

**National Accreditation Authority for
Translators and Interpreters Ltd
(NAATI)**

A.B.N 42 008 596 996

Financial Statements

For the Year Ended 30 June 2024

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

A.B.N 42 008 596 996

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National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

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Directors' Report For the Year Ended 30 June 2024

The directors present their report on National Accreditation Authority for Translators and Interpreters Ltd (NAATI) for the financial year ended 30 June 2024.

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 and Vice President on the Board of PRONIA and as chair of the Board of Settlement Services International (SSI).

Ms Messimeri's term expired on 30 June 2024.

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 expired on 30 June 2024.

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Directors' Report For the Year Ended 30 June 2024

Nirmal Hansra Experience

Nirmal Hansra was appointed to the NAATI Board from 1 November 2020. He was appointed 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 deputy chair of Link Wentworth Housing Ltd and chair of the Compliance and Risk Committee of Gleneagles Asset Management Limited. Mr Hansra is 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 director of Children's Tumour Foundation of Australia Ltd and Have A Voice Pty Ltd. and previously held roles as Chair of Campbell Page Limited and 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 Australia and New Zealand 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, Industree Ltd, Australian Pharmaceutical Industries Ltd, Fujitsu Australia Ltd and Texas Instruments Australia Ltd.

Mr Hansra's term expired on 30 October 2023.

Jovanka Naumoska Experience

Jovanka Naumoska was appointed to the NAATI Board from 1 August 2020 and became a member of the Board's Audit and Risk Management Committee on 19 February 2021.

Ms Naumoska is a legal practitioner with expertise in public administration, corporate law, intellectual property and corporate governance. She holds a Bachelor of Laws (Honours) and Bachelor of Science (Honours) and has a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

She is a council member of the Australian Dispute Resolution Advisory Council. She is also employed as a legal practitioner for a federal government research agency.

Ms Naumoska's term expired 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 have 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 expired on 30 August 2023

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Directors' Report For the Year Ended 30 June 2024

Josephine Buontempo Experience

Josephine Buontempo was appointed to the NAATI Board from 1 December 2020.

Ms Buontempo has held executive positions across the corporate, legal, government and social sectors for over 25 years. She has managed agencies and services in community law, education, housing, employment disability, family, children's and youth services and refugee and humanitarian resettlement.

Ms Buontempo's experience in executive leadership is coupled with roles as a highly experienced Non-Executive and Independent Director and in an advisory capacity for community-based corporations and government agencies and ministerial and industry advisory and review panels. Her Non-Executive Director appointments have span social and affordable housing, culture and heritage, community services and philanthropy.

Since 2008, Ms Buontempo has been the Managing Director of Kasali Migration Australia, a global migration law practice focused on Australia's economic development through corporate migration, mobilisation of specialist teams for industrial projects, regional development and growth of future focused industries including advanced manufacturing, technology and resources.

Ms Buontempo is currently Deputy Chair of the Australian Broadcasting Corporation Advisory Council, Deputy Chair of Foundation Housing Limited, with a social and affordable housing property development and management portfolio in the Perth metropolitan, Kimberley & Pilbara regions of WA and Chair of the Australian Leadership Hub (Scholarship Foundation) Assessment Panel.

Ms Buontempo is a member of the Australian Institute of Company Directors, MAICD, Associate Fellow of the Australian Institute of Management, AFAIM, alumni of the City University of New York Graduate Centre for Philanthropy and Civil Society and member of the Migration Institute of Australia, MMIA.

Ms Buontempo's term expired on 30 November 2023.

George Bisas Experience

George Bisas was appointed to the NAATI Board from 1 September 2023. Mr Bisas was appointed as the Chair of the Board's Audit and Risk Management Committee on 1 December 2023.

He brings to the Board more than 30 years of executive management experience in Australia and abroad within the government, private and non-government sectors.

Mr Bisas has worked for the last 15 years in senior roles within the language services industry. As Chief Executive Officer for LanguageLoop, the Victorian Government owned language service provider, from 2009 to 2015, he managed a major change process resulting in significant commercial success for the company. He returned to the company as CEO from 2021 to August 2023.

