

# NAATI Annual Report 2010-2011

The key to language diversity





# National Accreditation Authority for Translators and Interpreters Ltd

The Key to Language Diversity

## What is NAATI?

NAATI is the national standards and accreditation body for translators and interpreters in Australia. It is the only agency that issues accreditations for practitioners who wish to work in these roles in Australia.

## NAATI's Community Purpose

NAATI's primary purpose is to strengthen inclusion and participation in Australian society by assisting in meeting the Nation's diverse and changing communication needs and expectations through:

- setting, maintaining and promoting high national standards in translating and interpreting, and
- implementing a national quality-assurance system for credentialing practitioners who meet those standards.

NAATI credentialing provides quality assurance to the clients of translators and interpreters and gives credibility to agencies that employ practitioners who are credentialed appropriately.

## About NAATI

The National Accreditation Authority for Translators and Interpreters Ltd (trading as NAATI) is incorporated in Australia under the *Corporations Act 2001*. The company is owned jointly by the Commonwealth, State and Territory governments and is governed by a Board of Directors who are appointed by the owners. NAATI's main business activities are providing accreditation and other credentialing services for translators and interpreters and related activities. NAATI services are available through offices in every State and Territory of Australia and in New Zealand. The National Office is in Canberra.

## NAATI Credentials

NAATI awards two categories of credential for translators and interpreters:

- NAATI Accreditation
- NAATI Recognition.

NAATI Accreditation may be obtained by meeting the relevant NAATI Standards for:

- performance in NAATI accreditation tests, or
- completion of NAATI-approved courses, or
- assessment of qualifications obtained overseas, or
- membership of recognised international translating and/or interpreting professional bodies, or
- advanced standing in translating or interpreting.

NAATI Recognition may be awarded to practitioners in languages where accreditation testing is not yet available, subject to satisfying the eligibility requirements.





# ANNUAL REPORT 2010-2011

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National Accreditation Authority for Translators and Interpreters Ltd

ACN 008 596 996

32nd Annual Report (Financial Year 2010-2011)

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# From the Chair of the Board



I am pleased to present NAATI's Annual report for 2010/11, which is NAATI's 32nd and my first as Chair. In opening I must acknowledge the debt owed by NAATI to my predecessor who retired in 2010/11. I assumed the Chair following the five year stewardship of Ms Susan Bures AM whose term ended in September 2010. As a new Chair and quite new Director I soon appreciated the contribution Ms Bures had made to NAATI and to the cause of Australian multiculturalism. Similarly I must acknowledge also another former Chair, Mr John Kiosoglous MBE MSA AE SM, whose contribution to the NAATI Board spanned 14 years and who also retired in 2010. Ms Bures and Mr Kiosoglous left the current Board a well-established national credentialing authority with a record of some 30 years of service to the community.

As the new Chair of a Board of which three out of four members were newly appointed our challenge and our opportunity was to look to the future and build on this valuable legacy. With this sound base upon which to build the Board saw 2010/11 as the year in which the main constraint to NAATI achieving its potential should be addressed, namely the need for secure and sustainable funding and updated governance arrangements.

NAATI Boards have had in recent years the benefit of much expert advice about aspects of accreditation and governance and business process as well as welcome inputs from stakeholders, advisers such as the Qualifications Advisory Assessment Committee and staff. There has been no shortage of sound advice on how NAATI operations can be enhanced, but in recent years NAATI's ability to act on this advice has been limited by the resources available to it. Real progress has been made where possible in implementing some recommended enhancements but overall renewal of the national accreditation system has had to wait on sustainable funding and updated governance.

I am pleased to be able to record that as 2010/11 ended the Members of NAATI continued to consider a sustainable funding and governance model for NAATI. No decisions have yet been made but the Board is encouraged greatly by the willingness of the Members to consider how NAATI might be able to improve the services which all agree to be essential to the community. Given these exciting developments the Board embarked upon the Improvements to NAATI Testing program to undertake in an overhaul of testing, assessment and standards in the accreditation system. In 2011/12 this is building on earlier reviews of parts of the system and stakeholder inputs in a holistic way to prepare NAATI for the next stage of development of the national accreditation system.

As we start to write the next chapter of the NAATI story I wish to record my appreciation of the:

- Ministers who as NAATI's Members are variously ultimately responsible for NAATI's future, in particular Senator the Hon Kate Lundy, Parliamentary Secretary to the Prime Minister and for Immigration and Multicultural Affairs,
- Member's Representatives and their officials for their ongoing support,
- collegial support and contributions of my fellow Directors, particularly Mr Abeselom Nega who having served two terms on the Board has been a source of perspective and continuity and to Associate Professor Ludmila Stern and Dr Hass Dellal, and
- dedicated NAATI staff who continue to deliver this essential community service.

In closing, I record also the Board's thanks to Dr Lindsay Heywood who as CEO for three years to March 2011 helped build the base for many of the developments to come and gave much wise counsel. We closed 2010/11 with the appointment in May of his replacement, Mr John Beever, who has already demonstrated to the Board that we made a wise choice with his appointment.

Kerry Stubbs  
Chair, NAATI Board of Directors



# From the Chief Executive Officer



This year was another of continuing change for NAATI, a process that accelerated as we moved into 2011/12. The year opened with the impacts on testing workloads resulting from changes to immigration policies still working their way through the system but by the end of 2010/11 demand seemed to have stabilised.

As demand for accreditation through testing eased from previous peaks, NAATI passed a significant milestone. For the first time accreditations awarded on the basis of tertiary qualifications reached 70%. Of these, 67% were to graduates of Australian courses approved by NAATI with 3% for overseas tertiary qualifications. This effectively reversed the percentages of a decade ago and reflected the sustained work of educators, practitioners and NAATI over decades to raise the quality of translation and interpreting services in Australia.

The precise statistics do not matter so much as the trend they indicate and will vary with policy and other changes over time. What matters is NAATI remains committed to raising standards in translating and interpreting and will continue to encourage and facilitate accreditation on the basis of qualifications. This will require renewed collaboration with educators and the profession in 2011/12 to streamline the course approval requirements to lighten the administration required without compromising quality outcomes.

As a new CEO who arrived at the end of 2010/11 one of the things which struck me immediately was how much serious effort many different people and groups had put into analysing different aspects of NAATI's operations and recommending improvements to make an already world-leading accreditation system even better.

Many of the improvements proposed over the years have been and continue to be implemented. A particular priority was the re-engineering of NAATI business processes. In 2010/11 the focus here shifted from capturing internal operating efficiencies through IT systems to improving service to clients through the NAATI ePortal and Online Practitioners Directory. That work will extend in 2011/12 to encompass, among other things, online applications.

Such business improvements have necessarily always been progressed within the limitations of available resources and have addressed different aspects of the national accreditation system at different times.

As we moved into 2011/12 the Board decided to proceed with the ambitious Improvements to NAATI Testing (INT) project. INT is a comprehensive review by an expert panel which will recommend initially how we might update NAATI testing, assessments and standards. As such it will build on and extend much of the earlier work done on different aspects of the accreditation system.

As CEO I have the great advantage of working to a committed Board, most of whom are almost as new to NAATI as I am and with expert and enthusiastic staff in Canberra and around the country who continue to deliver despite the uncertainties surrounding their changing workplace. I similarly benefit from working with the Members, Member's Representatives and NAATI's expert and advisory committees. I look forward in particular in 2011/12 to working further with the professional groups and other stakeholders on our shared ambition to build a sustainable translating and interpreting profession that meets the needs of the Australian community.

JA Beever  
Chief Executive Officer

# Members and Directors

## The Members of NAATI and their Representatives

The Members of the Company are the nine Ministers who are responsible for multicultural affairs and/or citizenship in the Commonwealth, State and Territory governments. Members may appoint a Representative to exercise any of their powers in relation to the Company and all have done so.

New Members of NAATI were appointed during the year as follows:

- NSW – The Hon Victor Dominello MP, Minister for Citizenship and Communities
- NT - The Hon Malarndirri McCarthy MLA, Minister Assisting the Chief Minister on Multicultural Affairs
- TAS - Ms Cassandra O'Connor MP, Secretary to Cabinet in Government responsible for Disability Services, Housing, Multicultural Affairs, Seniors and Women
- VIC – The Hon Nicholas Kotsiras, Minister for Multicultural Affairs.

Changes in Members' representation occurred during the year as follows:

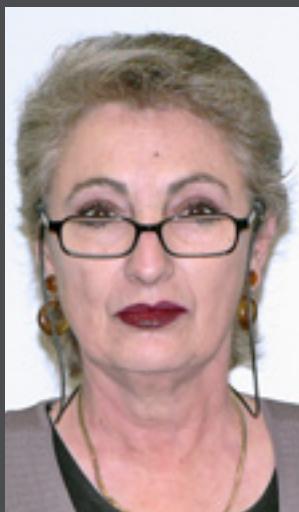
- SA – Mr Roger Lean, Director of Multicultural SA as the Members' Representative in South Australia (replacing Mr Simon Forrest)
- VIC – Mr Hakan Akyol, Chairperson of the Victorian Multicultural Commission in Victoria (replacing Mr George Lekakis)

NAATI welcomes the new Members and their Representatives and looks forward to working closely with them. The Board also thanks the retiring Members/Representatives for their interest in and support for NAATI.

