



THE KEY TO  
LANGUAGE  
DIVERSITY

**NAATI** Annual Report 2009-2010

# 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.

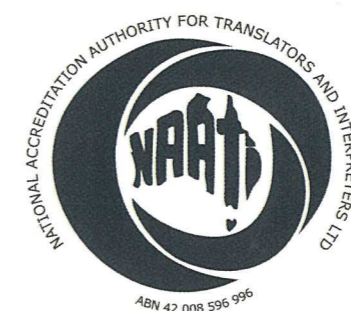
### NAATI CREDENTIALS

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



**ANNUAL REPORT  
2009-2010**

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## From the Chair of the Board

I am pleased to present NAATI's Annual Report for 2009-2010 on behalf of the Board of Directors, my last as Chair of the Board.

As detailed in the report, this was again another productive year with NAATI meeting and/or exceeding performance targets. Performance highlights included a total of 1755 new accreditations, thus maintaining the advances of the previous year.

As always, NAATI has operated in a complex environment and I would like to acknowledge the contributions of all in the NAATI community in making this a successful year including:

- the Members of NAATI and their dedicated Representatives who provide guidance and support to the Board
- my fellow Directors who work tirelessly to promote NAATI's aims
- the members of the Regional Advisory Committees (RACs) who keep NAATI in touch with the sector and the wider community across Australia
- the members of the Qualifications and Assessment Advisory Committee (QAAC) who provide invaluable expert professional and academic advice to the Board
- hundreds of dedicated examiners who are the backbone of the accreditation system
- the professional bodies, particularly AUSIT and ASLIA, who have worked closely with NAATI in the interests of maintaining and advancing the standards of the profession
- individual practitioners who contribute to NAATI's work in many ways, and
- NAATI's enthusiastic and dedicated staff who manage and improve NAATI's systems nationally and provide service to NAATI's clients throughout all of the States and Territories.

In concluding my term as Chair, I would like to acknowledge in particular:

- the various Ministers for Immigration and Citizenship and Parliamentary Secretaries/ Assistant Ministers who have had the closest dealings with NAATI over my eight years with the Board
- the Minister, Senator The Hon Chris Evans, and Parliamentary Secretary, Laurie Ferguson MP, who were of particular assistance to NAATI most recently
- NAATI's Members' Representatives for their support of NAATI
- officers of the Department of Immigration and Citizenship who have had a particularly close relationship with NAATI over the years including Andrew Metcalfe, Peter Vardos, James Fox, Kate Pope, Peter Templeton, Kate Wallace and their other Departmental colleagues
- my fellow Directors: John Kiosoglous, whose experience was always a guiding force, Abeselom Nega for his dedication and knowledge and NAATI's two new Directors, Kerry Stubbs and Ludmila Stern, who will serve NAATI well in the years to come
- my previous and now-retired Board colleagues who devoted their time and energies tirelessly to NAATI - Ms Vicki Mitsos (then Deputy Chair) and Dr Max Brandle
- NAATI's CEO, Dr Lindsay Heywood, who has been an unfailing source of wise advice and support and has had NAATI's interests always at the forefront of his mind, and
- the devoted staff that support NAATI; the Board has been particularly fortunate to have been able to rely on such dedicated and capable people.

It is with a great deal of personal sadness that my term on the Board comes to an end and I take my leave from NAATI. However, I am heartened by NAATI's successes in its recent and continuing work and I wish my successor Kerry Stubbs and her fellow Directors all good fortune as they build on past achievements to realise an even stronger future for NAATI.

Susan Bures AM  
Chair  
NAATI Board of Directors  
2005-2010



## From the Chief Executive Officer

This was again a year of strong business performance for NAATI, both in its core business and in enabling the Commonwealth's important initiative to support 'new and emerging' language communities through the New Interpreters Project. NAATI was pleased to see further increases in commitment to the use of NAATI-accredited practitioners across many government agencies and concerted leadership from governments in enhancing the credentials of practitioners through various initiatives.

The sector has experienced significant changes in government policies including some fundamental changes to immigration policies that saw 'Translator' and 'Interpreter' removed from the Skilled Occupation List (SOL), thus abolishing the preferences that had hitherto been given to these occupations. This change is likely to affect the supply of practitioners in a sector where there is already substantial unmet demand for services. It may also have a number of flow-on effects on the viability and availability of Australian courses for translators and interpreters. All parties in the sector will need to keep a watching brief on these developments in the coming year.