In November 2015 he was appointed as Director of Language Services for the NSW Government where he managed a major review of the industrial award covering NSW Crown interpreters and translators. He was responsible for the development of key policy related to language services and also implemented a number of key initiatives aimed at ensuring the sustainability of the industry in NSW.

Prior to his involvement in the language services industry, he was with the Victorian Equal Opportunity and Human Rights Commission, where he managed the Commission's education, community relations and commercial operations. Between 2000 and 2005 he was appointed to a senior advisory position with the Hong Kong Government through the Hong Kong Equal Opportunities Commission.

He has been appointed to a range of government and non-government boards and advisory committees.

Mr Bisas' term ended on 5 June 2024.

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Directors' Report For the Year Ended 30 June 2024

Jeffrey McAlister Experience

Jeff McAlister was appointed to the NAATI Board from 1 September 2023.

Mr McAlister is a senior government executive with extensive experience in trade, investment, and international relations across multiple jurisdictions including as Australia's major overseas partners.

Since graduating with an MA (Hons) in Languages, Mr McAlister has had a lifelong interest in language and knows firsthand the value of quality translation and interpretation services to help business and migrants access services and reach agreements. Mr McAlister has worked on a range of Indigenous projects and is encouraged by the renewal of First Nations languages.

Mr McAlister is currently the Chief Investment Officer for the City of Gold Coast where he attracts and drives public and private investment into Australia's fastest growing major city. He also does pro bono work providing migration advice for vulnerable migrants and sits on the Board of the Licensed Immigration Advisers Association of New Zealand.

Mr McAlister's term expires on 31 August 2026.

Professor Nicholas Farrelly Experience

Professor Nicholas Farrelly was appointed to the NAATI Board from 1 December 2023, bringing to the Board significant academic, leadership and organisational change experience.

After graduating from the Australian National University with First Class Honours and the University Medal in Asian Studies, he completed his M.Phil and D.Phil at the University of Oxford as a Rhodes Scholar.

Professor Farrelly was previously an Associate Dean in the ANU College of Asia and the Pacific, Deputy Director of its Coral Bell School of Asia-Pacific Affairs, and the founding Director of the ANU Myanmar Research Centre.

For the past 20 years, he has published widely on Asian political, social and security issues, with a long-term focus on Thailand and Myanmar. He has also led a range of academic activities in Bangladesh, India, China, Singapore, Malaysia and Indonesia.

At the start of his academic career, he co-founded New Mandala, which went on to become a pioneering website for Southeast Asian Studies.

Professor Farrelly is currently a Pro Vice-Chancellor at the University of Tasmania and previously, from 2020-2023, he was Head of the University's School of Social Sciences. He also works closely with many different government, community and industry organisations. Professor Farrelly maintains a keen interest in educational, technological and cultural change.

In 2020 he was appointed by the Australian Foreign Minister to serve on the board of the Australia-ASEAN Council. He was re-appointed to this role in 2023. Professor Farrelly is also a Graduate of the Australian Institute of Company Directors and a Senior Fellow of the Higher Education Academy (UK).

Professor Farrelly's term expires on 30 November 2026.

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Directors' Report For the Year Ended 30 June 2024

Magdalena Rowan Experience

Magdalena Rowan was appointed to the NAATI Board from 1 December 2023.

Magdalena Rowan has been a practicing certified interpreter and translator for over 40 years. During this time, she has also been involved in most facets of the industry. She has provided services across all levels of interpreting and translating. She has been an educator in interpreting and translating since the eighties, both at university and vocational levels in Australia and New Zealand. She was a member of the Technical Advisory Committee for the T&I Public Service Training Package and has designed and implemented T&I courses as a senior lecturer at TAFESA, including courses for Indigenous and Sign language interpreters.

Ms Rowan has worked extensively with NAATI since the 1990's including being a member of the NAATI Regional Advisory Committee for many years. More recently she has been involved in the development of the NAATI certification system and Continuous Improvement Program. She was a NAATI examiner for many years and also assisted in training examiners. Until recently, she was also a member, and then chair, of NAATI's Technical Reference Advisory Committee (TRAC).

