National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Financial Statements

For the Year Ended 30 June 2021

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Contents

For the Year Ended 30 June 2021

Directors' Report
For the Year Ended 30 June 2021

The directors present their report on National Accreditation Authority for Translators and Interpreters Ltd (NAATI) for the financial year ended 30 June 2021.

1. General Information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Voula Messimeri AM	**Chair**
Experience	Voula Messimeri AM was appointed to the NAATI Board on 1 November 2014, bringing to the Board significant experience and skills as an executive and non-executive director. Ms Messimeri has had roles as a non-executive Board Director including as Chair of the peak multicultural national body, the Federation of Ethnic Communities' Councils of Australia (FECCA); Deputy Chair of the Ethnic Communities Council of Victoria; inaugural Chair of Women's Health in the North; and Chair of InTouch Multicultural Centre Against Family Violence. Ms Messimeri was appointed to the RMIT University Council, serving two terms and representing the Council as a Board Director on the RMIT Training Board, a controlled entity of the RMIT University. With a strong interest in language services, she was appointed as a Director on the Victorian Interpreting & Translating Service (VITS) Board, a state-owned enterprise, where she served for 15 years and occupied the role of Deputy Chairperson twice in that time. Major contributions to policy combined with her advocacy roles led to appointments on a wide range of Ministerial State and Federal advisory structures across diverse areas, including health, ageing, income support, media and as a member on the Australian Multicultural Advisory Council. She is a Fellow of the Williamson Community Leadership Program and has been awarded Honorary life membership for significant contributions and leadership by FECCA and PRONIA, where she was a long standing CEO. The Greek Government recognised her service to the Australian Greek diaspora in 2009. Ms Messimeri was inducted into the Victorian Honour Roll of Women and recognised under the Order of Australia for her contribution to refugees, migrants and women. She is a Member of the Australian Institute of Company Directors and currently serving as a non-executive director on the boards of PRONIA and Settlement Services International (SSI). Ms Messimeri's term expires on 30 October 2023.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Information on directors

Dr Adolfo Gentile

Experience	Dr Adolfo Gentile was appointed to the NAATI Board on 31 July 2020. He brings to the Board significant experience as a consultant, teacher and researcher in the translating and interpreting field. Dr Gentile has a PhD in Translating and Interpreting, a Master of Educational Administration and is a NAATI Certified Advanced Translator in Italian (both directions). He is an Affiliate of the Interpreting and Translation Studies program at Monash University and is widely known as an expert in his field, having researched and published extensively on translating and interpreting matters. He is a former President of the International Federation of Translators (FIT). Dr Gentile has a long-standing relationship with NAATI, including being a former Board Chair. Dr Gentile's term expires on 30 June 2023.

Nirmal Hansra

Experience	Nirmal Hansra was appointed to the NAATI Board on 1 November 2020 and as Chair of the Board's Audit and Risk Management Committee on 19 February 2021. Mr Hansra has over 30 years' senior executive management experience and over 13 years' board and corporate advisory experience. He is the Chair of Campbell Page Ltd and a Non-Executive Director of Link Wentworth Housing Ltd, Have a Voice Pty Ltd and Children's Tumour Foundation of Australia Ltd. He is also an independent Member of the Audit and Risk Management Committee for the Housing and Property Group of the NSW Department of Planning, Industry & Environment and Chair of the Compliance & Risk Management Committee of Gleneagles Asset Management Limited. Mr Hansra has a Master of Commerce Degree (Business Management major) and is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia, Chartered Accountants ANZ and CPA Australia. As a qualified chartered accountant, Mr Hansra held Chief Financial Officer/Finance Director roles in leading Australian and international companies including Ruralco Holdings Ltd, Industrea Ltd, Australian Pharmaceutical Industries Ltd, Fujitsu Australia Ltd and Texas Instruments Australia Ltd. Mr Hansra's term expires on 30 October 2023.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Information on directors

Jovanka Naumoska

Experience	Jovanka Naumoska was appointed to the NAATI Board on 1 August 2020 and as a Member of the Board's Audit and Risk Management Committee on 19 February 2021. Ms Naumoska is a legal practitioner with expertise in intellectual property law, corporate law and corporate governance. She holds a Bachelor of Laws (Honours) and Bachelor of Science (Honours) and has a Graduate Diploma in Applied Corporate Governance (Governance Institute of Australia). She is a Non-Executive Director for Imagion Biosystems Ltd and a Non-Executive Director for Security Matters Ltd. She is also a Member of the Australian Dispute Resolution Advisory Council and is employed as a legal practitioner for a federal government research agency. Ms Naumoska's term expires on 31 July 2023.