I was saddened to say farewell during the year to two long-standing Directors of NAATI (Dr Max Brandle and Ms Vicki Mitsos) as their terms on the Board drew to an end. I appreciated the warm welcome that both gave to me when I joined NAATI and their continuing insights were invaluable to my work. It was a pleasure to welcome Ms Kerry Stubbs and Associate Professor Ludmila Stern to the Board as new Directors of NAATI. I look forward to being able to draw on the many skills and the wealth of experience that Kerry and Ludmila bring collectively to NAATI's governance as we look to the future.

While financial constraints remained a challenge throughout the year it was possible to lay some foundations for future improvements in business processes, particularly in adopting improved technology that will pave the way for business efficiencies and improved services to clients in the coming year. I am particularly grateful to the Corporate Services and Accreditation teams in making these gains, and for the cooperation of all of the staff in the State/Territory offices in realising NAATI's goals all across Australia.

I look forward to continuing to work with the Members of NAATI, their Representatives, the new Board, the professional bodies and the wider profession, our committees and the staff of NAATI in meeting the challenges of the year ahead. This will include working more closely with NAATI's other key stakeholders and continuing to advocate for high standards and innovation in the sector.

In closing I wish to thank the staff of NAATI who have again worked hard to deliver another year of committed service to our clients and a year of successful performance for the organisation as a whole in times of uncertainty and considerable change. I also wish to thank the managers of the State and Territory Offices in particular, who build and maintain strong relationships with the sector locally through the invaluable work of the Regional Advisory Committees (RACs) and in promoting the sector through outstanding 'Awareness-Day' initiatives.

Dr Lindsay Heywood

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:

- ACT – Ms Joy Burch MLA, Minister for Multicultural Affairs
- NSW – The Hon John Hatzistergos, Minister for Citizenship
- SA – The Hon Grace Portolesi MP, Minister for Multicultural Affairs.

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

- WA – Ms Maria Osman, Executive Director of the Office of Multicultural Interests as the Members' Representative in Western Australia (replacing Mr Ellis Griffiths).

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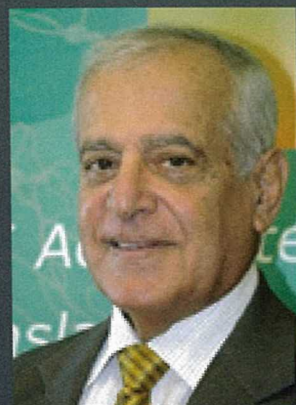
NAATI welcomes the new Members and their Representatives and looks forward to working closely with them. The Board also thanks the retiring Members/Representatives for their interest in and support for NAATI.

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

	Member	Title	Representative	Title
Cwth	Senator the Hon Chris Evans  assisted by Mr Laurie Ferguson MP	Leader of the Government in the Senate, Minister for Immigration and Citizenship  Parliamentary Secretary for Multicultural Affairs and Settlement Services	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, Aboriginal and Torres Strait Islander Affairs
NSW	The Hon John Hatzistergos MLC	Attorney-General Minister for Citizenship Minister for Regulatory Reform Vice-President of the Executive Council in New South Wales	Mr Stepan Kerkyasharian AM	Chairman Community Relations Commission for a Multicultural NSW
NT	The Hon Rob Knight MLA	Minister for Local Government Minister of Housing Minister for Central Australia Minister for Corporate and Information Services, Minister for Communications Minister Assisting the Chief Minister on Indigenous Policy	Ms Trish Angus	Director Department of Local Government, Regional & Community Services
QLD	The Hon Anastacia 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 Simon Forrest	Director Multicultural SA
TAS	The Hon David Bartlett MP	Premier Minister for Innovation Science and Technology	Ms Janet Ong	Manager Multicultural Tasmania
VIC	The Hon John Brumby MLA  assisted by The Hon James Merlino MP	Premier Minister for Multicultural Affairs Minister for Veterans' Affairs  Minister Assisting the Premier on Multicultural Affairs	Mr George Lekakis AO	Chair 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

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## The NAATI Board of Directors



### Susan Bures AM (Chair)

Susan Bures is the Administrator of The Great Synagogue, Sydney. Currently a Director of NAATI, 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.