As at 30 June, 2010 the Members of NAATI and their Representatives were:

Member	Title	Representative	Title
Cwlth The Hon Chris Bowen MP  assisted by Senator The Hon Kate Lundy MP	Minister for Immigration & Citizenship  Parliamentary Secretary to Prime Minister and Cabinet Parliamentary Secretary to Immigration and Citizenship	Mr James Fox	First Assistant Secretary Citizenship, Settlement & Multicultural Affairs
ACT Ms Joy Burch MLA	Minister for Industrial Relations Minister for Corrections Minister for Multicultural Affairs Minister for Disability and Housing Minister for Ageing	Mr Nic Manikis	Director Office of Multicultural and Aboriginal and Torres Strait Islander Affairs
NSW The Hon Victor Dominello MP	Minister for Citizenship & Communities Minister for Aboriginal Affairs	Mr Stepan Kerkyasharian AM	Chairman Community Relations Commission for a Multicultural NSW
NT The Hon Malarndirri McCarthy MLA	Minister for Local Government Minister Assisting the Chief Minister on Multicultural Affairs Minister for Children and Families Minister for Child Protection Minister for Statehood Minister for Women's Policy Minister for Senior Territorians Minister for Young Territorians	Ms Fran Kilgarriff	Senior Executive Director Local Government, Regional & Community Services Department of Local Government, Regional & Community Services
QLD The Hon Annastacia Palaszczuk MP	Minister for Disability Services and Multicultural Affairs	Mr Garry Page	Executive Director Multicultural Affairs Queensland
SA The Hon Grace Portolesi MP	Minister for Multicultural Affairs, Aboriginal Affairs and Reconciliation, Youth and Volunteers	Mr Roger Lean	Director Multicultural SA
TAS Ms Cassandra O'Connor MP	Secretary to Cabinet in Government responsible for Disability Services, Housing Multicultural Affairs, Seniors and Women	Ms Wanda Buza	A/Manager Multicultural Tasmania
VIC The Hon Nicholas Kotsiras MLA	Minister for Multicultural Affairs & Citizenship	Mr Hakan Akyol	Chairperson Victorian Multicultural Commission
WA The Hon John Castrilli MLA	Minister for Local Government Minister for Heritage Minister for Citizenship and Multicultural Interests	Ms Maria Osman	Executive Director Office of Multicultural Interests

## The NAATI Board of Directors



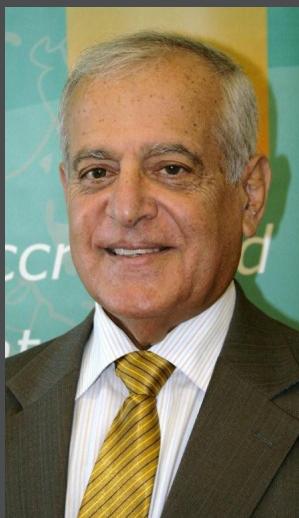
### **Susan Bures AM (Chair – Retired 14 September 2010)**

Susan Bures is the Administrator of The Great Synagogue, Sydney. A Director of NAATI for five years, she is also secretary of the Waverley Action for Youth Services (a Sydney youth centre). Trained as a historian, she spent many years as a newspaper editor. She is a former Deputy Chair of the (then) NSW Ethnic Affairs Commission, former Chair of the NSW Arts Advisory Council, Board member of Carnivale and former Councillor to the NSW Geographical Names Board. She was a member of the Olympic Co-ordinating Authority Names Committee and the Ethnic Schools Board. She has several times been a judge for the NSW Premier's literary and history awards and was a contributor to *The Making of a Multicultural Australia*, which recorded Australian public policy on multiculturalism.



### **B. Hass Dellal**

Dr Hass Dellal was appointed Executive Director of the Australian Multicultural Foundation in 1989, an organisation established to promote a strong commitment to Australia as one people drawn from many cultures. He was also appointed as Special Adviser for the Australasian Police Multicultural Advisory Bureau by the Conference of Commissioners of Police, Australasia and the South West Pacific Region in 2002-2004. Dr Dellal has had extensive experience throughout Australia and internationally on multicultural affairs; these include the establishment of European Multicultural Foundation and the Diversity Matters Forums for the Commonwealth Nations. He has spearheaded a number of initiatives for the benefit and development of the general community to include the Muslim youth summits for the Commonwealth Government and the Muslim Youth Leadership programs and the Community Policing Partnership projects. He serves on a number of committees and boards that deal in community relations, business, police relations, access and equity, religious diversity, skill recognition, second language development, philanthropy and the arts. Dr Dellal was awarded the Medal of the Order of Australia in the General Division for services to Multicultural Organisations, the Arts, and the Community on the Queen's Birthday Honours List 1997, awarded the Centenary of Federation Medal in 2003, and was conferred with an Honorary Doctorate in Social Sciences by RMIT University on the 13 December 2006. Dr Dellal was also recently appointed as Deputy Chair of SBS (Special Broadcasting Services) and to the Commonwealth's Australian Multicultural Advisory Council.



### **Mr John Kiosoglous MBE KSA AE SM (Deputy Chair – Retired 31 August 2010)**

John Kiosoglous is the former Chairman of the South Australian Multicultural and Ethnic Affairs Commission and formerly a senior member of the Commonwealth Administrative Appeals Tribunal. His association with NAATI extends over 14 years, during which he served on several Boards as a Director and as Chair from 1992-95. Mr Kiosoglous, a recipient of several honorary awards and medals, has extensive experience in the multicultural area having also served as the Deputy Chairman of the South Australian Multicultural and Ethnic Affairs Commission, Chairman of the Ethnic Schools Board of South Australia, member of the Executive Board of the University of Adelaide Heritage Foundation, Executive Member of the Greek Orthodox Archdiocese and Church of Australia, Honorary Chairman of the Council of the Greek Orthodox Communities and Parishes of South Australia, Deputy-Chairman of St Basil's Greek Orthodox Homes for the Aged and Chairman of the Australian Hellenic Museum (SA). He is also currently an Auxiliary Stipendiary Magistrate, member of the Board of Alzheimers Australia (South Australia) and Chairman of the Committee of the International Conference on Greek Research (Flinders University South Australia) and Chairman of the Ethnic Schools Board, a Ministerial Advisory Body.



### Mr Abeselom Nega

Abeselom Nega was the General Manager, Adult Multicultural Education Services Employment for several years until the end of 2006 and has served as Board member of the National Employment Services Association (NESA). He is the immediate past Chair of the Federation of African Communities Council, and a member of the Australian Partnership of Ethnic and Religious Organisations. He has served as a member of several boards and advisory committees over many years. Mr Nega is an Associate Fellow of the Australian Institute of Management, a Chartered Member of the Australian Human Resources Institute and member Australian Institute of Project Management. Currently, Mr Nega is serving as a Member of a national steering committee for the Australian Human Rights and Equal Opportunity Commission. He is the CEO of iEmpower Pty Ltd a private consultancy and training services company that operates in Sydney and Melbourne



### Associate Professor Ludmila Stern

Ludmila Stern is an Associate Professor and Head of School of Languages and Linguistics at the University of New South Wales. Before embarking on an academic career, Ludmila worked as an interpreter and translator. As part of her research she examines interpreting and other intercultural communication practices, particularly in legal and courtroom settings, and their impact on courtroom communication, for example during the Australian War Crimes Prosecutions (1986-1993), at the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Court. Ludmila was one of the examiners and, later, the Chair of the NAATI Russian panel. She was the founder and the first coordinator of the NAATI-approved MA in Interpreting and Translations Studies (2005-2010), for which she was awarded the 2010 Dean's Award and the VC's Award for Teaching Excellence.



### Ms Kerry Stubbs (Appointed Chair 15 November 2010)

Kerry Stubbs is CEO and Managing Director of Northcott Disability Services. Ms Stubbs has extensive board and committee experience, including Board Chair and Chair of audit and finance committees. From 2001 – 2008 she was the Executive Director of St Vincent's Hospital and Sacred Heart. She was the founding member and a steering committee member of the Network for Intercultural Communication, a group of practitioners formed to share experiences and information and develop expertise for people working in the fields of multicultural issues. She was also a member of the English in the Workplace Taskforce and of the Office of the Director of Equal Opportunity in Public Employment advisory subcommittee on issues affecting people of non-English-speaking background in the public sector. Ms Stubbs has a Master of Arts in Government and Public Administration. In 2007 she was named the NSW Telstra Businesswoman of the Year in Community and Government Sector and has had numerous publications including the award winning Multiculturalism in Conflict training handbook. Ms Stubbs is a Member of the Australian Institute of Company Directors.

# The Year in Review

## Accreditation

The financial year 2010-2011 was another year of continuing productivity and change for NAATI in the accreditation area.

The highlights included:

### **Broadening the range of languages available for accreditation by testing -**

- Commenced work to enable Nepali Paraprofessional Interpreter accreditation. Testing is planned to commence in 2011-2012.

### **On-going improvement of accreditation test-preparation materials -**

- Completed development of three new Professional Interpreter sample tests.
- Maintained a system of electronic distribution, assessment and feedback of practice translation materials.

### **Improvement of testing technology -**

- Continued in-house recording, editing and production of tests and sample test materials.
- Used digital recording of interpreting test candidates to deliver greater audio clarity for examiners.
- Established a system of electronic transfer of recorded interpreter test materials between state and national offices.
- Established a new system for dispatch of test materials for marking in digital format.

### **Special projects -**

- Continuation of the Commonwealth New Interpreters Project to assist with the supply of interpreters in 'new and emerging' languages.
- Development and implementation of a new Paraprofessional Interpreter Test Preparation Workshop for TIS National including language specific components.
- Involved with the development and pilot of a process assessing telephone interpreter performance.