Mark Avery

Experience	Mark Avery was appointed to the NAATI Board on 1 September 2020. Mr Avery is currently working as a university academic teaching, researching and consulting in health services management and he has over 30 years' experience in leadership, management and corporate roles in both the public and private health care sectors in Australia and the United Kingdom. His career and experience has been at the senior executive, chief executive, consultant, academic, company director and board member levels spanning acute care hospital settings, teaching and research centres, community health services, metropolitan and rural service delivery, aged care sector, regional and district health services, educational environments and internal and external/competitive commercial services. He holds a Bachelor of Health Administration, Master of Business, PhD and is a Graduate of the Australian Institute of Company Directors. Mr Avery's term expires on 30 August 2023.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Information on directors

Josephine Buontempo

Experience	Josephine Buontempo was appointed to the NAATI Board on 1 December 2020. Ms Buontempo has, for over 25 years, been in executive and senior management roles across the corporate, legal, government and social sectors. Her experience in executive leadership and management is coupled with roles as an experienced Non-Executive and Independent Director and in an advisory capacity for community corporations, government agencies and ministerial councils. Since 2008, Ms Buontempo has been the Managing Director of Kasali Migration Australia, a global migration practice. She also provides training and consulting services in corporate governance, organisational and board development and strategy, predominantly for the for purpose sector including Aboriginal corporations in regional and remote locations. Ms Buontempo has extensive experience in social, cultural and economic development and has managed organisations and services in the areas of social housing, law, education and training, disability, family, youth and children's services, culture and the arts and humanitarian and refugee resettlement programs. Her current governance and advisory roles include Foundation Housing Ltd, Western Australia's key affordable housing property developer and manager and she chairs the FHL Tenant Services and Engagement Committee, the Australian Broadcasting Corporation Advisory Council and Australian Scholarships Foundation Assessor Panel. Ms Buontempo has postgraduate qualifications in migration law and is an alumna of the International Fellows Program of the City University of New York Centre for Philanthropy and Civil Society, a Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management. Ms Buontempo's term expires on 30 November 2023.

Directors' Report
For the Year Ended 30 June 2021

1. General Information

Information on directors

Outgoing Directors

Mr John Williams PSM

Experience

Mr Williams was appointed to the NAATI Board on 1 September 2014.

He joined the Department of Immigration in Melbourne in 1964, gaining extensive senior management experience before retiring in December 2008.

His overseas appointments include serving in the Australian High Commission London from 1973 to 1975, the Australian Embassy (Belgrade) from 1975 to 1977 and 1983 to 1985, the Australian Embassy (Cairo) from 1978 to 1979, and the Australian Consulate Cape Town from 1979 to 1982.

Mr Williams was notably involved with multicultural and consular communities in his assignments both overseas and in Australia.

He was awarded a Public Service Medal in the Queen's Birthday Honour list in 2008 in recognition of his work with Australia's multicultural communities. Since retiring from the public service, he established a consultancy to assist multicultural communities to better connect with and access services within society.

Mr Williams' term expired on 31 August 2020.

Mary Gurgone

Experience

Mary Gurgone was appointed to the NAATI Board on 1 November 2014. She is the Director of the Centre for Capability and Culture with extensive executive experience in Government, private and community organisations.

She is a founding member, Fellow and former National President of the Australian Institute of Interpreters and Translators (AUSIT).
Ms Gurgone has a Master of Business, Bachelor of Arts and qualifications in governance, teaching, training, interpreting and translating.

