 77,310
GST Collected	\$ 89,523

This resulted in a Net Receivable to the Australian Taxation Office of \$ 12,213

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

2. Items included in Depreciation

	2018	2017
	\$	\$
Depreciation/Amortisation		
Buildings and Chattels	24,608	25,239
Plant and Equipment	832	1,613
Software	7428	12,497
Total Depreciation Non-Curent Assets	32,868	39,349

3. Cash and Cash Equivalents

	2018	2017
	\$	\$
Current		
Cash at Bank	164,147	69,522
Deposits at Call	326,945	145,337
Total Cash Available	491,092	214,859

4. Trade and Other Receivables

	2018	2017
	\$	\$
Current		
Prepayments	166,262	108,613
Sundry Debtors	35,497	78,700
Total Current Debtors	201,759	187,313

Notes to the Financial Statements (Cont.)

5. Financial Assets

	2018	2017
	\$	\$
Current		
<i>Available for Sale Financial Assets</i>		
Managed Investments at Fair Value	1,226,782	970,244
<i>Held to Maturity</i>		
Term Deposits at Amortised Cost	122,484	204,337
Investments at Net Market Value	1,349,266	1,174,581

6. Property, Plant and Equipment

	2018	2017
	\$	\$
Land and Building		
At Fair Value	2,500,000	1,400,000
Accumulated Depreciation	-	(77,673)
Total Land and Building	2,500,000	1,322,327
Plant and Equipment		
Furniture and Fittings at Cost	31,834	31,834
Accumulated Depreciation	(28,503)	(27,671)
Furniture and Fittings	3,331	4,163
Total Plant and Equipment	3,331	4,163
Total Property, Plant and Equipment	2,503,331	1,326,490

Reconciliations	2018	2017
	\$	\$
Land and Building		
Opening written down value	1,322,327	1,347,566
Revaluation increment	1,202,281	-
Depreciation Expense	(24,608)	(25,239)
Closing written down value	2,500,000	1,322,327
Plant and Equipment		
<i>Furniture and Fittings</i>		
Opening written down value	4,163	5,776
Additions	-	-
Depreciation Expense	(832)	(1,613)
Closing written down value	3,331	4,163
Total Property, Plant and Equipment	2,503,331	1,326,490

Notes to the Financial Statements (Cont.)

The freehold land and buildings at Unit 1, 21 Vale Street, North Melbourne, Victoria were independently valued at 30 June 2018 by Charter Keck Cramer Pty Ltd. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for the land and buildings in the area and recent sales data for similar properties.

The value resulted in a revaluation increment being recognised for the year ended 30 June 2018.

7. Intangible Assets

	2018	2017
	\$	\$
Software		
At Cost	165,114	165,114
Accumulated Depreciation	(154,088)	(146,660)
Total Software	<u>11,026</u>	<u>18,454</u>
Reconciliations		
Software		
Opening written down value	18,454	30,951
Additions	-	-
Depreciation Expense	(7,428)	(12,497)
Closing written down value	<u>11,026</u>	<u>18,454</u>

8. Deferred Revenue

	2018	2017
	\$	\$
Current		
Members' Fees received in advance	389,729	323,586
Event Income in Advance	521,051	161,190
ANCQ Fees received in advance	141,430	146,871
Total Deferred Revenue	<u>1,052,210</u>	<u>631,647</u>

9. Trade and Other Payables

	2018	2017
	\$	\$
Unsecured		
Sundry Creditors	92,059	48,619
Total Current Creditors	<u>93,292</u>	<u>48,619</u>

Notes to the Financial Statements (Cont.)

10. Provisions

	2018	2017
Current	\$	\$
Annual Leave Entitlements	\$66,885	65,273
Long Service Leave Entitlements	\$47,682	38,564
	<u>\$114,567</u>	<u>103,837</u>
Non-Current		
Long Service Leave Entitlements	\$917	4,680
	<u>\$115,484</u>	<u>108,518</u>

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

	2018	2017
	\$	\$
Current		
Friends of East Timor	236	2,600
Seed money	20,000	37,328
Federation of Asian Chemical Societies	55,236	54,886
Asian Coordination Group for Chemistry Funds (ACGC)	18,900	18,709
	<u>94,372</u>	<u>113,523</u>

12. Equity

i. Nature and Purpose of Reserves

Reserve	Purpose
C.S. Piper	Award made for the best published original research work carried out in the fields of soil chemistry or mineral nutrition.
Solomon Foundation	Support the provision of lectures by internationally respected Polymer Scientists to the Australian Polymer community.
Pat Rodgers O.G. Prize	A commemorative award administered by RACI Consultants Group (NSW) for deserving tertiary students in chemical science, provided as a cash award.
Healy-Hunter Award	Award made to the member who has contributed the most toward the development of colloid chemistry.