### **Outlook for the Future**

The outlook is one of further change including further comprehensive review and improvements of testing and assessment pathways within the accreditation system.

## New Interpreters Project

This financial year saw NAATI continue a major project for the Commonwealth Department of Immigration and Citizenship (DIAC) to enhance the availability of interpreters in 'new and emerging' languages – the New Interpreters Project (NIP).

The aim of the Project is to support the communities who speak those languages to be able to participate fully in Australian society through improved communication.

### Project Overview

The Project formally commenced in July 2008. It has created a great deal of interest in its target communities. Information sessions have been well attended and in most cases this has led to a flow on of applications for the program. The Project covers the costs for participants associated with attending workshops, testing, recognitions and accreditation.

### Development of Linkages

A number of steps were taken to establish relevant linkages to support the Project including:

- promotion through the NAATI News and other stakeholders' publications, and
- development of stakeholder-relations strategies and extensive networking in each jurisdiction, supported by information sessions with detailed face-to-face support for potential applicants.

### Resource Development

The current version of the poster and other resources are available on the NAATI website (<http://www.naati.com.au>).

### Information Sessions

There were information sessions held in Launceston and Perth intended to attract interest in the Project.

### Locations of Workshops

Successful preparatory workshops were held in all capital cities except Darwin and Canberra in 2010/11. A regional workshop was conducted in Coffs Harbour.

These workshops were developed specifically for the NIP (based on previous pilot studies). The workshops held to date have all been fully subscribed and all have been highly regarded by the participants.

### Applicants Seeking NAATI Testing

The Project has attracted a broad range of applicants, and this has broadened further as interest in the Project has grown and DIAC continues to review its list of eligible languages as necessary.

### People Successful in Gaining NAATI Accreditation

The Project offers Paraprofessional accreditation where testing is available in the relevant language, or Recognition in languages where testing is not yet available. Because the Project targets a large range of 'new and emerging' languages, the availability of NAATI Recognition is an important alternative outcome to accreditation. A total of 95 Accreditations and 92 Recognitions have been issued since the commencement of the project (as at June 30, 2011).

## States and Territories

The State and Territory offices of NAATI continued to provide regional access to NAATI's services throughout the year, as well as supporting a variety of significant initiatives undertaken by their Regional Advisory Committees (RACs). The major activities of the State and Territory offices are in offering accreditation testing, providing preparatory workshops for candidates, distribution of test-related products, offering personal advice and assistance to candidates and building relationships with the translating and interpreting profession and related stakeholders in the region.

The Commonwealth New Interpreters Project continues to be delivered through State and Territory offices in all capital cities and in some regional locations. There continued to be improvements to client services implemented by the State and Territory offices as part of NAATI's overall commitment to improved products and services. An indicative selection from many highlights of regional activity in 2010-2011 follows.

### AUSTRALIAN CAPITAL TERRITORY

- There were 75 tests undertaken.

### NEW SOUTH WALES

- The appointment of The Hon Victor Dominello MP as the new Minister for Citizenship.
- There were 603 tests undertaken.

### NORTHERN TERRITORY

- There were 53 tests undertaken.
- The relocation of the Darwin office.

### QUEENSLAND

- Transition to temporary accommodation.
- There were 280 tests undertaken.

### SOUTH AUSTRALIA

- There were 136 tests undertaken.

### TASMANIA

- There were six tests undertaken.
- The appointment of a new State Manager.

### VICTORIA

- The appointment of The Hon Nicholas Kotsiras MLA as the new Minister for Multicultural Affairs.
- There were 565 tests undertaken.

### WESTERN AUSTRALIA

- Planning a Translating and Interpreting Awareness Day (TIAD) for November 2011.
- Workshop for the Commonwealth New Interpreters Project held in September 2010.
- There were 139 tests undertaken.
- The appointment of a new State Manager.

# Administration and Business Development

The 2010-2011 year was another busy year for the Corporate Services functions of NAATI.

## General Developments

Some of the more significant developments were:

- NSW State Office move to the new premises was completed
- continued discussions with the Queensland Government in relation to leasing of space for our Queensland State Office, within the new building which was expected for completion within this financial year, however this was delayed. The Queensland State Office remains in the temporary premises
- completed the relocation of the NAATI Northern Territory Office to the Northern Territory Government Building. Testing is conducted on a bi-monthly basis by using a fly-in-fly-out method with staff from the National Office
- new NAATI website released
- development and release of Phase I of the new online business portal "ePortal"
- new desktop computer lease negotiated and hardware rolled out to all state offices with minimal disruption to business, and
- recruitment of new a CEO and various positions in State/Territory offices due to staff movement.

## System for Accreditation Management (SAM) Database

Enhancements and modifications to SAM were again focussed on effectiveness and access, with particular emphasis given to the new online trading portal. Areas enhanced included creating efficiencies within SAM to enable online ordering and payment of post credential products along with the ability for individuals to maintain their personal details on SAM, via the ePortal. Credit card encryption was released. Enhancements in readiness for Phase II of the ePortal, giving the ability for individuals to apply for testing on line, have been commissioned for development, and will be released in the coming year

## Online Directory of Accredited and Recognised Translators and Interpreters

The directory listed 5961 accreditations at June 30, 2011. The new wizard style directory was released along with the new ePortal ability for practitioners to update their personal information and process their listing directly online. This has created great efficiency within the National Office.

## Outlook for the future

The 2011-2012 year promises a number of new challenges including:

- continuing review and enhancement of the organisation's functions and capabilities
- release of new secure ID cards
- renewal of photocopiers at lease end
- further planning and development of Phase II of the ePortal, to enable more online business
- continue work on the intranet facility, which was deferred in favour of the release of the ePortal
- release of new unique numbered accreditation transcripts, deferred from last year to enable incorporation with Phase II of the ePortal and SAM enhancements, and
- scoping of a record management archival solution to be commissioned.

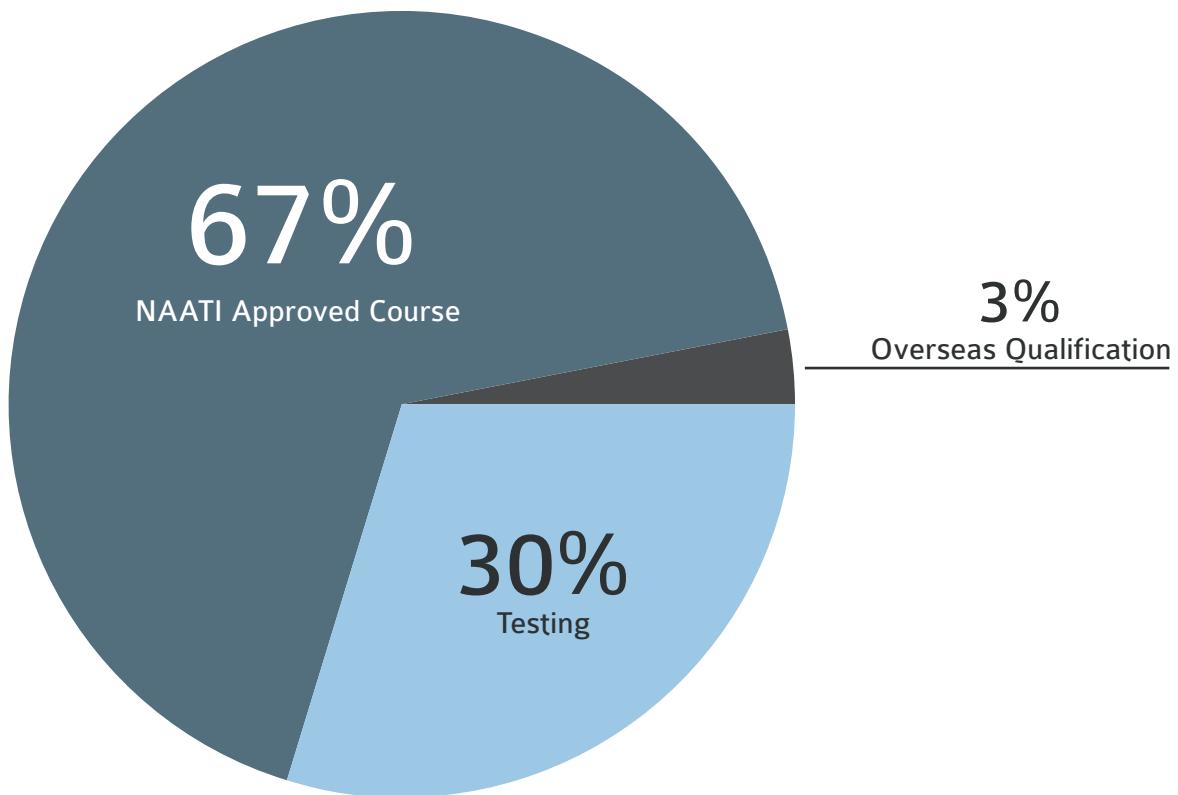
# Business Performance

## Credentialing

NAATI awarded 1580 credentials and achieved the following in terms of service delivery and outcomes during the year.

### Accreditation

- 1468 accreditations awarded in total.
- 440 accreditations awarded by testing.
- 43 accreditations awarded by assessment of overseas qualifications.
- 985 accreditations awarded on completion of NAATI-approved Australian courses.