She has introduced several interpreting and translating, vocational education and training programs and presented at International, National and State conferences on policy, evaluation, diversity and inclusion.

She has leadership roles in international and national organisations such as Zonta International and the Mental Health Foundation of Australia focusing on culturally and linguistically diverse services, governance, language, culture, aged care and domestic violence.

She has significant experience in working with Aboriginal communities in Western Australia.

Ms Gurgone's term expired on 31 October 2020.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Information on directors

Dr Michael Cooke	
Experience	Dr Michael Cooke was appointed to the NAATI Board on 1 December 2017. He is a NAATI Recognised Practising Interpreter and Translator in Djambarrpuyngu, one of the languages spoken by the Yolngu people of North East Arnhem Land. He completed his PhD in linguistics in 1997, becoming a specialist in legal interpreting and forensic linguistics. He is widely known as an expert in his field, researching, presenting, providing expert evidence as a forensic linguist and publishing extensively in language and the law. As Principal of Intercultural Communications he has provided training for Indigenous language interpreters and consultancy services for agencies that use them, particularly in the health, legal and judicial domains. His long-standing relationship with NAATI began with chairing the Northern Territory Regional Advisory Committee in 1995 and includes previously providing professional assistance to NAATI as a trainer, examiner and consultant. Dr Cooke's term expired on 30 November 2020.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The core mission of the company is to set and maintain high national standards for the translating and interpreting sector to enable the existence of a supply of appropriately certified translating and interpreting professionals, responsive to the changing needs and demography of Australia's culturally and linguistically diverse society.

NAATI introduced the new National Certification System in January 2018. NAATI is the only organisation to issue certifications to practitioners who wish to work in the translating and interpreting profession in Australia. In November 2018, the NAATI Board approved a three-year Strategic Plan (2019-2021) that will deliver the objectives of the company.

Objectives

The broad long-term objectives of the company are to:

- ensure high national standards for the translating and interpreting profession in Australia and promote the profession's reputation; and

- strengthen access and equity for individuals from culturally and linguistically diverse communities, the Deaf Community and Aboriginal and Torres Strait Islander peoples.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Strategy for achieving the objectives

- Maintaining and enhancing a nationally recognised Certification System that has integrity and is responsive to the changing needs of the Australian community;
- Establishing certification processes, including recertification that are accountable and subject to continuous improvement;
- Conferring credentials on translating and interpreting professionals in accordance with the nationally recognised Certification System;
- Developing and maintaining a capability to undertake a range of reliable language testing services;
- Engaging with relevant international organisations in the translating and interpreting industry to ensure the Certification System maintains currency and recognition in line with international best practice;
- Providing advisory and consultancy services in relation to the translating and interpreting sector;
- Recognising Endorsed Qualifications in translating and interpreting offered by education institutions;
- Providing certified translators and interpreters to support people with limited English proficiency access services and engage with broader community including in government, medical, legal, welfare and private sector settings;
- Working with Member Governments and other stakeholders to identify and address areas of unmet demand for community interpreting services;
- Raising community awareness of the value and effective methods of engaging and working with appropriately credentialed practitioners; and
- Advocating for and supporting multiculturalism and multilingualism in Australia.

Performance measures

The company measures performance through monitoring benchmarks in respect of:

- numbers of credentials awarded according to type;
- trends in numbers of tests administered;
- time taken to process applications and results;
- variations of expenditures against approved budgets;
- maintaining adequate financial resources to meet liabilities; and
- recording, managing and reporting on complaints received.

Directors' Report

For the Year Ended 30 June 2021

1. General Information

Operating results and review of operations for the year

The company achieved revenue of $18.1M (2020: $22.2M) and a surplus of $316K (2020: $3.1M). The reduction in revenue was due mainly to lower test related revenue arising from exceptional demand for tests in the previous year. Whilst COVID-19 impacted the delivery of face-to-face testing in locations affected by lockdowns, the company was able to deliver online services without affecting materially its services. Operating expenses declined by $1.3M reflecting reduced testing expenses associated with lower revenue. Net assets increased by $1.4M to $17.2M.

