National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

ABN: 42 008 596 996

Financial Statements

For the Year Ended 30 June 2022

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

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Contents

For the Year Ended 30 June 2022

Directors' Report

For the Year Ended 30 June 2022

The directors present their report on National Accreditation Authority for Translators and Interpreters Ltd (NAATI) for the financial year ended 30 June 2022.

1. General Information

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 from 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 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 Board of PRONIA and as chair of the Board of Settlement Services International (SSI). Ms Messimeri's term expires on 30 October 2023.

Directors' Report

For the Year Ended 30 June 2022

1. General Information (continued)

Dr Adolfo Gentile

Experience	Dr Adolfo Gentile was appointed to the NAATI Board from 31 July 2020. He brings to the Board significant experience as a consultant, teacher and researcher in the translating and interpreting field. He was also a member of the Refugee Review and Immigration Tribunals. Dr Gentile has a PhD in Translation Studies, 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 from 1 November 2020 and as Chair of the NAATI 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 Deputy Chair of Link Wentworth Housing Ltd and Chair of the Compliance and Risk Committee of Gleneagles Asset Management Limited. Mr Hansra is a non-executive Director of Have a Voice Pty Ltd and Children's Tumour Foundation of Australia Ltd. He is also an independent member of the Audit and Risk Committees for the Property and Place Group NSW Department of Planning & Environment and NSW Greater Cities Commission. He recently retired as Chair of Campbell Page Limited and previously held roles as non-executive Director of Eureka Group Holdings Limited, Kuringai Financial Services Limited and Council on the Ageing (NSW) Inc. 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 2022

1. General Information (continued)

Jovanka Naumoska

Experience	Jovanka Naumoska was appointed to the NAATI Board from 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 Council 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 from 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 2022

1. General Information (continued)

Josephine Buontempo

Experience	Josephine Buontempo was appointed to the NAATI Board from 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 nonexecutive 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 forpurpose 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 deputy chair of the Foundation Housing Ltd (Western Australia's key affordable housing property developer and manager) and chair of its Tenant Services and Engagement Committee, panel assessor for the Australian Scholarships Foundation, and deputy chair of the Australian Broadcasting Corporation Advisory Council. 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 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 its 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.

1. **General Information (continued)**

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.

Strategy for achieving the objectives

- Maintain and enhance a nationally recognised Certification System that has integrity and is responsive to the changing needs of the Australian community;
- Establish certification processes, including recertification that are accountable and subject to continuous improvement;
- Confer credentials on translating and interpreting professionals in accordance with the nationally recognised Certification System;
- Develop and maintain a capability to undertake a range of reliable language testing services;
- Engage 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;
- Provide advisory services in relation to the translating and interpreting sector;
- Recognise Endorsed Qualifications in translating and interpreting offered by education institutions;
- Provide 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;
- Work with Member Governments and other stakeholders to identify and address areas of unmet demand for community interpreting services;
- Raise community awareness of the value and effective methods of engaging and working with appropriately credentialed practitioners; and
- Advocate for and support multiculturalism and multilingualism in Australia.

Directors' Report

For the Year Ended 30 June 2022

1. General Information (continued)

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.

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 2022 the collective liability of members was $90 (2021: $90).

2. Operating results and review of operations for the year

The company achieved revenue of $15.7M (2021: $18.1M) and a deficit of $566K (2021: surplus $316k). The reduction in revenue was mainly due to reduced demand for tests. Whilst COVID-19 impacted the delivery of face-to-face testing in several locations, the company was able to deliver online services without affecting materially its services. Operating expenses declined by $1.7M reflecting reduced testing expenses associated with lower revenue. Net assets decreased by $1.3M to $15.8M.