Ms Rowan is also a member of the Judicial Council on Diversity and Inclusion subcommittee, responsible for the development of the Recommended National Standards for Working with Interpreters in Courts and Tribunals. Ms Rowan regularly presents to professionals who work with interpreters and continues to be a practicing interpreter and translator in Spanish. In the past, Ms Rowan also practiced as an accredited Polish Professional Interpreter.

Ms Rowan has a Bachelor of Arts, a Postgraduate degree in Adult Education and an Advanced Diploma in Interpreting and Translating and has completed the Australian Institute of Company Directors (AICD) Foundations for Directorship course. She is a Fellow of the Australian Institute of Interpreters and Translators and a member of the New Zealand Society of Interpreters and Translators.

Ms Rowan's term expires on 30 November 2026.

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, and it is the only organisation to issue certifications to practitioners who wish to work in the translating and interpreting profession in Australia.

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;

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Directors' Report For the Year Ended 30 June 2024

Strategy for achieving the objectives

- 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 and consultancy 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.

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 within one year after the winding up, is limited to \$10 for members, subject to the provisions of the company's constitution.

At 30 June 2024 the collective liability of members was \$90 (2023: \$90).

Operating results and review of operations for the year

The company achieved revenue of \$18.4M (2023: \$18.8M) and a surplus of \$1.9M (2023: \$1.7M). Revenue was around the same level as last year with a variance of 2%. Testing expenses decreased by \$690K due to a reduction in test delivery and development expenses because of efficiencies achieved during the year. Amortisation expenses were also less due to consolidation of finance leases. Net assets increased by \$2.9M to \$21.3M mainly due to the operating surplus and increase in value of investment portfolio for the year.

Key highlights for the year include:

- 67 languages reached for Certified Provisional Interpreter tests, including 15 Aboriginal and Torres Strait Islander languages, Deaf interpreting and Auslan;
- Development work continued for Certified Interpreter testing with tests offered in 26 languages and Certified Translator testing available in 36 languages;
- Certified Specialist Health and Legal Interpreter tests are now available in 7 languages and Certified Conference Interpreter tests available in 8 languages;
- 6,786 certification applications received, of which 2,528 related to recertification. 958 new credentials were issued compared to 915 last year;
- Continued working with the New Zealand Ministry of Business, Innovation and Employment on the transition to NAATI certification for interpreters working with the New Zealand Government. A total of 616 certification applications were received, with over 1,600 expressions of interest for support under the program and 64 credentials issued;
- Fourteen of the 20 Continuous Improvements Program (CIP) recommendations (endorsed by the Board in May 2022) are implemented. CIP is an in-depth analysis of NAATI's certification system to ensure it remains fit for purpose and that the

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Directors' Report For the Year Ended 30 June 2024

Operating results and review of operations for the year

- certification tests remain valid, reliable and practical to run;
- Launch of new NAATI website;
- Completed the implementation of our Reflect Reconciliation Action Plan (RAP) and commenced preliminary planning for the development and implementation of our Innovate RAP; and
- Implemented the Australian Cyber Security Centre's (ACSC) Essential Eight mitigation strategies to help protect our business against cyber threats. NAATI met the requirements for the ACSC's Essential Eight Maturity Level Three, which is the highest maturity level.

Meetings of directors

During the financial year, 7 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
Ms Voula Messimeri AM	4	4	-	-
Dr Adolfo Gentile	4	4	-	-
Mr Nirmal Hansra	1	1	1	1
Ms Jovanka Naumoska	-	-	-	-
Dr Mark Avery	-	-	-	-
Ms Josephine Buontempo	1	1	-	-
Mr George Bisas	4	4	2	2
Mr Jeffrey McAlister	4	4	2	2
Professor Nicholas Farrelly	3	3	-	-
Magdalena Rowan	3	3	-	-

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2024 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: 

Dated this 6 day of September 2024



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

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2024, 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.