Key highlights for the year include:

- the milestone of 50 languages for Certified Provisional Interpreter tests, including 13 Aboriginal and Torres Strait Islander languages, Deaf interpreting and Auslan;
- since September 2020, all Certified Translator tests have been conducted online;
- assistance was provided to 3,500 practitioners to recertify by providing a 50% reduction in recertification fees;
- funding of over $125,000 was provided under NAATI's Research and Industry Development Funds for projects in the health and legal fields and for scholarships and training to address shortages of interpreters in areas of critical need; and
- over 980 credentials were issued.

As at 30 June 2021, there were 13,178 certified practitioners holding 17,950 credentials across 185 languages.

Members' guarantee

NAATI is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $10 for members, subject to the provisions of the company's constitution.

At 30 June 2021 the collective liability of members was $90 (2020: $90).

Directors' Report

For the Year Ended 30 June 2021

Meetings of directors

During the financial year, nine meetings of directors (including Audit and Risk Management committee meetings) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Voula Messimeri AM	6	6	-	-
Dr Adolfo Gentile	5	5	-	-
Ms Jovanka Naumoska	5	5	2	2
Dr Mark Avery	5	5	-	-
Mr Nirmal Hansra	4	4	2	2
Ms Josephine Buontempo	4	4	-	-
Mr John Williams PSM*	1	1	1	1
Ms Mary Gurgone*	2	2	1	1
Dr Michael Cooke*	2	2	-	-

*Directors’ terms expired during the financial year.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 10 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Voula Messimeri AM

Dated 27 August 2021

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Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes
Chartered Accountants
Hardwickes
R Johnson

Robert Johnson FCA
Partner

Canberra

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Sales revenue	4	**18,120,354**	22,212,979
Administrative expenses		**(8,893,537)**	(7,888,670)
Depreciation and amortisation	8(a)	**(1,063,252)**	(830,871)
Finance costs		**(196,614)**	(136,317)
Other expenses		**(7,650,529)**	(10,233,496)
Profit before income tax		**316,422**	3,123,625
Income tax expense	2(b)	**-**	-
Profit for the year		**316,422**	3,123,625
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on investments held at fair value through other comprehensive income (FVOCI)	2(e)	**1,096,014**	(345,961)
Other comprehensive income for the year, net of tax		**1,096,014**	(345,961)
Total comprehensive income for the year		**1,412,436**	2,777,664

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**7,234,247**	7,764,286
Trade and other receivables	6	**-**	119,578
Other financial assets	7	**8,218,907**	9,713,951
Other assets	9	**178,366**	108,010
TOTAL CURRENT ASSETS		**15,631,520**	17,705,825
NON-CURRENT ASSETS			
Other financial assets	7	**6,726,083**	5,692,785
Property, plant and equipment	8	**4,519,757**	4,646,888
TOTAL NON-CURRENT ASSETS		**11,245,840**	10,339,673
TOTAL ASSETS		**26,877,360**	28,045,498
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**895,008**	1,020,687
Lease liabilities	11	**636,483**	515,889
Employee benefits	12	**706,948**	579,029
Contract liabilities	13	**4,190,321**	7,062,315
TOTAL CURRENT LIABILITIES		**6,428,760**	9,177,920
NON-CURRENT LIABILITIES			
Lease liabilities	11	**3,094,697**	2,960,514
Employee benefits	12	**166,907**	132,504
TOTAL NON-CURRENT LIABILITIES		**3,261,604**	3,093,018
TOTAL LIABILITIES		**9,690,364**	12,270,938
NET ASSETS		**17,186,996**	15,774,560
EQUITY			
Reserves		**6,102,695**	5,040,033
Retained earnings		**11,084,301**	10,734,527
		17,186,996	15,774,560
TOTAL EQUITY		**17,186,996**	15,774,560