Key highlights for the year include:

- 60 languages reached for Certified Provisional Interpreter tests, including 14 Aboriginal and Torres Strait Islander languages, Deaf interpreting and Auslan;
- development work continued for Certified Interpreter testing with tests offered in 17 languages and Certified Translator testing now available in 37 languages;
- the launch of our first Reflect Reconciliation Action Plan in September 2021;
- the finalisation of the Continuous Improvement Program (CIP) report. The CIP is an in-depth analysis of NAATI's certification system to ensure it remains fit for purpose and that our certification tests remain valid, reliable and practical to run. The final report was presented to the Board in May 2022 with all 20 recommendations being endorsed;
- work commenced to develop the 2022-2026 Strategic Plan;

Directors' Report

For the Year Ended 30 June 2022

2. Operating results and review of operations for the year (continued)

- the issuing of the first ever Certified Specialist Health Interpreter (Mandarin and English), Certified Specialist Legal Interpreter (Mandarin and English, and Spanish and English);
- over 740 credentials were issued and over 2,800 applications processed for recertification.

As at 30 June 2022, there were over 10,900 certified practitioners holding over 15,500 credentials across 177 languages.

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 Management Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Voula Messimeri AM	5	5	-	-
Dr Adolfo Gentile	5	5	-	-
Ms Jovanka Naumoska	5	5	4	4
Dr Mark Avery	5	5	-	-
Mr Nirmal Hansra	5	5	4	4
Ms Josephine Buontempo	5	4	-	-

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 2022 has been received and can be found on page 8 of the financial report.

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

Director: ....
Voula Messimeri AM

Dated 16 September 2022

Hardwickes
more than accounting

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Hardwickes
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Hardwickes Partners Pty Ltd
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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 2022, 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

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

16 September 2022

Canberra

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Sales revenue	4	**15,746,994**	18,120,354
Administrative expenses	5	**(8,300,615)**	(8,893,537)
Depreciation and amortisation	5	**(1,298,489)**	(1,063,252)
Finance costs		**(193,926)**	(196,614)
Other expenses	5	**(6,520,156)**	(7,650,529)
(Deficit) / Surplus before income tax		**(566,192)**	316,422
Income tax expense	2(b)	**-**	-
(Deficit) / Surplus for the year		**(566,192)**	316,422
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)	**(755,990)**	1,096,014
Other comprehensive income for the year		**(755,990)**	1,096,014
Total comprehensive income for the year		**(1,322,182)**	1,412,436

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 Financial Position

As At 30 June 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**6,588,722**	7,234,247
Trade and other receivables	7	**138,361**	-
Other financial assets	8	**6,852,240**	8,218,907
Other assets	10	**92,610**	178,366
TOTAL CURRENT ASSETS		**13,671,933**	15,631,520
NON-CURRENT ASSETS			
Other financial assets	8	**7,904,578**	6,726,083
Property, plant and equipment	9	**3,382,277**	4,519,757
TOTAL NON-CURRENT ASSETS		**11,286,855**	11,245,840
TOTAL ASSETS		**24,958,788**	26,877,360
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**852,519**	895,008
Lease liabilities	12	**1,030,666**	636,483
Employee benefits	13	**853,261**	706,948
Contract liabilities	14	**4,408,698**	4,190,321
TOTAL CURRENT LIABILITIES		**7,145,144**	6,428,760
NON-CURRENT LIABILITIES			
Lease liabilities	12	**1,752,163**	3,094,697
Employee benefits	13	**196,667**	166,907
TOTAL NON-CURRENT LIABILITIES		**1,948,830**	3,261,604
TOTAL LIABILITIES		**9,093,974**	9,690,364
NET ASSETS		**15,864,814**	17,186,996
EQUITY			
Reserves		**5,258,811**	6,102,695
Retained earnings		**10,606,003**	11,084,301
TOTAL EQUITY		**15,864,814**	17,186,996