PKF Canberra
PKF Canberra

A handwritten signature in black ink, appearing to read 'Ross Di Bartolo'.

Ross Di Bartolo
Partner PKF Canberra
Registered Company Auditor

Dated: 6.9.2024.

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

		2024	2023
	Note	\$	\$
Revenue	4	18,412,134	18,888,387
Employee related expense		(6,904,256)	(7,093,307)
Depreciation and amortisation expense		(1,287,529)	(1,319,643)
Testing expenses		(6,058,773)	(6,748,993)
Technology expenses		(995,853)	(991,243)
Other expenses		(996,941)	(903,281)
Finance expenses		(258,668)	(131,532)
Surplus/(Deficit) before income tax		1,910,114	1,700,388
Income tax expense		-	-
Surplus/(Deficit) for the year		1,910,114	1,700,388
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)		1,034,415	915,164
Other comprehensive income for the year		1,034,415	915,164
Total comprehensive income for the year		2,944,529	2,615,552

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,055,997	3,137,642
Trade and other receivables	6	84,953	205,675
Other financial assets	7	9,055,952	9,068,957
Other assets	8	308,730	712,831
TOTAL CURRENT ASSETS		15,505,632	13,125,105
NON-CURRENT ASSETS			
Other financial assets	7	13,208,423	11,782,889
Property, plant and equipment	9	1,536,209	2,043,021
Right-of-use assets	9	1,596,342	2,268,831
TOTAL NON-CURRENT ASSETS		16,340,974	16,094,741
TOTAL ASSETS		31,846,606	29,219,846
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	917,614	772,218
Lease liabilities	11	686,791	913,228
Employee benefits	12	1,094,767	867,704
Contract liabilities	13	5,632,768	5,239,653
TOTAL CURRENT LIABILITIES		8,331,940	7,792,803
NON-CURRENT LIABILITIES			
Lease liabilities	11	1,933,701	2,620,491
Employee benefits	12	156,070	326,186
TOTAL NON-CURRENT LIABILITIES		2,089,771	2,946,677
TOTAL LIABILITIES		10,421,711	10,739,480
NET ASSETS		21,424,895	18,480,366
EQUITY			
Reserves		7,208,390	6,173,975
Retained Earnings		14,216,505	12,306,391
TOTAL EQUITY		21,424,895	18,480,366

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2024

2024

	Retained Earnings	General Reserve	FVOCI reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2023	12,306,391	5,000,000	1,173,975	18,480,366
Surplus for the year	1,910,114	-	-	1,910,114
Total other comprehensive income for the period	-	-	1,034,415	1,034,415
Balance at 30 June 2024	14,216,505	5,000,000	2,208,390	21,424,895

2023

	Retained Earnings	General Reserve	FVOCI reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2022	10,606,003	5,000,000	258,811	15,864,814
Surplus for the year	1,700,388	-	-	1,700,388
Total other comprehensive income for the period	-	-	915,164	915,164
Balance at 30 June 2023	12,306,391	5,000,000	1,173,975	18,480,366

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2024

	2024	2023
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	17,993,625	18,881,221
Payments to suppliers and employees	(14,317,132)	(16,172,668)
Interest received	328,869	157,648
Net cash provided by/(used in) operating activities	22 <u>4,005,362</u>	<u>2,866,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	571,230	492,464
Purchase of property, plant and equipment	(108,228)	(1,174,709)
Purchase of financial assets	(378,113)	(2,158,634)
Net cash provided by/(used in) investing activities	<u>84,889</u>	<u>(2,840,879)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of finance lease liabilities	<u>(1,171,896)</u>	(455,152)
Net cash provided by/(used in) financing activities	<u>(1,171,896)</u>	<u>(455,152)</u>
Net increase/(decrease) in cash and cash equivalents held	2,918,355	(429,830)
Cash and cash equivalents at beginning of year	<u>3,137,642</u>	<u>3,567,472</u>
Cash and cash equivalents at end of financial year	5 <u><u>6,055,997</u></u>	<u><u>3,137,642</u></u>

The accompanying notes form part of these financial statements.