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Retained Earnings	General Reserve	FVOCI reserve	Total
	$	$	$	$
Balance at 1 July 2020	**10,734,527**	**5,000,000**	**40,033**	**15,774,560**
Profit for the year	**316,422**	**-**	**-**	**316,422**
Transfer from FVOCI to retained earnings	**33,352**	**-**	**(33,352)**	**-**
Total other comprehensive income for the period	**-**	**-**	**1,096,014**	**1,096,014**
Balance at 30 June 2021	**11,084,301**	**5,000,000**	**1,102,695**	**17,186,996**

2020

	Retained Earnings	General Reserve	FVOCI reserve	Total
	$	$	$	$
Balance at 1 July 2019	9,313,389	3,400,000	385,994	13,099,383
Change in accounting policy to reflect the retrospective adjustments - adoption of AASB 16	(102,487)	-	-	(102,487)
Balance at 1 July 2019 restated	9,210,902	3,400,000	385,994	12,996,896
Profit for the year	3,123,625	-	-	3,123,625
Transfers from retained earnings to general reserve	(1,600,000)	1,600,000	-	-
Total other comprehensive income for the period	-	-	(345,961)	(345,961)
Balance at 30 June 2020	10,734,527	5,000,000	40,033	15,774,560

The accompanying notes form part of these financial statements.

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**16,225,176**	24,345,897
Payments to suppliers and employees		**(17,709,324)**	(20,047,152)
Interest received		**58,414**	210,683
Net cash provided by/(used in) operating activities	22	**(1,425,734)**	4,509,428
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**2,955**	-
Dividends received		**219,709**	237,182
Purchase of property, plant and equipment		**(31,351)**	(881,587)
Purchase of financial assets		**682,775**	(1,554,032)
Proceeds from maturity of investments in term deposits		**874,985**	(914,889)
Net cash provided by/(used in) investing activities		**1,749,073**	(3,113,326)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of finance lease liabilities		**(853,378)**	(468,210)
Net cash (used in) financing activities		**(853,378)**	(468,210)
Net (decrease)/increase in cash and cash equivalents held		**(530,039)**	927,892
Cash and cash equivalents at beginning of year		**7,764,286**	6,836,794
Cash and cash equivalents at end of financial year	5	**7,234,247**	7,764,686

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2021

The financial report covers National Accreditation Authority for Translators and Interpreters Ltd (NAATI) as an individual entity. NAATI is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of NAATI is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer.

2. Identify the performance obligations.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations.

5. Recognise revenue as and when control of the performance obligations is transferred.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations; however, where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the company are:

Operating grants

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

When both these conditions are satisfied, the entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

The entity recognises dividends in profit or loss only when the entity's right to receive payment of the dividend is established.

(b) Income Tax

The company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(c) Goods and services tax

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Leasehold improvements

Leasehold improvements are measured using the cost model.

Plant and equipment

Plant and equipment is measured using the cost model.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the asset's useful life to the company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Office equipment	10% - 33.33%
Right to use asset	27%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the company classifies its financial assets into the following categories, those measured at:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Fair value through other comprehensive income

Equity instruments

The company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (FVOCI reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in Other Comprehensive Income (OCI).

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at Fair Value through Profit or Loss (FVTPL).

The company does not hold any assets that fall into this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and includes forward looking information.

The company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the company in full, without recourse to the company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable, then the gross carrying amount is written off against the associated allowance.

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk, then the lifetime losses are estimated and recognised.

Financial liabilities

The company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the company comprise trade payables and finance lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Leases

At inception of a contract, the company assesses whether a lease exists - i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The company has the right to direct the use of the asset i.e., decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Right-of-use asset

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

2 Summary of Significant Accounting Policies

(g) Leases

Lease liability

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., Consumer Price Index (CPI)) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The company has elected to apply the exceptions to lease accounting for both short-term leases (i.e., leases with a term of less than or equal to 12 months) and leases of low-value assets. The company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, on call deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

(j) Adoption of new and revised accounting standards

The company has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the company.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 July 2021	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	1 July 2022	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Minor impact expected.