- Two Conference Interpreter and one Conference Interpreter (Senior) accreditations were awarded.
- Two Advanced Translator and one Advanced Translator (Senior) accreditations were awarded.

### Other Credentials Awarded

- 90 Recognitions were awarded across 24 languages.
- 23 Language Aide credentials were awarded across 7 languages.

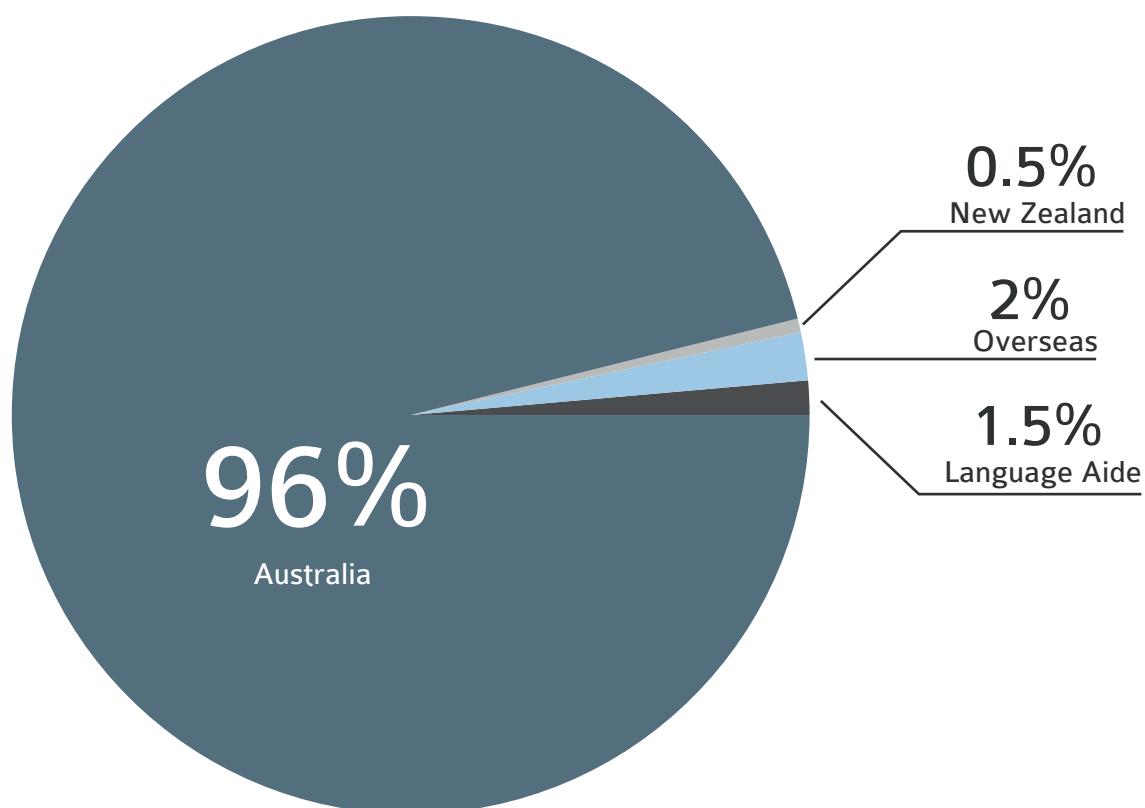
## Languages Accreditations

By 30 June 2011 NAATI had issued accreditations in 111 International and Indigenous languages.

Afrikaans	Djapu	Jaru	Ngaanyatjarra	Tamil
Albanian	Dutch	Kala Lagaw Ya	Norwegian	Thai
Alyawarra	Eastern Aranda	Karen	Nuer	Tigrinya
Amharic	Eastern Arrernte	Kaytej	Nunggubuyu	Tiwi
Anindilyakwa	English	Khmer	Nyangumarta	Tongan
Anmatyerr	Filipino	Kija	Oromo	Torres Strait Island Creole
Arabic	Finnish	Korean	Persian	Turkish
Armenian	French	Kriol	Pitjantjatjara	Ukrainian
Assyrian	Georgian	Kukatja	Polish	Urdu
Auslan	German	Kunwinjku	Portuguese	Vietnamese
Bangla	Greek	Kurdish (Kumanji)	Punjabi	Walmajarri
Bosnian	Gumatj	Kurdish (Sorani)	Pushto	Wangkatha
Bulgarian	Gunwinkgu	Lao	Romanian	Warlpiri
Burarra	Gupapuyngu	Liyagalawumirr	Russian	Warumungu
Burmese	Hakka	Luritja	Samoan	Western Aranda (Arrernte)
Cantonese	Hazaragi	Macedonian	Serbian	Western Arrernte
Chinese	Hebrew	Malay	Sinhalese	Wik-Mungkan
Croatian	Hindi	Maltese	Slovak	Yankunytjatjara
Czech	Hungarian	Mandarin	Slovene	Yindjibarndi
Danish	Indonesian	Martu Wangka	Somali	
Dari	Italian	Modern Tiwi	Spanish	
Dinka	Iwaidja	Mongolian	Swahili	
Djambarrpuyngu	Japanese	Murrinh-Patha	Swedish	

## Testing

- 1902 tests were sat.



### **Test Preparation Activities**

- Delivery of 85 workshops to assist candidates to prepare for accreditation testing and two professional-development workshops.

### **Examiner Activities**

- Maintaining independent marking across all languages for Professional Translator tests.
- Maintenance of the Examiners' Newsletter to facilitate communications and promote consistency.
- Established a process and system to enable improved performance monitoring for examiners.

### **External Benchmarking Activities**

- Obtained independent reviews to ensure quality marking and setting of materials for accreditation tests.

### **Activities Associated with NAATI-Approved Courses**

- Consideration of applications for approval of 1 new course.
- Approval of 1 new tertiary course; re-approval of 2 courses.
- The number of NAATI-approved courses rose to 41 across 18 institutions.
- There were 8 NAATI-approved courses available in translation, 21 in interpreting and 12 in a combination of translation and interpreting.
- Currently there are 22 language-streams approved within translation courses and 61 language streams within interpreting courses, encompassing 44 and 103 course/language combinations respectively.
- NAATI continued to monitor approved courses to ensure that the conduct of the courses and the exit standards of graduates meet NAATI's requirements, investigating any complaints that may have arisen.

### **Research and Development**

- Established systems for new recording equipment and electronic file transfer processes for interpreter accreditation tests.
- Rollout of new digital recording equipment to all testing offices.

### **Industry/Community Activities**

- Delivery of 14 information sessions to enhance community and employer understanding of the NAATI accreditation system and the importance and benefits of using accredited practitioners.
- Continuation of training and testing in rural and regional areas and for 'new and emerging' languages.

## Financial Performance

This reporting period was subject to a new funding agreement with the Members.

The year saw an increase in total revenue of 37.7% accompanied by a reduction of expenditure of 4% on the previous period. When discounted for the capital injection from the Commonwealth in this period, there was a decrease in operating revenue for the current period of 2.51%.

Government revenue for the period represented 53.5% of total income, an increase from 33% in the previous period. The net result for the period was an operating profit of \$1,175,083, Including the Commonwealth's capital injection. If the Commonwealth capital injection is not included the operating result would have been a loss of \$174,917.

NAATI again achieved cost savings throughout the year and hopes to achieve further on-going savings. The Board looks forward to agreeing with the Members on a sustainable funding model for the future during the coming year.

The Auditor's report was again unqualified.

# About NAATI

## NAATI and the Company

NAATI is the registered business name of the National Accreditation Authority for Translators and Interpreters Limited, a company limited by guarantee and incorporated in Australia under the Corporations Act 2001. The company is owned jointly by the Commonwealth, State and Territory Governments.

### **NAATI's Mission:**

The mission of the Company is to set and maintain high national standards in translating and interpreting to enable the existence of a pool of accredited translators and interpreters responsive to the changing needs and demography of the Australian culturally and linguistically diverse society.

### **NAATI Company Objectives:**

The broad objectives for which the Company was established are to:

- set and maintain high national standards in translating and interpreting
- maintain and enhance a nationally recognised accreditation system that is responsive to the changing needs of the Australian community and accreditation applicants
- raise community awareness of the value and appropriate use of accredited translators and interpreters
- establish accreditation processes that are accountable and externally validated through suitably recognised and independent institutions
- provide opportunities for accredited translators and interpreters to upgrade their accreditation level, and
- provide advisory and consultancy services in relation to translating and interpreting.

# Strategic Priorities

## LEADERSHIP

### KPI - LEADERSHIP

NAATI is acknowledged nationally and internationally as a leader in accreditation.

- Setting national accreditation standards
- Providing policy leadership and advice

## PERFORMANCE

### KPI - PERFORMANCE

NAATI maintains a high-quality accreditation system and carries out its business effectively and efficiently.

- Maintaining a national accreditation system
- Awarding NAATI credentials
- Offering quality products and services
- Delivering on specific projects
- Managing finances responsibly
- Achieving client and stakeholder satisfaction

## RELATIONSHIPS

### KPI - RELATIONSHIPS

NAATI is respected and valued by its Members and stakeholders.

- Building strategic relationships
- Implementing joint ventures
- Delivering stakeholder value

## RESPONSIVENESS

### KPI - RESPONSIVENESS

NAATI's capabilities continue to meet the needs of its purpose, Members, business environment and clients.