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

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Notes to the Financial Statements For the Year Ended 30 June 2024

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.

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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 sufficient 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 sufficient 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

The 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*.

(c) Goods and services tax (GST)

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).

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

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) Property, plant and equipment

Each class of property, 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.

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.

(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.

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(e) Financial instruments

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

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.

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).

**Notes to the Financial Statements
For the Year Ended 30 June 2024**

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

The Company does not hold any asset 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 asset 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 asset 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 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 is 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

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2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

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 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.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, term 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.

(h) 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 that 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

**Notes to the Financial Statements
For the Year Ended 30 June 2024**

2 Summary of Significant Accounting Policies

(h) Leases

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.

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.

(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

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2 Summary of Significant Accounting Policies

(i) Employee benefits

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 2024, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(k) New accounting standards and interpretations issued but not yet effective

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
Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026	This amending standard amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify how the contractual cash flows from financial assets should be assessed when determining their classification. The amendment also clarifies the derecognition requirements of financial liabilities that are settled through electronic payment systems. Although not adopted by the Australian Accounting Standards Board as of the date of this TA Alert, it is required to be assessed for material impact as per AASB 1054.17 with disclosures made as per AASB 108.30-31.	Minor impact expected
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 July 2024	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

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(k) New accounting standards and interpretations issued but not yet effective

Standard Name	Effective date for entity	Requirements	Impact
AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback	1 July 2024	This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale. AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.	No impact expected
AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 July 2024	This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities. In particular, this standard provides guidance on: (a) highest and best use (b) financially feasible uses (c) use of assumptions (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.	Minor impact expected

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Summary of Significant Accounting Policies

(k) New accounting standards and interpretations issued but not yet effective

Standard Name	Effective date for entity	Requirements	Impact
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2028	AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the “management-defined performance measure” to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.	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 - 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.

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Notes to the Financial Statements For the Year Ended 30 June 2024

4 Revenue and Other Income

	2024	2023
	\$	\$
- Test related revenue	15,095,569	16,067,002
- Government grants	1,473,130	1,334,279
- Other service revenue	943,336	836,994
- Dividends received	571,230	492,464
- interest received	328,869	157,648
	<u>18,412,134</u>	<u>18,888,387</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>6,055,997</u>	3,137,642
	<u>6,055,997</u>	<u>3,137,642</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables	<u>84,953</u>	205,675
	<u>84,953</u>	<u>205,675</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2024

7 Other Financial Assets

	2024	2023
	\$	\$
CURRENT		
Term deposits	5,854,748	5,840,641
Operational capital pool*	3,201,204	3,228,316
	<u>9,055,952</u>	<u>9,068,957</u>
NON-CURRENT		
Long-term capital pool**	13,208,423	11,782,889
	<u>13,208,423</u>	<u>11,782,889</u>
	<u>22,264,375</u>	<u>20,851,846</u>

* The Board, in assessing NAATI's risk and investment return objectives 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)).

** 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)).

8 Other Assets

CURRENT		
Prepayments	110,638	546,986
Accrued income	172,501	140,254
Rental Bonds	25,591	25,591
	<u>308,730</u>	<u>712,831</u>

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Notes to the Financial Statements For the Year Ended 30 June 2024

9 Property, Plant and Equipment

	2024	2023
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	272,395	272,395
Accumulated depreciation	(260,004)	(258,237)
Total furniture, fixtures and fittings	<u>12,391</u>	<u>14,158</u>
Office equipment		
At cost	49,813	49,813
Accumulated depreciation	(25,782)	(22,983)
Total office equipment	<u>24,031</u>	<u>26,830</u>
Computer equipment		
At cost	63,826	42,548
Accumulated depreciation	(18,268)	(14,039)
Total computer equipment	<u>45,558</u>	<u>28,509</u>
Leasehold Improvements		
At cost	2,408,168	2,383,389
Accumulated depreciation	(1,639,904)	(1,264,377)
Total leasehold improvements	<u>768,264</u>	<u>1,119,012</u>
Technology upgrade		
At cost	2,517,698	2,455,526
Accumulated depreciation	(1,831,733)	(1,601,014)
Total technology upgrade	<u>685,965</u>	<u>854,512</u>
Capital Work in progress		
Total Capital Work in progress	<u>-</u>	<u>-</u>
Total plant and equipment	<u>1,536,209</u>	<u>2,043,021</u>
RIGHT-OF-USE		
Right-of-Use asset - Office Premises		
At cost	4,990,482	4,990,482
Accumulated depreciation	(3,394,140)	(2,721,651)
Total Right-of-Use asset - Office Premises	<u>1,596,342</u>	<u>2,268,831</u>
Total property, plant and equipment	<u><u>3,132,551</u></u>	<u><u>4,311,852</u></u>