3 Critical Accounting Estimates and Judgments

The company make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements; however, as additional information is known the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgements - COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the company based on known information. The consideration extends to the nature of the products and services offered, customers, supply chain and staffing. There does not currently appear to be either significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Key judgements - incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4 Revenue and Other Income

	2021	**2020**
	$	**$**
Revenue and other income		
- Test related revenue	**15,441,419**	19,756,123
- Government grants	**1,292,582**	1,272,229
- Other services revenue	**980,358**	776,668
- Dividends received	**219,709**	237,182
- Interest received	**86,286**	170,777
- Cashflow boost income	**100,000**	-
Total Revenue and Other Income	**18,120,354**	22,212,979

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Cash and Cash Equivalents

	Note	2021 $	2020 $
Cash at bank and in hand		**4,234,247**	7,764,286
Short-term deposits	16	**3,000,000**	-
	14	**7,234,247**	7,764,286

6 Trade and other receivables

	Note	2021 $	2020 $
CURRENT			
Trade receivables		**-**	20,006
Other receivables		**-**	99,572
Total current trade and other receivables	14	**-**	119,578

7 Other Financial Assets

	Note	2021 $	2020 $
CURRENT			
Term deposits	14	**7,125,015**	8,000,000
Operational capital pool[(a)]	14	**1,093,892**	1,713,951
		8,218,907	9,713,951
NON-CURRENT			
Medium & long-term capital pool[(b)]	14	**6,726,083**	5,692,785
Total		**14,944,990**	15,406,736

(a) The Board, in assessing NAATI's risk and investment return objectives (documented in NAATI's Investment Policy Statement paragraph 3), have determined that NAATI needs to maintain an operational capital pool of approximately $2M to ensure it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. In assessing the adequacy of this balance, the cash accounts listed in Note 5 also need to be considered. In accordance with the Financial Instruments Note 2(e) in the financial statements, funds invested with this short-term time frame are included in financial assets under the current assets heading. These assets are measured at fair value in the balance sheet with changes in this fair value recognised in other comprehensive income (Refer Note 2(e)).

(b) The non-current balance of NAATI's capital pool is disclosed as financial assets under the non-current assets heading. These investments are made in accordance with NAATI's Investment Policy Statement over the medium to long term. The classification is in accordance with note 2(e) of the financial statements as "Equity instruments" measured at fair value through other comprehensive income (Refer Note 2(e)). The medium to long term pool of funds is invested with a return objective of CPI plus 2% - 2.5% over a rolling five-year period. The purpose of the non-current capital pools are to ensure NAATI has available funds to meet specific strategic initiatives in the medium term and long-term commitments in the event of the company being wound up.

Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Plant and equipment

	2021 $	2020 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**272,395**	265,037
Accumulated depreciation	**(253,219)**	(247,892)
Total furniture, fixtures and fittings	**19,176**	17,145
Office equipment		
At cost	**36,223**	44,022
Accumulated depreciation	**(18,845)**	(17,282)
Total office equipment	**17,378**	26,740
Computer equipment		
At cost	**40,124**	40,124
Accumulated depreciation	**(7,633)**	(4,023)
Total computer equipment	**32,491**	36,101
Leasehold Improvements		
At cost	**1,632,710**	1,585,925
Accumulated depreciation	**(752,416)**	(506,435)
Total leasehold improvements	**880,294**	1,079,490
Technology upgrade		
At cost	**1,886,503**	1,728,130
Accumulated depreciation	**(1,253,661)**	(1,078,173)
Total technology upgrade	**632,842**	649,957
Capital Work in Progress		
At cost	**-**	181,166
Total capital work in progress	**-**	181,166
Total plant and equipment	**1,582,181**	1,990,599
RIGHT-OF-USE		
Right to use asset - Office Premises		
At fair value	**3,915,971**	3,004,431
Accumulated depreciation	**(978,395)**	(348,142)
Total Right to use asset - Office Premises	**2,937,576**	2,656,289
Total right-of-use	**2,937,576**	2,656,289
Total property, plant and equipment	**4,519,757**	4,646,888