- Maintaining sustainable resourcing
- Responding to Members' expectations
- Building new business capabilities
- Striving for an excellent organisation

## PEOPLE

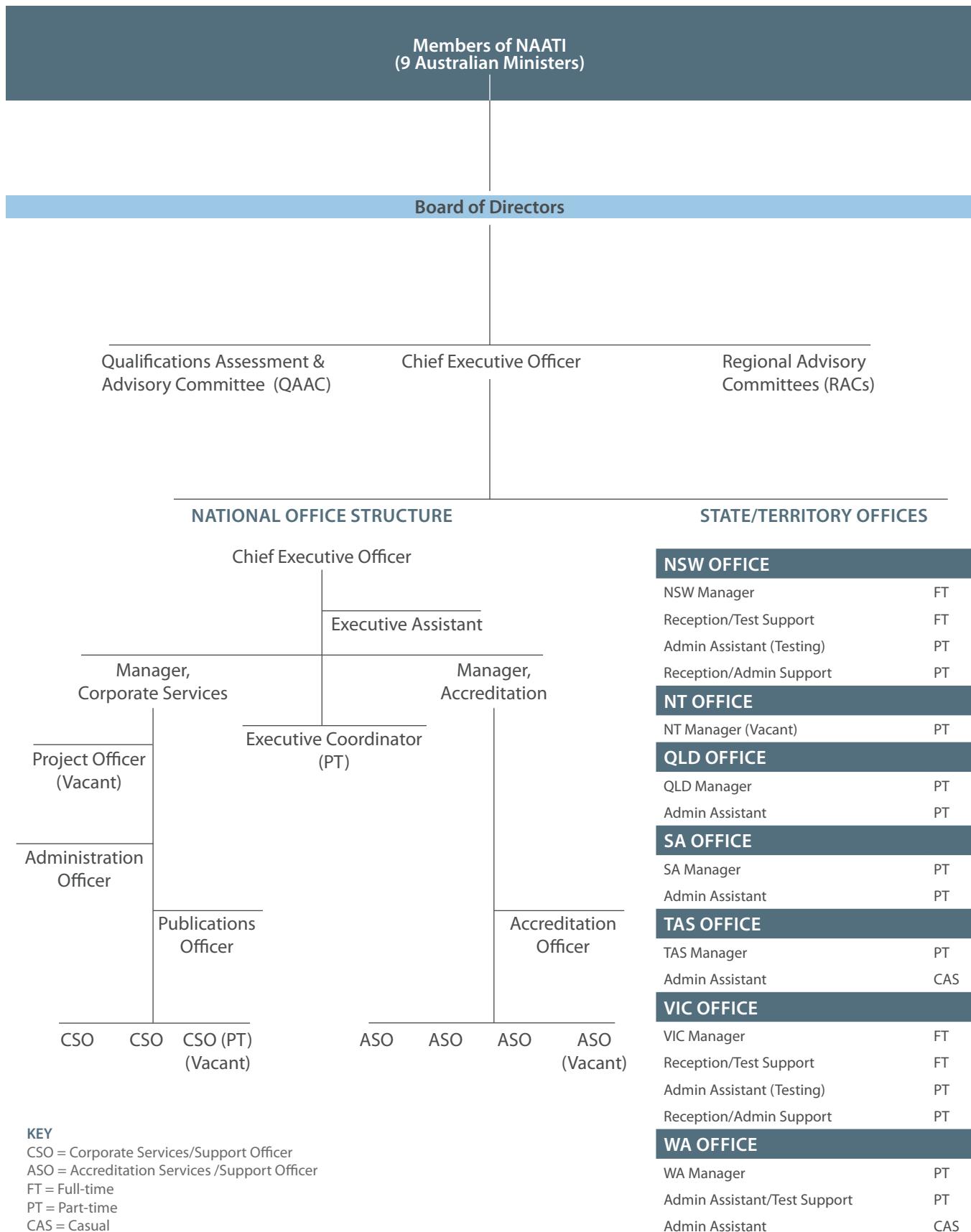
### KPI - PEOPLE

NAATI is regarded as an employer of choice.

- Promoting staff well being
- Encouraging staff development
- Fostering staff satisfaction

# Organisational Structure

NAATI's national office is in Canberra and there are also offices in each State and Territory. As at June 30, 2011 NAATI employed 34 staff (21.5 effective-full-time-positions) as shown below.



## NAATI Committees and Panels

### Qualifications Assessment and Advisory Committee

The Qualifications Assessment and Advisory Committee (QAAC) provides expert professional and academic advice to the Board concerning standards, assessment, course approvals and a variety of related matters. The Board gratefully acknowledges the high-quality expert advice it receives from the Committee.

The Committee is responsible for advice on the following:

- approval of tertiary courses in translating and interpreting
- development and revision of NAATI's Guidelines for the Approval of Courses
- assessment of overseas qualifications
- assessment of qualifications for accreditation at advanced levels
- development of eligibility criteria for accreditation at the various levels
- consideration of appeals
- development of policies relating to accreditation and testing
- participation in reviews relating to accreditation and testing
- consideration of general policy issues relating to the standards of the profession.

The Committee makes recommendations on the above issues for consideration by the Board of Directors.

As at 30 June, 2011 the membership of the QAAC was:

Member	Background
Ms Anna Grassi (Chair) BA	VET sector programs and systems and representative of Paraprofessional courses in Australia.
Mr Ari Pappas (Deputy Chair) Grad Dip Health Science Management, Dip T & Dip Welfare Studies	Manager of a key service provider agency, Education Liaison Officer and member of project for Schools Commission Program. NAATI-accredited Interpreter at the Professional Level.
Ms Amalia Milman Dip Teaching, Assoc Dip Interpreting and Translation	Practitioner, T & I educator, experience with service provision. NAATI-accredited Advanced Translator and Interpreter.
Associate Professor Jemina Napier BA, MA, PhD, MEd in Professional & Higher Education	Educator, researcher, practitioner (Auslan), Representative of courses at the Professional and Graduate Level. NAATI-accredited Interpreter at the Professional Level.
Ms Helen Slatyer BA, RSADipTEFL, MAppLing	Translator, Lecturer, Department of Linguistics, Macquarie University, research expertise in language testing. NAATI-accredited Professional Translator and Paraprofessional Interpreter.
Mr Adolfo Gentile BA, Dip Tert Ed, MEdAdmin	Adjunct Professor, Interpreting and Translating, University of Queensland; Adjunct Senior Research Fellow Monash University. Former Head of School of Languages, Interpreting and Translating at Deakin University and the Director of the University's Centre for Research and Development in Interpreting and Translating. Former President of the Fédération Internationale des Traducteurs (FIT). Adolfo has written extensively and consulted on the training and practice of translating and interpreting. NAATI-accredited Advanced Translator.
Ms Yuki Sayeg MA, MLitSt BA (Hons), Graduate Certificate in Conference Interpreter Training (Geneva), AIIC Member	Translating and interpreting educator, representative of postgraduate conference interpreter/advanced translator programs, freelance conference interpreter and translator. NAATI-accredited Conference Interpreter (Senior) and Advanced Translator.
Ms Magdalena Rowan BA, BEd	Translating and interpreting educator and coordinator of translating and interpreting courses at TAFE SA and a practising interpreter and translator. Magdalena designed and wrote the curriculum for the TAFE SA Diploma in Translating and was on the steering committee for the new national VET T&I qualifications. NAATI-accredited Translator and Interpreter at the Professional Level.

## Panels of Examiners

NAATI maintains language-based panels of trained examiners under the guidance of a panel Chair to assess the performance of candidates in NAATI tests. Panels are established and discontinued from time to time to reflect demand for testing and shifts in the demographics of the Australian population.

NAATI gratefully acknowledges the critical wealth of expertise that the examiners contribute to NAATI and to maintenance of the standards of the profession.

As at 30 June, 2011 panels were established for the following languages:

<b>A</b> Albanian Amharic Arabic Armenian Assyrian Auslan	<b>B</b> Bangla Bosnian Bulgarian Burmese	<b>C</b> Cantonese Chinese Croatian Czech	<b>D</b> Dari Dinka Dutch
<b>E</b> English	<b>F</b> Filipino Finnish French	<b>G</b> German Greek	<b>H</b> Hazaragi Hindi Hungarian
<b>I</b> Indonesian Italian	<b>J</b> Japanese	<b>K</b> Khmer Korean	<b>L</b> Lao
<b>M</b> Macedonian Maltese Malay Mandarin	<b>N</b> Nepali Nuer	<b>O</b> Oromo	<b>P</b> Persian Polish Portuguese Punjabi Pushto
<b>R</b> Romanian Russian	<b>S</b> Samoan Serbian Sinhalese Somali Spanish Swahili	<b>T</b> Tamil Tetum Thai Tigrinya Tongan Turkish	<b>U</b> Ukrainian Urdu
<b>V</b> Vietnamese			

## Regional Advisory Committees

Regional Advisory Committees (RACs) have been established in all States and Territories. The purpose of the RACs is to assist NAATI to remain in touch with and receive advice from the sector, the profession and the community across Australia on a regular basis. Each RAC is supported by the relevant State/Territory Manager with the ACT RAC supported by the National Office. The major roles of the Regional Advisory Committees are:

- advising the NAATI Board on various matters including:
  - translating and interpreting standards/issues in the relevant State or Territory
  - the specific translating and interpreting needs of the State or Territory and any particular regional variations
  - translating and interpreting professional issues in the relevant State or Territory, and other issues identified by the NAATI Board.
- advising the NAATI Board about proposed developments or policy changes being considered by the Board
- assisting NAATI in the promotion of general community awareness of the NAATI accreditation system and the value and appropriate use of accredited practitioners
- facilitating the exchange of information among the State or Territory networks of practising professionals, translating and interpreting educators and providers of language services about developments in the translating and interpreting industry
- assisting the NAATI Board in its periodic consultations with industry stakeholders.