### Mr John Kiosoglous MBE KSA AE SM (Deputy Chair)

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.

### Dr Maximilian Brandle OAM MA PhD (Retired 30 November 2009)

Max Brandle was born in Switzerland and came to Australia in December 1959. He completed two research degrees at the University of Queensland and became the Director of the University's Institute of Modern Languages (IML) from 1970. Dr Brandle retired from the University of Queensland as Associate Professor holding the joint academic position of Director, IML and Deputy Director of the Centre for Language Teaching and Research (CLTR) (postgraduate studies in applied linguistics). He is currently a Visiting Fellow, School of Languages and Linguistics, Griffith University; a Board member on the Australian Council for Europe (Qld) and Vice-President of the Ethnic Communities' Council of Queensland. He has written/edited twelve books and has received several awards including an Australian Centenary Medal and a Queensland Migrant Service Award. Dr Brandle continues as an Honorary Advisor in Linguistics to NAATI.

### Ms Vicki Mitsos (Retired 30 November 2009)

Vicki Mitsos was the manager of the Multicultural Education Centre at Goulburn Ovens Institute of TAFE. In that role she initiated many worthwhile projects for which she is recognised. Many are now being replicated in other areas of Victoria. Vicki was appointed by Minister Lynn Kosky to the Adult Community and Further Education (ACFE) Board, as the first regional Victorian member. In addition to her position as Centre Manager for the Multicultural Education Centre Goulburn Ovens Institute of TAFE, she was a member of the Goulburn Ovens Murray Regional Council of Adult, Community and Further Education, President of the Shepparton and District Ethnic Council and a Commissioner for the Victorian Multicultural Commission. She has the distinction of being inducted to the Centenary of Federation 2001 Women Shaping the Nation Honour Roll, the Business Professionals Women of the Year, the North Eastern Woman of the Year and was presented with the Hellenic Distinction for Victoria and the Centenary Medal for contributions to migrant education in country and regional areas.



### 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 Coordinator of Russian Studies at the University of New South Wales. Associate Professor Stern worked as an interpreter and translator before embarking on an academic career. 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) and, currently, at the International Criminal Tribunal for the Former Yugoslavia. Ludmila is involved in the delivery of NAATI-approved courses and has been an examiner for NAATI.

### Ms Kerry Stubbs

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 2009-2010 was a 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 -

- Introduced Paraprofessional Interpreter accreditation testing for Hazaragi.

### Ongoing improvement of accreditation test preparation materials -

- Completed development of scripts for seven new professional interpreter sample tests with recording of these materials scheduled to occur in the next financial year.
- Developed a library of interpreter test practice materials for use in NAATI workshops.
- Established a system allowing electronic distribution, assessment and feedback of practice translation materials.

### Improvement of testing technology -

- Completed in-house recording, editing and production of test and sample test materials.
- Introduced new technology for the digital recording of interpreting test materials to deliver greater audio clarity.
- Piloted electronic transfer of recorded interpreter test materials between state and national offices.
- Piloted a new system for dispatch of test materials for marking.

### 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 Professional Interpreter Test Preparation Workshops for the Department of Foreign Affairs and Trade.

### Outlook for the Future

The outlook is one of further change including further review and improvements of testing technology, particularly for translator accreditation testing.

## New Interpreters Project

This financial year saw NAATI continuing 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/tw-nip.html>).

### Information Sessions

Tailored information sessions that are specifically intended to attract interest in the Project were conducted in some capital cities and regional centres including Wagga Wagga and Griffith. The information sessions varied according to context, ranging up to four hours, with attendances of up to 50 participants per session.

### Locations of Workshops

Successful preparatory workshops were held in all capital cities except Darwin for the period. Regional workshops were conducted in Wagga Wagga, Toowoomba and, at year end, a workshop was planned for Coffs Harbour.

The preparatory workshops were based on a nominal 15-hour model delivered over two to four days according to regional circumstances, which was 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. Further workshops will be delivered in the coming year according to demand.