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Retained Earnings	General Reserve	FVOCI reserve	Total
	$	$	$	$
Balance at 1 July 2021	**11,084,301**	**5,000,000**	**1,102,695**	**17,186,996**
(Deficit) for the year	**(566,192)**	**-**	**-**	**(566,192)**
Transfer from FVOCI to retained earnings	**87,894**	**-**	**(87,894)**	**-**
Total other comprehensive income for the period	**-**	**-**	**(755,990)**	**(755,990)**
Balance at 30 June 2022	**10,606,003**	**5,000,000**	**258,811**	**15,864,814**

2021

	Retained Earnings	General Reserve	FVOCI reserve	Total
	$	$	$	$
Balance at 1 July 2020	10,734,527	5,000,000	40,033	15,774,560
Surplus 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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**16,990,317**	16,225,176
Payments to suppliers and employees		**(16,066,889)**	(17,709,324)
Interest received		**68,728**	58,414
Net cash provided by/(used in) operating activities	23	**992,156**	(1,425,734)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	2,955
Dividends received		**233,423**	219,709
Purchase of property, plant and equipment	9(a)	**(161,008)**	(31,351)
(Purchase) of financial assets		**(2,567,818)**	682,775
Proceeds from maturity of investments in term deposits		**2,000,000**	874,985
Net cash provided by/(used in) investing activities		**(495,403)**	1,749,073
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of finance lease liabilities		**(1,142,278)**	(853,378)
Net cash (used in) financing activities		**(1,142,278)**	(853,378)
Net (decrease)/increase in cash and cash equivalents held		**(645,525)**	(530,039)
Cash and cash equivalents at beginning of year		**7,234,247**	7,764,286
Cash and cash equivalents at end of financial year	6	**6,588,722**	7,234,247

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2022

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.

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 (continued)

(a) Revenue and other income (continued)

Specific revenue streams

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

Operating grants

When the Company receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- 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 Company:

- 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 Company 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*.

2 Summary of Significant Accounting Policies (continued)

(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 (continued)

(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
- 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, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

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.

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

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

Financial assets not measured at amortised cost or at fair value through other comprehensive income 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 a 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 including 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 assets is more than 90 days past due.

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 have 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.

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

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.

(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.

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.

2 Summary of Significant Accounting Policies (continued)

(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.

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.

2 Summary of Significant Accounting Policies (continued)

(g) Leases (continued)

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.

(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 2022, 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 2022

2 Summary of Significant Accounting Policies (continued)

(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 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.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 July 2022	This Standard amends: (a) AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.	Minor impact expected.

2 Summary of Significant Accounting Policies (continued)

(k) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 July 2023	This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates(Amendments to IAS 8). The Entity plans on adopting the amendment for the reporting period ending 30 June 2024.	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

	2022	2021
	$	$
Revenue and other income		
- Test related revenue	**13,230,593**	15,441,419
- Government grants	**1,313,266**	1,292,582
- Other services revenue	**904,710**	980,358
- Dividends received	**245,763**	219,709
- Interest received	**52,662**	86,286
- Cashflow boost income	**-**	100,000
Total Revenue and Other Income	**15,746,994**	18,120,354

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Result for the Year

The result for the year includes the following specific expenses:

	Note	2022 $	2021 $
Administrative expenses			
Employee related expenses		**8,260,090**	8,844,853
Depreciation expenses	9(a)	**1,298,489**	1,063,252
Other expenses			
- Testing expenses		**4,162,561**	4,505,923
- Technology expenses		**1,028,310**	1,348,343

6 Cash and Cash Equivalents

	Note	2022 $	2021 $
Cash at bank and in hand		**3,567,472**	4,234,247
Short-term deposits	17	**3,021,250**	3,000,000
	15	**6,588,722**	7,234,247

7 Trade and other receivables

	Note	2022 $	2021 $
CURRENT			
Trade receivables	15	**115,077**	-
GST receivable		**23,284**	-
Total current trade and other receivables		**138,361**	-

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Other Financial Assets

	Note	2022 $	2021 $
CURRENT			
Term deposits	15	**5,125,015**	7,125,015
Operational capital pool[(a)]	15	**1,727,225**	1,093,892
		6,852,240	8,218,907
NON-CURRENT			
Long-term capital pool[(b)]	15	**7,904,578**	6,726,083
Total		**14,756,818**	14,944,990

(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 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 6 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 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 long-term pool of funds is invested with a return objective of CPI plus 2.5% over a rolling five-year period. The purpose of the non-current capital pool is to ensure NAATI has available funds to meet specific strategic initiatives in the long-term commitments in the event of the company being wound up.