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Notes to the Financial Statements For the Year Ended 30 June 2024

9 Property, 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 \$	Leasehold Improvements \$	Technology upgrade \$	Capital Work in Progress \$	Right-of-Use - Office Equipment \$	Total \$
Year ended 30 June 2024								
Balance at the beginning of year	14,158	26,830	28,509	1,119,012	854,512	-	2,268,831	4,311,852
Additions	-	-	21,278	24,779	62,171	-	-	108,228
Depreciation expense	(1,767)	(2,799)	(4,229)	(375,527)	(230,718)	-	(672,489)	(1,287,529)
Balance at the end of the year	12,391	24,031	45,558	768,264	685,965	-	1,596,342	3,132,551

	Furniture, Fixtures and Fittings \$	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Technology upgrade \$	Capital Work in Progress \$	Right-of-Use - Office Equipment \$	Total \$
Year ended 30 June 2023								
Balance at the beginning of year	16,185	15,566	29,231	652,000	461,234	140,448	2,067,613	3,382,277
Additions	-	13,590	2,424	730,119	569,022	-	1,074,511	2,389,666
Transfer	-	-	-	-	-	(140,448)	-	(140,448)
Depreciation expense	(2,027)	(2,326)	(3,146)	(263,107)	(175,744)	-	(873,293)	(1,319,643)
Balance at the end of the year	14,158	26,830	28,509	1,119,012	854,512	-	2,268,831	4,311,852

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Notes to the Financial Statements For the Year Ended 30 June 2024

10 Trade and Other Payables

	2024	2023
	\$	\$
CURRENT		
Trade payables	33,215	62,852
GST payable	77,261	91,702
Sundry creditors and Accrued expenses	694,621	486,467
Other payables	112,517	131,197
	<u>917,614</u>	<u>772,218</u>

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.

11 Lease Liabilities

Current

Lease liabilities	686,791	913,228
	<u>686,791</u>	<u>913,228</u>

Non-Current

Lease liabilities	1,933,701	2,620,491
	<u>2,620,492</u>	<u>3,533,719</u>

12 Employee Benefits

Current liabilities

Long service leave	691,695	395,433
Annual leave provision	403,072	472,271
	<u>1,094,767</u>	<u>867,704</u>

Non-current liabilities

Long service leave	156,070	326,186
	<u>156,070</u>	<u>326,186</u>

13 Contract Liabilities

CURRENT

Test fees in advance	5,632,768	5,239,653
	<u>5,632,768</u>	<u>5,239,653</u>

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Notes to the Financial Statements For the Year Ended 30 June 2024

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.

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

Specific risks

Liquidity risk

Credit risk

Market risk - currency 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

		2024	2023
		\$	\$
Financial assets			
Held at amortised cost			
Cash and cash equivalents	5	6,055,997	3,137,642
Trade and other receivables	6	84,953	205,675
Term deposits	7	5,854,748	5,840,641
Fair value through Other Comprehensive Income (OCI)			
Operational capital pool	7	3,201,204	3,228,316
Long term capital pool	7	13,208,423	11,782,889
Total financial assets		28,405,325	24,195,163
Financial liabilities			
Financial liabilities at fair value			
Trade and other payables	10	917,614	772,218
Total financial liabilities		917,614	772,218

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Notes to the Financial Statements For the Year Ended 30 June 2024

14 Financial Risk Management

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 risk.

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.