### 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 43 Accreditations and 49 Recognitions have been issued since the commencement of the project (as at June 30, 2010).

## 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 follows.

### AUSTRALIAN CAPITAL TERRITORY

- The appointment of Ms Joy Burch MLA as the new Minister for Multicultural Affairs.
- Workshop for the Commonwealth New Interpreters Project.

### NEW SOUTH WALES

- The appointment of The Hon John Hatzistergos as the new Minister for Citizenship.
- Workshops for the Commonwealth New Interpreters Project.

### NORTHERN TERRITORY

- Sixty tests were undertaken for the period in the NT (compared with 41 in the previous period).
- A relocation of the Darwin office agreed.

### QUEENSLAND

- Workshop for the Commonwealth New Interpreters Project.
- Transition to temporary accommodation.

### SOUTH AUSTRALIA

- The appointment of The Hon Grace Portolesi MP as the new Minister for Multicultural Affairs.
- Workshop for the Commonwealth New Interpreters Project.

### TASMANIA

- There is interest in establishing a new interpreting course in Launceston.
- Workshop for the Commonwealth New Interpreters Project.

### VICTORIA

- Workshops for the Commonwealth New Interpreters Project.
- The Victoria Regional Advisory Committee hosted a successful Translating and Interpreting Awareness day (TIAD) on 21 May 2010 with a theme of 'Beyond 2010 – Translating and Interpreting: Another Dimension'.

### WESTERN AUSTRALIA

- Planning a Translating and Interpreting Awareness Day (TIAD) for 2011.
- Workshop for the Commonwealth New Interpreters Project.

## Administration and Business Development

The 2009-2010 year again created challenges for the Corporate Services functions of NAATI.

### General Developments

Some of the more significant developments were:

- Negotiation, fit-out and relocation of the NSW State office.
- Closing the ACT office and relocation of its services to the National office.
- Relocation of the QLD State office to temporary premises, whilst the QLD Government is building new premises on the Yungaba site.
- Discussions and agreement between NAATI and the NT Government regarding relocation of the Darwin office to the new NT Government building.
- Implementation of terminal server infrastructure across all State/Territory offices which has allowed faster and more efficient access to files and speedier database entries.
- Roll out of fibre-optic ADSL to the National office, with subsequent higher speed and data internet to all State/Territory offices to enhance the terminal server infrastructure.
- New server hardware installed, including new ICT capabilities such as Virtual Machine set up to give NAATI improved risk management.
- Commenced development for the new NAATI website.
- Recruitment for various positions in State/Territory offices due to staff movement.

### System for Accreditation Management (SAM) Database

As a result of the economic downturn, enhancements and modifications to SAM were again kept at a minimum. Areas worked on were in creating efficiencies within SAM and updates to security. Encryption of credit card details, modifications in readiness for producing of new secure ID cards, and development of accreditation transcripts, were commissioned and developed. These are waiting user testing and deployment in the coming year.

### Online Directory of Accredited and Recognised Translators and Interpreters

The directory listed 5456 accreditations at 30 June, 2010. Planning has commenced for improving the look and accessibility of the directory for its users, including the possibility of online listing of renewals and the ability for practitioners using the service to update their personal information directly online.