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Plant and equipment

	2022	2021
	$	$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**272,395**	272,395
Accumulated depreciation	**(256,210)**	(253,219)
Total furniture, fixtures and fittings	**16,185**	19,176
Office equipment		
At cost	**36,223**	36,223
Accumulated depreciation	**(20,657)**	(18,845)
Total office equipment	**15,566**	17,378
Computer equipment		
At cost	**40,124**	40,124
Accumulated depreciation	**(10,893)**	(7,633)
Total computer equipment	**29,231**	32,491
Leasehold Improvements		
At cost	**1,653,270**	1,632,710
Accumulated depreciation	**(1,001,270)**	(752,416)
Total leasehold improvements	**652,000**	880,294
Technology upgrade		
At cost	**1,886,503**	1,886,503
Accumulated depreciation	**(1,425,269)**	(1,253,661)
Total technology upgrade	**461,234**	632,842
Capital Work in Progress		
At cost	**140,448**	-
Total capital work in progress	**140,448**	-
Total plant and equipment	**1,314,664**	1,582,181
RIGHT-OF-USE		
Right to use asset - Office Premises		
At fair value	**3,915,971**	3,915,971
Accumulated depreciation	**(1,848,358)**	(978,395)
Total Right to use asset - Office Premises	**2,067,613**	2,937,576
Total right-of-use	**2,067,613**	2,937,576
Total property, plant and equipment	**3,382,277**	4,519,757

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Plant and equipment (continued)

(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 2022								
Balance at the beginning of year	**19,176**	**17,378**	**32,491**	**880,294**	**632,842**	**2,937,576**	**-**	**4,519,757**
Additions	**-**	**-**	**-**	**20,561**	**-**	**-**	**140,448**	**161,009**
Depreciation expense	**(2,991)**	**(1,812)**	**(3,260)**	**(248,855)**	**(171,608)**	**(869,963)**	**-**	**(1,298,489)**
Balance at the end of the year	**16,185**	**15,566**	**29,231**	**652,000**	**461,234**	**2,067,613**	**140,448**	**3,382,277**

	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	-	-	23,992	-	911,540	-	942,890
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	880,294	632,842	2,937,576	-	4,519,757

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Other Assets

	2022 $	2021 $
CURRENT		
Prepayments	**39,484**	121,514
Accrued income	**53,126**	56,852
	92,610	178,366

11 Trade and Other Payables

		2022 $	2021 $
CURRENT			
Accrued expenses		**626,368**	633,201
GST payable		**-**	14,013
Other payables		**226,151**	247,794
	11(a)	**852,519**	895,008

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	2022 $	2021 $
Trade and other payables:			
- Total current	11	**852,519**	895,008
		852,519	895,008
Less:			
GST payable	11	**-**	(14,013)
Other payables	11	**(226,151)**	(247,794)
Financial liabilities as trade and other payables	15	**626,368**	633,201

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Lease Liabilities

	2022	2021
	$	$
Lease liability	**1,030,666**	636,483
Total current lease liabilities	**1,030,666**	636,483

	2022	2021
	$	$
NON-CURRENT		
Lease liability	**1,752,163**	3,094,697
Total non-current lease liabilities	**1,752,163**	3,094,697
Total lease liabilities	**2,782,829**	3,731,180

13 Employee Benefits

	2022	2021
	$	$
CURRENT LIABILITIES		
Long service leave	**362,661**	285,309
Annual leave provision	**490,600**	421,639
	853,261	706,948
NON-CURRENT LIABILITIES		
Long service leave	**196,667**	166,907
	196,667	166,907

14 Contract Liabilities

	2022	2021
	$	$
CURRENT		
Test fees in advance	**4,358,698**	4,040,871
Grant funding in advance	**50,000**	149,450
Total	**4,408,698**	4,190,321

Notes to the Financial Statements

For the Year Ended 30 June 2022

15 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.