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

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Notes to the Financial Statements For the Year Ended 30 June 2024

14 Financial Risk Management

Liquidity risk

	Within 1 Year		1 to 5 Years		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	917,614	772,218	-	-	917,614	772,218
Total contractual outflows	917,614	772,218	-	-	917,614	772,218

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.

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.

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Notes to the Financial Statements For the Year Ended 30 June 2024

14 Financial Risk Management

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 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

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. |

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Notes to the Financial Statements For the Year Ended 30 June 2024

16 Fair Value Measurement

Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
30 June 2024	\$	\$	\$	\$
Recurring fair value measurements				
Financial Assets				
Term Deposits	5,000,000	-	-	5,000,000
Short term deposits	854,748	-	-	854,748
Equity Securities at FVOCI	16,409,627	-	-	16,409,627

	Level 1	Level 2	Level 3	Total
30 June 2023	\$	\$	\$	\$
Recurring fair value measurements				
Financial Assets				
Term Deposits	5,000,000	-	-	5,000,000
Short term deposits	840,641	-	-	840,641
Equity Securities at FVOCI	15,011,205	-	-	15,011,205

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. At 30 June 2024 the number of members were 9 (2023: 9).

18 Key Management Personnel Remuneration

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

	2024	2023
	\$	\$
Short-term employee benefits	861,656	670,247
Long-term benefits	89,077	69,224
Directors' remuneration	106,606	115,056
	1,057,339	854,527

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Notes to the Financial Statements For the Year Ended 30 June 2024

19 Auditors' Remuneration

	2024	2023
	\$	\$
Remuneration of the auditor of the company, PKF Canberra for:		
- auditing or reviewing the financial statements	19,500	19,500
	<u>19,500</u>	<u>19,500</u>

20 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or contingent liabilities as at 30 June 2024 (30 June 2023: 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.

National Accreditation Authority for Translators and Interpreters Ltd (NAATI)

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Notes to the Financial Statements For the Year Ended 30 June 2024

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:

	2024	2023
	\$	\$
Surplus/(Deficit) for the year	1,910,114	1,700,388
Cash flows excluded from Surplus/ (Deficit) attributable to operating activities		
Dividend income treated separately	(571,230)	(492,464)
Non-cash flows in Surplus/(Deficit):		
- Depreciation and amortisation	1,287,529	1,319,643
- Finance cost on lease liability	258,668	131,532
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	88,475	(188,009)
- (increase)/decrease in prepayments	436,348	(499,663)
- increase/(decrease) in income in advance	393,115	830,955
- increase/(decrease) in trade and other payables	145,396	(80,153)
- increase/(decrease) in employee benefits	56,947	143,972
Cashflows from operations	<u>4,005,362</u>	<u>2,866,201</u>

23 Events After the End of the Reporting Period

Australian Charities and Not-for-Profits Commission (ACNC) has registered NAATI Ltd as a charity from 1 July 2024. From 1st July 2024 the financial report for NAATI Ltd will be prepared in accordance with the Australian Charities and Not-for-Profits Commission Act 2012.

Except above no other 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

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Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 34, 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 2024 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



Dated:

06/09/2024



PKF Canberra
ABN 85 057 862 260
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GPO Box 588, Canberra ACT 2601

**National Accreditation Authority for
Translators and Interpreters Ltd (NAATI)**

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

Opinion

We have audited the financial report of the National Accreditation Authority for Translators and Interpreters Ltd (NAATI) (the Company), which comprises the statement of financial position as at 30 June 2024, 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 2024 and of its financial performance for the year then 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion of the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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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**Independent Audit Report to the members of the National Accreditation Authority for
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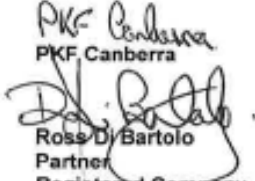
Auditor's Responsibilities for the Audit of the Financial Report

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 management and the directors.
- Conclude on the appropriateness of the director's and management's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.


PKF Canberra
Ross D. Bartolo
Partner
Registered Company Auditor

Date: 6.9.2024.