NAATI gratefully acknowledges the following people who contributed in many ways to RAC activity during the period by offering their advice and expertise.

ACT	QLD	VIC
Ms C Crane Dr M Leader Mr N Manikis Ms M Mau-Oldfield Mr M Palic Dr C Phillips Ms A Stensletten	Ms P Avila (Convenor) Dr M Brandle Ms L Chinn Ms T Dietterich Mr J Duncan (Qld Manager) Mr U Illes Dr L Ko Ms M Ko Mr A Mamoe Ms N Parisi Ms Y Sayeg Ms I Szymanska	Mr I Akinci Mr I Ayzit Mr R Barnett Mr G Bisas Ms L Bongiovanni (Convenor) Mr J Butterfield Dr B Dellal (NAATI Director Ex-Officio) Mr D Hately Ms M Jabbour Ms B Murphy Mr A Nega (NAATI Director Ex-Officio) Mr M Orlando Mr A Pappas Ms M Piu Ms P Tissera Ms C Toffoli-Zupan (VIC Manager) Ms R Wilmot
<b>NSW</b>	<b>SA</b>	<b>WA</b>
Ms N Arrange Ms A Grassi (Convenor) Mr M Doerfler Ms V Dragoje Mr G Harkins (NSW Manager) Mr H Harman Mr S Harris Ms T Markos Ms M McMahon Ms H Slatyer Assoc Prof L Stern (NAATI Director Ex-Officio) Ms K Stubbs (NAATI Director Ex-Officio) Ms M Taibi Ms M Tilche Ms C Webster Ms K Wright	Ms C Appelkamp (SA Manager) Mr M Armiento (Convenor) Ms L Berkis Mr M Cronshaw Ms R English Ms A Garcia Dr I Harmstorf Mr D Haller Mr P Hellander Ms D Kelly Mr T Kruckemeyer Ms M Rowan Ms M Schirru Mr A Skuza Ms M Slatter Mr J Tayler Ms Y Zurawska	Ms E Davies Mr M Delahoy Dr W Frick Ms K Gilchrist Mrs M Gruszka Ms M Gurgone (Convenor) Ms A Johnston Dr V van Loggerenberg (WA Manager retired March 2011) Mr S Mancini (WA Manager Appointed April 2011) Mrs H Murphy Dr T Nicholls Ms C Sheeves Ms N Weerakoon Ms G Zhang
<b>NT</b>	<b>TAS</b>	
Ms F Abbott Dr P Black (Convenor) Ms S Cavanough (NT Manager retired) Ms J Guy Ms L Kohaupt Ms A Quinn Ms J Ventic Ms U Vorst Ms A Wait	Ms M Nolan (retired December 2010) Mr A Ali Ms V Bashford Ms T Bayru Ms J Forward Mr P Huxtable Ms F Lieutier Ms M Williams Ms M Stephens (TAS Manager Appointed January 2011)	

# Financial Statements

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

### Directors' Report

30 June 2011

Your directors present their report on National Accreditation Authority for Translators and Interpreters Limited (NAATI) for the financial year ended 30 June 2011.

#### 1. General information

##### Information on Directors

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

Kerry Stubbs	Chair
Qualifications	BA (Hons) MA (Hons) Graduate Certificate in Writing MAICD
Experience	CEO and Managing Director Northcott Disability Services Ltd, Director, eWater Ltd, Ability First Australia Ltd, Cerebral Palsy Australia Ltd, Heath Services Association of NSW Ltd, Chair SpineCare Ltd, Former Executive Director of St Vincent's Hospital and Sacred Heart, Founding member of the Network for Intercultural Communication, Former member of the English in Workplace Taskforce, Former subcommittee member in the Office of the Director of Equal Opportunity in Public Employment, 2007 NSW Telstra Businesswoman of the Year in Community and Government Sector.
Abeselom Nega	
Qualifications	AFAIM CAHRI
Experience	Management consultant in strategic planning, business development, employment services and performance management, Former Chair of Federation of African Communities Councils.
Assoc. Prof. Ludmila Stern	
Qualifications	BA (Hons) PhD
Experience	Associate Professor, Head of School of Languages and Linguistics at The University of NSW (UNSW).NAATI accredited translator and interpreter, former Chair of the NAATI Russian panel, researcher (court interpreting in international courts).
Dr Bulent (Hass) Dellal OAM	
Qualifications	Doctor of Social Science honoris causa, RMIT University A.C.M.M
Experience	Executive Director of the Australian Multicultural Foundation, former Commissioner of the Victorian Multicultural Commission. Appointed Special Adviser for the Australasian Police Multicultural Advisory Bureau 2002 by the Conference of Commissioners of Police, Australasia and the South West Pacific Region. Member Board of Trustees, European Multicultural Foundation, Deputy Chair of Special Broadcasting Service (SBS).
Appointed/Resigned	Appointed 1/09/2010
Susan Bures AM	Previous Chair
Experience	Administrator Great Synagogue of Sydney, Secretary Management Committee of the Waverly Action for Youth Services, Former Deputy Chair of NSW Ethnic Affairs Commission, Former Chair of NSW Arts Advisory Council, Former Board Member of Carnivale, NSW Ethnic Schools Board.
Appointed/Resigned	Resigned 1/09/2010

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Directors' Report

30 June 2011

### 1. General information continued

#### Information on Directors continued

John Kiosoglou MBE	Former Deputy Chair
Qualifications	AE KSA SM
Experience	Auxiliary Magistrate, Chair of the Ethnic Schools Board (SA), Former Chair South Australian Multicultural Affairs Commission, Executive member of Adelaide University Heritage Foundation, Chairman of the International Conference on Greek Research (Flinders University)
Appointed/Resigned	Resigned 1/09/2010

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

#### Principal Activities

The principal activity of the National Accreditation Authority for Translators and Interpreters Limited (NAATI) in 2010 2011 was strengthening inclusion and participation in Australian society by assisting to meet the nations diverse and changing communications needs and expectations. The governments of Australia regard this as an essential community service for enhancing the settlement of migrants to Australia and support NAATI accordingly.

No significant changes in the nature of the entity's activity occurred during the financial year.

#### Long Term Objectives

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

- set and maintain high national standards in translating and interpreting;
- maintain and enhance a nationally recognised accreditation system that is responsive to the changing needs of the Australian community and accreditation applicants;
- raise community awareness of the value and appropriate use of accredited translators and interpreters;
- establish accreditation processes that are accountable and externally validated through suitably recognised and independent institutions;
- provide opportunities for accredited translators and interpreters to revalidate/upgrade their accreditation level; and
- provide advisory and consultancy services in relation to translating and interpreting.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Directors' Report

30 June 2011

### 1. General information continued

#### Short Term Objectives

By agreement with its Members, the company's priority short term objectives in 2010 2011 were the first three of these objectives plus:

- adjusting NAATI's cost structure (through rationalisation of resource usage and the implementation of innovative solutions) to meet these objectives consistent with its budgetary position.

#### Strategy for Achieving these Objectives

By agreement with its Members the strategic priorities for achieving these objectives are:

- NAATI provide testing services for all community languages subject to resource constraints, maximising the efficiency of existing methods of accreditation;
- where provision of full testing is impractical, NAATI must where possible develop an alternative testing model and standards designed to provide a pathway for services for new and emerging community services;
- NAATI and Members will further consider the strategic plan recognising that any associated funding is subject to parliamentary appropriations in each jurisdiction; and
- NAATI and Members will seek a sustainable funding model for NAATI consistent with agreed strategic and business plans subject to parliamentary appropriations of funds in each jurisdiction.

#### Performance Measures

The company measures performance through monitoring benchmarks in respect of:

- numbers of accreditations granted according to type;
- trends in number of tests administered; and
- variations of expenditures against approved budgets.

#### Meetings of Directors

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Kerry Stubbs	5	5
Abeselom Nega	5	5
Associate Professor Ludmila Stern	5	5
Dr Bulent (Hass) Dellal OAM	4	3
Susan Bures AM	1	1
John Kiosoglou MBE	1	1

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Directors' Report

30 June 2011

### 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 2011 has been received and can be found on page 5 of the financial report.

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

Director: .....