Notes to the Financial Statements (Cont.)

ii. Movement in Reserves

	2018				2017			
	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance	Opening Balance	Transfers to Reserve	Payment from Reserve	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
RACI Funds								
C.S. Piper	282,055	-	-	282,055	282,055	-	-	282,055
Solomon Foundation	30,340	309	-	30,649	30,000	340	-	30,340
Total RACI Funds	312,395	309	-	312,704	312,055	340	-	312,395
Business Unit Funds								
Pat Rodgers O.G. Prize	510	-	(500)	10	1,010	-	(500)	510
Healy-Hunter Award	9,211	-	(1418)	7,793	9,111	100	-	9,211
Total Business Unit Funds	9,721	-	(1918)	7,803	10,121	100	(500)	9,721
Total Consolidated Funds	322,116	309	(1918)	320,507	322,176	440	(500)	322,116

13. Note to the Cash Flow Statement

	2018	2017
	\$	\$
Reconciliation of net cash outflow from operating activities to operating income		
Operating Surplus/(deficit) for the year	(45,862)	64,625
Adjustment for non-cash items		
Depreciation	32,868	39,349
(Gains)/Losses on Sale of Investments	-	3,240
Changes in operating assets and liabilities		
(Increase)/decrease in trade & other receivables	(14,446)	(93,550)
Increase/(decrease) in deferred revenue	420,563	84,361
Increase/(decrease) in sundry creditors	43,440	(11,839)
Increase/(decrease) in provisions	6,967	14,355
Increase/(decrease) in funds held in trust	(19,151)	39,203
Net cash flow from operating activities	424,379	140,611



Notes to the Financial Statements (Cont.)

14. Contingent Assets & Liabilities

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

15. Commitments

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

16. Related Party Transactions

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

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

17. Key Management Personnel

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

Key management personnel disclosures

Compensation

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

	2018	2017
	\$	\$
Aggregate compensation	167,700	166,179

18. Events Subsequent to Reporting Date

There are no material events subsequent to reporting date.

19. Financial Assets and Liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Notes to the Financial Statements (Cont.)

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	491,092	214,859
Loans and receivables	35,497	78,700
Held to maturity – Term deposits	122,484	204,337
Available for sale financial assets		
- Managed funds	<u>1,226,782</u>	<u>970,244</u>
Total Financial Assets	<u>1,875,855</u>	<u>1,468,140</u>
Financial Liabilities		
Trade and other payables	<u>92,059</u>	<u>48,619</u>
Net Financial instrument position	<u>1,783,796</u>	<u>1,419,521</u>

Net Fair value

The net fair value of listed investments have been valued at quoted market bid prices at the end of the reporting period. For other financial assets and financial liabilities the net fair values approximate their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Statement by Members of the Board

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

- (a) Presents a true and fair view of the financial position of the Royal Australian Chemical Institute Inc. as at 30 June 2018, and its performance for the year ended on that date in accordance with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- (b) At the date of this statement, there are reasonable grounds to believe that the Royal Australian Chemical Institute Inc. will be able to pay its debts as and when they fall due

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



Peter Junk
President

20/9 2018



Steven Langford
Treasurer

11/10/ 2018

Royal Australian Chemical Institute Inc.

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Royal Australian Chemical Institute Inc. (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and Management's declaration.

In our opinion the financial report of Royal Australian Chemical Institute Inc has been prepared in accordance with the Associations Incorporation Reform Act 2012, including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Regime.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Committee of Management are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Associations Incorporations Reform Act 2012 and for such internal control as management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Management are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that reads 'C.L. Siddles'.

C.L. Siddles
Director

Melbourne, 11th day of October, 2018