8 Plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Furniture, Fixtures and Fittings	Office Equipment	Computer Equipment	Improvements	Technology upgrade	Right to use asset	Capital work in progress	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2021								
Balance at the beginning of year	**17,145**	**26,740**	**36,101**	**1,079,490**	**649,957**	**2,656,289**	**181,166**	**4,646,888**
Additions	**7,358**	**-**	**-**	**23,812**	**-**	**911,540**	**-**	**942,710**
Transfers	**-**	**-**	**-**	**22,793**	**158,373**	**-**	**(181,166)**	**-**
Disposals	**-**	**(6,769)**	**-**	**-**	**-**	**-**	**-**	**(6,769)**
Depreciation expense	**(5,327)**	**(2,593)**	**(3,610)**	**(245,981)**	**(175,488)**	**(630,253)**	**-**	**(1,063,252)**
Balance at the end of the year	**19,176**	**17,378**	**32,491**	**880,114**	**632,842**	**2,937,576**	**-**	**4,519,577**

	Furniture, Fixtures and Fittings	Office Equipment	Computer Equipment	Improvements	Technology upgrade	Right to use asset	Capital work in progress	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2020								
Balance at the beginning of year	43,969	16,741	40,113	26,687	762,853	-	-	890,363
Additions	-	12,700	-	1,189,099	200,000	3,004,431	181,166	4,587,396
Depreciation expense	(26,824)	(2,701)	(4,012)	(136,296)	(312,896)	(348,142)	-	(830,871)
Balance at the end of the year	17,145	26,740	36,101	1,079,490	649,957	2,656,289	181,166	4,646,888

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Other Assets

	2021	2020
	$	$
CURRENT		
Prepayments	**121,514**	79,030
Accrued income	**56,852**	28,980
	178,366	108,010

10 Trade and Other Payables

	2021	2020
	$	$
CURRENT		
Trade payables	**-**	162,238
Sundry payables and accrued expenses	**633,201**	486,662
GST payable	**14,013**	243,655
Other payables	**247,794**	128,132
	895,008	1,020,687

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2021	2020
		$	$
Trade and other payables:			
- Total current	10	**895,008**	1,020,687
		895,008	1,020,687
Less:			
GST payable	10	**(14,013)**	(243,655)
Other payables	10	**(247,794)**	(128,132)
Financial liabilities as trade and other payables	14	**633,201**	648,900

11 Lease Liabilities

	Note	2021 $	2020 $
Lease liability		**636,483**	515,889
Total current lease liabilities	14	**636,483**	515,889

	Note	2021 $	2020 $
NON-CURRENT			
Lease liability		**3,094,697**	2,960,514
Total non-current lease liabilities	14	**3,094,697**	2,960,514
Total lease liabilities	14	**3,731,180**	3,476,403

12 Employee Benefits

	2021 $	2020 $
CURRENT LIABILITIES		
Long service leave	**285,309**	216,587
Annual leave provision	**421,639**	362,442
	706,948	579,029
NON-CURRENT LIABILITIES		
Long service leave	**166,907**	132,504
	166,907	132,504

13 Contract Liabilities

	2021 $	2020 $
CURRENT		
Test fees in advance	**4,040,871**	6,854,742
Grant funding in advance	**149,450**	207,573
Total	**4,190,321**	7,062,315

14 Financial Risk Management

The company is exposed to a variety of financial risks through its use of financial instruments.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

14 Financial Risk Management

Objectives, policies and processes

The most significant financial risks to which the company is exposed to are described below:

Specific risks

Liquidity risk

Credit risk

Market risk - interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the company are:

Trade receivables

Cash at bank

Investments in listed shares

Trade and other payables

Lease liabilities

	Note	2021 $	2020 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	5	**7,234,247**	7,764,286
Trade and other receivables	6	**-**	119,578
Term deposits	7	**7,125,015**	8,000,000
Fair value through Other Comprehensive Income (OCI)			
Operational capital pool	7	**1,093,892**	1,713,951
Medium & long-term capital pool	7	**6,726,083**	5,692,785
Total financial assets		**22,179,237**	23,290,600
Financial liabilities			
Financial liabilities at fair value			
Trade and other payables	10(a)	**633,201**	648,900
Total financial liabilities		**633,201**	648,900

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of NAATI's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk and credit risks.