Kerry Stubbs

Dated 12 September 2011

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

### **Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of National Accreditation Authority for Translators and Interpreters Limited (NAATI)**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011, 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*  
*R Johnson*

Robert Johnson FCA

12 September 2011

Deakin ACT

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Total revenue	11	4,611,006	3,357,506
Employee benefits expense		(1,566,891)	(1,606,192)
Other expenses		(1,617,579)	(1,817,841)
Depreciation	3	(251,453)	(238,690)
<b>Profit before income tax</b>		<b>1,175,083</b>	<b>(305,217)</b>
Income tax expense		-	-
<b>Total comprehensive income for the period</b>		<b>1,175,083</b>	<b>(305,217)</b>

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Financial Position

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	2,596,350	1,616,527
Trade and other receivables	3	94,750	34,115
Other assets	5	12,447	10,659
<b>TOTAL CURRENT ASSETS</b>		<b>2,703,547</b>	<b>1,661,301</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	765,515	715,099
<b>TOTAL NON-CURRENT ASSETS</b>		<b>765,515</b>	<b>715,099</b>
<b>TOTAL ASSETS</b>		<b>3,469,062</b>	<b>2,376,400</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	261,475	328,544
Borrowings	7	143,640	104,189
Current tax liabilities		19,817	16,328
Short-term Provisions	8	165,258	218,721
<b>TOTAL CURRENT LIABILITIES</b>		<b>590,190</b>	<b>667,782</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	174,968	237,792
Long term provisions	8	130,917	72,922
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>305,855</b>	<b>310,714</b>
<b>TOTAL LIABILITIES</b>		<b>896,075</b>	<b>978,496</b>
<b>NET ASSETS</b>		<b>2,572,987</b>	<b>1,397,904</b>
<b>EQUITY</b>			
Retained earnings		2,572,987	1,397,904
<b>TOTAL EQUITY</b>		<b>2,572,987</b>	<b>1,397,904</b>

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Changes in Equity

For the Year Ended 30 June 2011

2011	Retained Earnings \$	Total \$
<b>Balance at 1 July 2010</b>	1,397,904	1,397,904
Profit attributable to members of the entity	1,175,083	1,175,083
<b>Balance at 30 June 2011</b>	2,572,987	2,572,987

2010	Retained Earnings \$	Total \$
<b>Balance at 1 July 2009</b>	1,703,121	1,703,121
Loss attributable to members of the entity	(305,217)	(305,217)
<b>Balance at 30 June 2010</b>	1,397,904	1,397,904

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,554,519	3,440,324
Payments to suppliers and employees		(3,422,300)	(3,405,036)
Interest received		172,846	71,281
Net cash provided by (used in) operating activities	14	1,305,065	106,569
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(301,869)	(377,601)
Net cash provided by (used in) investing activities		(301,869)	(377,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(62,824)	(56,628)
Net cash provided by (used in) financing activities		(62,824)	(56,628)
Net increase (decrease) in cash held		940,372	(327,660)
Cash and cash equivalents at beginning of financial year		1,616,527	1,944,187
Cash and cash equivalents at end of financial year	2	2,556,899	1,616,527

## Notes to the Financial Statements

For the Year Ended 30 June 2011

The financial statements are for National Accreditation Authority for Translators and Interpreters Limited (NAATI) as an individual entity, incorporated and domiciled in Australia. National Accreditation Authority for Translators and Interpreters Limited (NAATI) is a company limited by guarantee.

### 1. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

#### Rounding of amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

#### (b) Comparative Figures

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

When the company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

#### (c) Property, Plant and Equipment

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

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (c) Property, Plant and Equipment continued

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding leasehold land, is depreciated on a reducing balance basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

#### (d) Financial Instruments

##### Initial recognition and measurement

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

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

##### Classification and subsequent measurement

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

*Amortised cost* is calculated as:

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

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (d) Financial Instruments continued

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

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held to maturity assets.

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

##### (ii) *Loans and receivables*

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

##### (iii) *Held to maturity investments*

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

Held to maturity investments are included in non current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

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

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (d) Financial Instruments continued

##### (iv) *Financial liabilities*

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Fair value**

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

##### **Impairment**

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

##### **Financial guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

##### **Derecognition**

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

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (d) Financial Instruments continued

##### Derecognition continued

When available for sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

#### (e) Impairment of Non Financial Assets

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

#### (f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

#### (g) 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 year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

#### (h) Trade and Other Payables

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

#### (i) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (j) Leases

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

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

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

#### (k) Revenue and Other Income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of National Accreditation Authority for Translators and Interpreters Limited (NAATI)'s activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

##### **Grant revenue**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

##### **Interest revenue**

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (k) Revenue and Other Income continued

##### Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

#### (l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

#### (m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### (n) Adoption of New and Revised Accounting Standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 1. Summary of Significant Accounting Policies continued

#### (n) Adoption of New and Revised Accounting Standards continued

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of National Accreditation Authority for Translators and Interpreters Limited (NAATI).

Standard Name	Impact
AASB 2010 3 / AASB 2009 5 Amendments and further Amendments to Australian Accounting Standards Group Cash settled Share based Payment Transactions	No significant changes on adoption of these standards.
AASB 2009 8 Amendments to Australian Accounting Standards – Group Cash settled Share based Payment Transactions	No significant changes on adoption of these standards.
AASB 2009 9 Amendments to Australian Accounting Standards – Additional Exemption for First time Adopters / AASB 2010 1 Limited exemption from comparative AASB 7 disclosures for first time adopters	No impact since the entity is not a first time adopter of IFRS.
AASB 2009 10 Amendments to Australian Accounting Standards – Classification of Rights Issues	No significant changes on adoption of this standard.
Interpretation 19 Extinguishing liabilities with equity instruments	No significant changes on adoption of this standard.

#### (o) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the company:

Standard name	Effective date for entity	Requirements	Impact
AASB 124 Related Party Disclosures and amending standard AASB 2009 12	30 June 2012	<ul style="list-style-type: none"> <li>- Clarification of the definition of a related party</li> <li>- Requirement to disclose commitments to related parties</li> <li>- Disclosure exemptions for government related entities</li> </ul>	Minimal impact expected
AASB 9 Financial Instruments and amending standards AASB 2009 11 / AASB 2010 7	30 June 2014	<ul style="list-style-type: none"> <li>- Changes to the classification and measurement requirements for financial assets and financial liabilities.</li> <li>- New rules relating to derecognition of financial instruments.</li> </ul>	The impact of AASB 9 has not yet been determined.

**Notes to the Financial Statements**

For the Year Ended 30 June 2011

**1. Summary of Significant Accounting Policies continued**

**(o) New Accounting Standards for Application in Future Periods continued**

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	30 June 2012	Changes where the entity is subject to minimum funding requirements and makes an early payment to cover these requirements in relation to defined benefit plans.	No significant impact expected.
AASB 2010 4 / 2010 5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2012	Makes changes to a number of standards / interpretations including: - Clarification of the content of the statement of changes in equity - Financial instrument disclosures - Fair value of award credits	No impact expected.
AASB 2010 6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	30 June 2012	Requires additional disclosures regarding for example, remaining risks where an entity has transferred a financial asset.	No impact expected.
AASB 2010 8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 2010 9 / 2010 10 Amendment to Australian Accounting Standards – Severe hyperinflation and removal of fixed dates for first time adopters	30 June 2012	Makes amendments to AASB 1	No impact since the entity is not a first time adopter of IFRS.
AASB 1054 Additional Australian disclosures / AASB 2011 1 Amendments to Australian Accounting Standards arising from Trans Tasman convergence	30 June 2012	Collates the Australian specific disclosures into one Accounting Standard rather than including them within a number of different standards.	Little impact since most of the disclosures required by AASB 1054 are already included within the financial statements.
AASB 2011 2 Amendments to Australian Accounting Standards arising from Trans Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required in AASB 1054 for entities applying the RDR.	FOR RDR ENTITIES  Little impact since the disclosures are not included in the RDR financials.  FOR NON RDR ENTITIES  The entity is not adopting the RDR and therefore this standard is not relevant.

**Notes to the Financial Statements**

For the Year Ended 30 June 2011

**1. Summary of Significant Accounting Policies continued**

**(o) New Accounting Standards for Application in Future Periods continued**

AASB 2011 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS Manual and Related Amendments	30 June 2013	Standard is applicable for whole of government and general government financial statements only. AASB 2011 provides details of changes in accounting treatment due to the Government Finance Statistics manual.	Standard is not applicable and therefore there will be no impact on adoption.
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates. [These are expected to be released by the AASB in June / July].	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.</p> <p>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>
AASB 13 Fair Value Measurement	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.</p> <p>The entity has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 2. Cash and Cash Equivalents

	2011 \$	2010 \$
Cash at bank and in hand	1,560	45,221
Short-term bank deposits	2,594,790	1,571,306
	2,596,350	1,616,527

#### Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2011 \$	2010 \$
Cash and cash equivalents		2,596,350	1,616,527
Bank overdraft	7	(39,451)	-
<b>Balance as per statement of cash flows</b>		<b>2,556,899</b>	<b>1,616,527</b>

### 3. Trade and Other Receivables

CURRENT		2011 \$	2010 \$
Trade receivables		52,240	43,609
Provision for impairment		-	(11,992)
		52,240	31,617
Other receivables		42,510	2,498
<b>Total current trade and other receivables</b>		<b>94,750</b>	<b>34,115</b>

#### (a) Provision for impairment of receivables

Movement in provision for impairment of receivables is as follows:

	2011 \$	2010 \$
Balance at beginning of the year	-	11,993
Reversal of impairment	(11,993)	-
<b>Balance at the end of the year</b>	<b>(11,993)</b>	<b>11,993</b>

#### Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the company.