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	2022 $	2021 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	6	**6,588,722**	7,234,247
Trade and other receivables	7	**115,077**	-
Term deposits	8	**5,125,015**	7,125,015
Fair value through Other Comprehensive Income (OCI)			
Operational capital pool	8	**1,727,225**	1,093,892
Long term capital pool	8	**7,904,578**	6,726,083
Total financial assets		**21,460,617**	22,179,237
Financial liabilities			
Financial liabilities at fair value			
Trade and other payables	11(a)	**626,368**	633,201
Total financial liabilities		**626,368**	633,201

15 Financial Risk Management (continued)

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.

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 90-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.

15 Financial Risk Management (continued)

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

	Within 1 Year		1 to 5 Years		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	**626,368**	633,201	**-**	-	**626,368**	633,201
Total contractual outflows	**626,368**	633,201	**-**	-	**626,368**	**633,201**

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 and amount payable by government entities for sponsoring candidates. 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.

15 Financial Risk Management (continued)

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.

16 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.

17 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

17 Fair Value Measurement (continued)

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 2022	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Fixed Interest Securities	8	**5,125,015**	**-**	**-**	**5,125,015**
Short term deposits	6	**3,021,250**	**-**	**-**	**3,021,250**
Equity Securities at FVOCI	8	**9,631,803**	**-**	**-**	**9,631,803**

30 June 2021	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets					
Fixed Interest Securities	8	7,125,015	-	-	7,125,015
Short term deposits	6	3,000,000	-	-	3,000,000
Equity Securities at FVOCI	8	7,819,975	-	-	7,819,975

18 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. At 30 June 2022 the number of members was 9 (2021: 9).

Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Key Management Personnel Disclosures

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

	2022	2021
	$	$
Short-term employee benefits	**717,937**	836,393
Long-term benefits	**67,818**	73,895
Directors' remuneration	**71,381**	71,784
	857,136	982,072

20 Auditors' Remuneration

	2022	2021
	$	$
Remuneration of the auditor of the company, Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	**22,000**	21,000
Total	**22,000**	21,000

21 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or contingent liabilities at 30 June 2022 (30 June 2021:Nil).

22 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 19.

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 2022

23 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:

	2022	2021
	$	$
(Deficit) / Surplus for the year	**(566,192)**	316,422
Cash flows excluded from (deficit)/ surplus attributable to operating activities		
Dividend income treated separately	**(233,423)**	(219,709)
Non-cash flows in (deficit)/ surplus:		
- depreciation and amortisation	**1,298,489**	1,063,252
- loss on disposal of plant and equipment	**-**	3,816
- finance cost on lease liability	**193,926**	196,614
Changes in assets and liabilities:		
- (increase) / decrease in trade and other receivables	**(138,361)**	119,578
- (increase)/decrease in accrued income	**3,726**	(27,872)
- decrease / (increase) in prepayments	**82,030**	(42,484)
- increase / (decrease) in income in advance	**218,377**	(2,871,994)
- (decrease) in trade and other payables	**(42,489)**	(125,679)
- increase in employee benefits	**176,073**	162,322
Cashflows from operations	**992,156**	(1,425,734)

24 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.

25 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.

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 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 2022 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 16 September 2022

Hardwickes
more than accounting

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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

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 2022, 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 2022 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.

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.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hardwickes
Chartered Accountants

Hardwickes

R Johnson

Robert Johnson FCA
Partner

Canberra
16 September 2022