14 Financial Risk Management

Objectives, policies and processes

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and NAATI's activities.

The day-to-day risk management is carried out by NAATI’s finance function under policies and objectives which have been approved by the Board of Directors. The Chief Executive Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives regular reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the company’s management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company’s policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 90-day projection. Long-term liquidity needs for a 180-day and a 360-day period is identified monthly.

At the reporting date, these reports indicate that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since NAATI has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

14 Financial Risk Management

The table below reflects the undiscounted contractual maturity analysis for financial liabilities

	Within 1 Year		1 to 5 Years		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	**633,201**	648,900	**-**	-	**633,201**	648,900
Total contractual outflows	**633,201**	648,900	**-**	-	**633,201**	**648,900**

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company.

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

14 Financial Risk Management

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Entity is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the entity to interest rate risk are limited to lease liabilities, listed shares and fixed interest securities, and cash on hand.

The entity also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

Such risk is managed through diversification of investments.

15 Reserves

(a) General reserve

The general reserve records funds set aside for the future expansion of NAATI.

(b) FVOCI reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

16 Fair Value Measurement

The company measures the following assets and liabilities at fair value on a recurring basis:

Financial assets

- Listed Shares
- Fixed Interest Securities
- Other Financial Assets
- Equity Securities at FVOCI

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Fair Value Measurement

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the company:

30 June 2021	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Fixed Interest Securities	7	**7,125,015**	**-**	**-**	**7,125,015**
Short term deposits	5	**3,000,000**	**-**	**-**	**3,000,000**
Equity Securities at FVOCI	7	**7,819,975**	**-**	**-**	**7,819,975**

30 June 2020	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Fixed Interest Securities	7	8,000,000	-	-	8,000,000
Equity Securities at FVOCI	7	7,406,736	-	-	7,406,736

17 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company.

Notes to the Financial Statements

For the Year Ended 30 June 2021

18 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of NAATI during the year are as follows:

	2021	2020
	$	$
Short-term employee benefits	**836,393**	796,089
Long-term benefits	**73,895**	69,926
Directors' remuneration	**71,784**	69,344
	982,072	935,359

19 Auditors' Remuneration

	2021	2020
	$	$
Remuneration of the auditor of the company,Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	**21,000**	20,000
Total	**21,000**	20,000

20 Contingencies

In the opinion of the Directors, the company did not have any contingent assets or contingent liabilities at 30 June 2021 (30 June 2020:Nil).

21 Related Parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Key management personnel (KMP) - refer to Note 18.

There were no other transactions with KMP and their related entities.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

There were no transactions with related parties.

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	$	$
Profit for the year	**316,422**	3,123,625
Cash flows excluded from profit attributable to operating activities		
Dividend income treated separately	**(219,709)**	(237,182)
Non-cash flows in profit:		
- depreciation and amortisation	**1,063,252**	830,871
- loss on disposal of plant and equipment	**3,816**	-
- finance cost on lease liability	**196,614**	136,317
Changes in assets and liabilities:		
- decrease in trade and other receivables	**91,706**	681,389
- increase in prepayments	**(42,484)**	(13,273)
- decrease in income in advance	**(2,871,994)**	(187,334)
- increase/decrease in trade and other payables	**(245,341)**	95,517
- increase in employee benefits	**281,984**	79,498
Cashflows from operations	**(1,425,734)**	4,509,428

23 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

24 Company Details

The registered office and principal place of business of the company is:

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)
16/2 King Street
Deakin ACT 2600

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 11 to 36, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Voula Messimeri AM

Dated 27 August 2021

Hardwickes
more than accounting

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National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

Independent Audit Report to the members of National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Accreditation Authority for Translators and Interpreters Ltd (NAATI) (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors 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, the directors are responsible for assessing the company’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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

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 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 the 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 company'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 company 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.

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We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Hardwickes
Chartered Accountants

Hardwickes
R Johnson

Robert Johnson FCA
Partner

Canberra