**Notes to the Financial Statements**

For the Year Ended 30 June 2011

**4. Property, Plant and Equipment**

	2011 \$	2010 \$
<b>PLANT AND EQUIPMENT</b>		
Furniture, fixture and fittings		
At cost	111,963	116,307
Accumulated depreciation	(31,640)	(22,464)
Total furniture and fittings	80,323	93,843
<b>Office equipment</b>		
At cost	43,038	84,463
Accumulated depreciation	(22,521)	(56,723)
Total office equipment	20,517	27,740
<b>Improvements</b>		
At cost	369,138	369,138
Accumulated depreciation	(184,924)	(129,553)
Total improvements	184,214	239,585
<b>Technology upgrade</b>		
At cost	727,271	842,631
Accumulated depreciation	(246,810)	(488,700)
Total technology upgrade	480,461	353,931
Total plant and equipment	765,515	715,099
<b>Total property, plant and equipment</b>	<b>765,515</b>	<b>715,099</b>

**(a) Movements in Carrying Amounts**

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 \$	Deakin Fit Out \$	Technology Upgrade \$	Total \$
Balance at the beginning of year	93,843	27,740	239,585	353,931	715,099
Additions at fair value	-	-	-	301,869	301,869
Disposals - cost	-	-	-	(23,211)	(23,211)
Depreciation expense	(13,520)	(7,223)	(55,371)	(152,128)	(228,242)
Carrying amount at 30 June 2010	80,323	20,517	184,214	480,461	765,515

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 5. Other Assets

	2011 \$	2010 \$
<b>CURRENT</b>		
Prepayments	12,447	10,659
	12,447	10,659

### 6. Trade and Other Payables

	2011 \$	2010 \$
<b>CURRENT</b>		
Trade payables	62,002	48,689
Sundry payables and accrued expenses	43,910	71,598
Practitioner Directory & Test Fees in Advance	153,590	208,259
Other payables	1,973	-
	261,475	328,544

### 7. Borrowings

	Note	2011 \$	2010 \$
<b>CURRENT</b>			
Secured liabilities			
Bank overdraft		39,451	-
Finance lease obligation - secured	9	104,189	104,189
<b>Total current borrowings</b>		143,640	104,189

	Note	2011 \$	2010 \$
<b>NON-CURRENT</b>			
Secured liabilities			
Finance lease obligation	9	174,968	237,792
<b>Total non-current borrowings</b>		174,968	237,792
<b>Total borrowings</b>		318,608	341,981

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 8. Provisions

	2011 \$	2010 \$
<b>CURRENT</b>		
Employee entitlements	165,258	218,721
	165,258	218,721

	2011 \$	2010 \$
<b>NON-CURRENT</b>		
Employee entitlements	130,917	72,922
	130,917	72,922

### 9. Capital and Leasing Commitments

#### Finance lease commitments

	2011 \$	2010 \$
Payable - minimum lease payments:		
- no later than 1 year	94,717	94,717
- between 1 year and 5 years	236,793	331,510
Minimum lease payments	331,510	426,227
Less: finance charges	52,354	84,246
Present value of minimum lease payments	279,156	341,981

### 10. Financial Risk Management

The main risks National Accreditation Authority for Translators and Interpreters Limited (NAATI) is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts, and leases.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 10. Financial Risk Management continued

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011 \$	2010 \$
<b>Financial Assets</b>			
Cash and cash equivalents	2	2,596,350	1,616,527
Trade and other receivables	3	94,749	34,115
<b>Total Financial Assets</b>		<b>2,691,099</b>	<b>1,650,641</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables		281,292	343,805
- Borrowings	7	318,608	341,981
<b>Total Financial Liabilities</b>		<b>599,900</b>	<b>685,786</b>

#### Financial risk management policies

The Board of Directors has overall responsibility for the establishment of National Accreditation Authority for Translators and Interpreters Limited (NAATI)'s financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, credit risk and future cash flow requirements.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

Mitigation strategies for specific risks faced are described below:

##### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non performance by counterparties of contract obligations that could lead to a financial loss to National Accreditation Authority for Translators and Interpreters Limited (NAATI) and arises principally from National Accreditation Authority for Translators and Interpreters Limited (NAATI)'s receivables.

The company is exposed to credit risk in that approximately 50% of its revenue comes from provision of testing and accreditation services. Such services are exposed to fluctuations in demand and Government policy. However, some of the risk is mitigated by the receipt of grants from state and federal governments in accordance with fixed term funding agreements.

##### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 3.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 3.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 10. Financial Risk Management continued

#### (b) Liquidity risk

Liquidity risk arises from the possibility that National Accreditation Authority for Translators and Interpreters Limited (NAATI) might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, National Accreditation Authority for Translators and Interpreters Limited (NAATI) ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 180 days.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Financial guarantee liabilities are treated as payable on demand since National Accreditation Authority for Translators and Interpreters Limited (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.

#### *Financial liability maturity analysis - Non derivative*

	Within 1 Year		1 to 5 Years		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Financial liabilities due for payment</b>						
Bank overdrafts and loans	39,451	-	-	-	39,451	-
Trade and other payables (excluding estimated annual leave)	250,330	343,805	-	-	250,330	343,805
Finance lease liabilities	94,717	94,717	236,793	331,510	331,510	426,227
<b>Total contractual outflows</b>	<b>384,498</b>	<b>438,522</b>	<b>236,793</b>	<b>331,510</b>	<b>621,291</b>	<b>770,032</b>

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

#### *Financial assets pledged as collateral*

No financial assets have been pledged as security for any financial liability.

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 10. Financial Risk Management continued

#### (c) 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.

##### *i. 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 company is also exposed to earnings volatility on floating rate instruments.

##### *Sensitivity analysis*

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	100 basis points increase	50 basis points decrease	100 basis points increase	50 basis points decrease
2011	22,777	11,388	22,777	11,388
2010	11,903	5,952	11,903	5,952

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

The net exposure at the end of the reporting period is representative of what National Accreditation Authority for Translators and Interpreters Limited (NAATI) was and is expecting to be exposed to at the end of the next twelve months.

The sensitivity analysis is performed on the same basis as in 2010.

#### Net fair values

##### Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying values presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 11. Revenue and Other Income

	2011 \$	2010 \$
Other revenue		
Test related revenue	1,459,247	1,640,690
Other services revenue	502,454	531,492
Government grants	2,476,459	1,114,043
Interest revenue	172,846	71,281
<b>Total Revenue</b>	<b>4,611,006</b>	<b>3,357,506</b>

### 12. Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of National Accreditation Authority for Translators and Interpreters Limited (NAATI) during the year are as follows:

	2011 \$	2010 \$
Short term employee benefits	424,181	574,798
Long term benefits	39,185	88,968
	<b>463,366</b>	<b>663,766</b>

### 13. Auditors' Remuneration

	2011 \$	2010 \$
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	18,562	20,862

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2011

### 14. Cash Flow Information

#### Reconciliation of result for the year to cash flows from operating activities

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

	2011 \$	2010 \$
Profit for the year	1,175,083	(305,217)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- depreciation	251,453	238,690
- net gain on disposal of property, plant and equipment	-	72,239
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(60,635)	(8,224)
- (increase)/decrease in prepayments	(1,788)	7,331
- (increase)/decrease in income in advance	(54,668)	89,006
- increase/(decrease) in trade and other payables	(25,571)	(11,945)
- increase/(decrease) in provisions	21,191	24,689
Cash flow from operations	1,305,065	106,569

### 15. Company Details

The registered office of the company is:

17A/2 King Street  
Deakin ACT 2600

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

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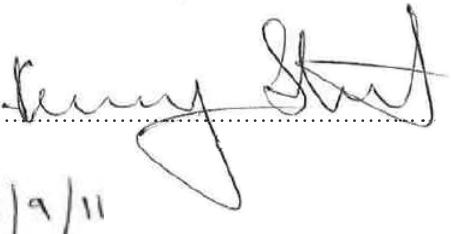
## Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 7 to 28, 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 2011 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: .....

A handwritten signature in black ink, appearing to read "Henry Shum".

Dated

12/9/11

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

### Independent Auditor's Report to the members of National Accreditation Authority for Translators and Interpreters Limited (NAATI)

#### **Report on the Financial Report**

We have audited the accompanying financial report of National Accreditation Authority for Translators and Interpreters Limited (NAATI), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

### Independent Auditor's Report to the members of National Accreditation Authority for Translators and Interpreters Limited (NAATI)

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of National Accreditation Authority for Translators and Interpreters Limited (NAATI), would be in the same terms if given to the directors as at the time of this auditor's report.

#### *Opinion*

In our opinion the financial report of National Accreditation Authority for Translators and Interpreters Limited (NAATI) is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Hardwickes

Hardwickes  
R Johnson

Robert Johnson FCA  
Partner

12 September 2011

Deakin ACT



# Outlook

NAATI will continue to build on its strong foundation as one of the cornerstones of the translating and interpreting sector through its standard-setting and accreditation functions, drawing on:

- continuing support from the Members and their Representatives
- extensive expertise in the Qualifications Assessment and Advisory Committee (QAAC) and the panels of examiners
- the commitment, enthusiasm and experience of the Regional Advisory Committees (RACs)
- effective cooperation with the profession
- the capability of its staff and client services, and

to continue to implement government initiatives and to support the profession and the community through enhanced language services.

NAATI is confident that the improved communication that accredited practitioners make possible will continue to break down barriers to inclusion and lead to greater opportunities for contributing to and participating in a stronger Australian society.

The following issues, challenges and opportunities will shape the year ahead:

- implementing a sustainable business model for NAATI
- delivering on NAATI's strategic priorities and to the Members' expectations
- maintaining strong efficient core-business functions
- improving accreditation and testing through the INT project
- strengthening NAATI's course approval/quality-assurance processes
- applying new technology to improve testing, client services and business performance
- further strengthening support for 'new and emerging' languages
- continuing to build productive relationships with the Members and other key stakeholders
- on-going collaboration with professional bodies
- strengthening NAATI's profile nationally and regionally
- continuing advocacy for the use of accredited practitioners.