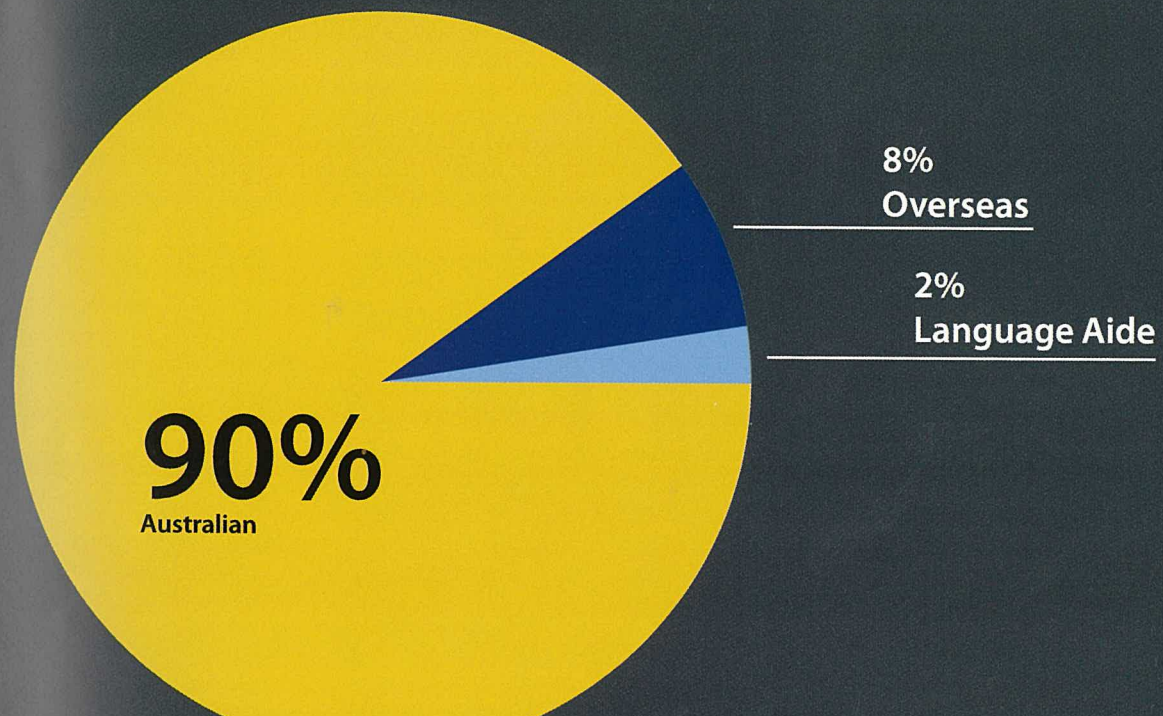
### Outlook for the future

The 2010-2011 year promises a number of new challenges including:

- continuing review and enhancement of the organisation's functions and capabilities
- replacement of desktop computers
- continuing development of the NAATI website
- further planning and development of online business, including the establishment of an intranet facility.

## Testing

- 2010 tests were sat.



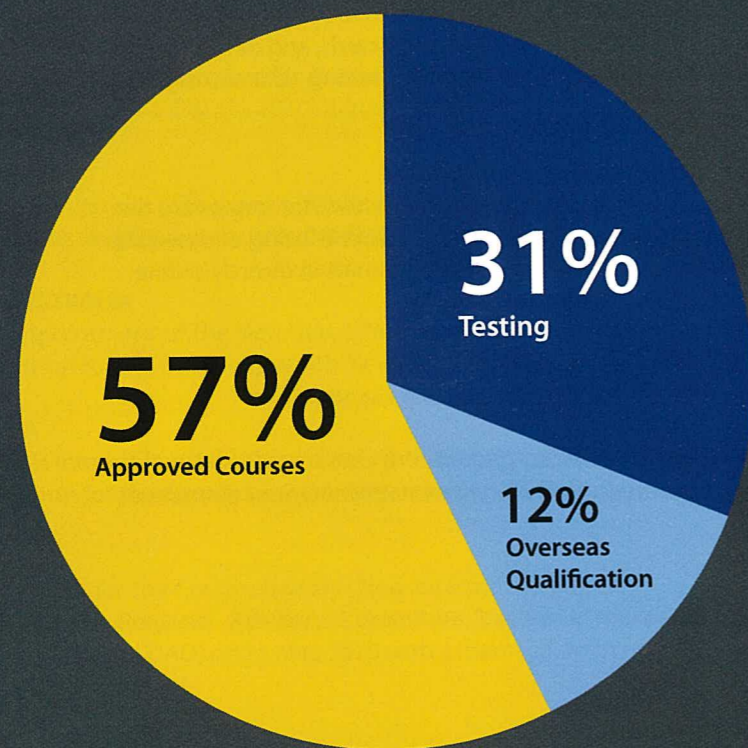
# Business Performance

## Credentialing

During the year, NAATI awarded 1851 credentials and achieved the following in terms of service delivery and outcomes:

### Accreditation

- 1755 accreditations awarded in total.
- 547 accreditations awarded by testing.
- 206 accreditations awarded by assessment of overseas qualifications.
- 1002 accreditations awarded on completion of NAATI-approved Australian courses.



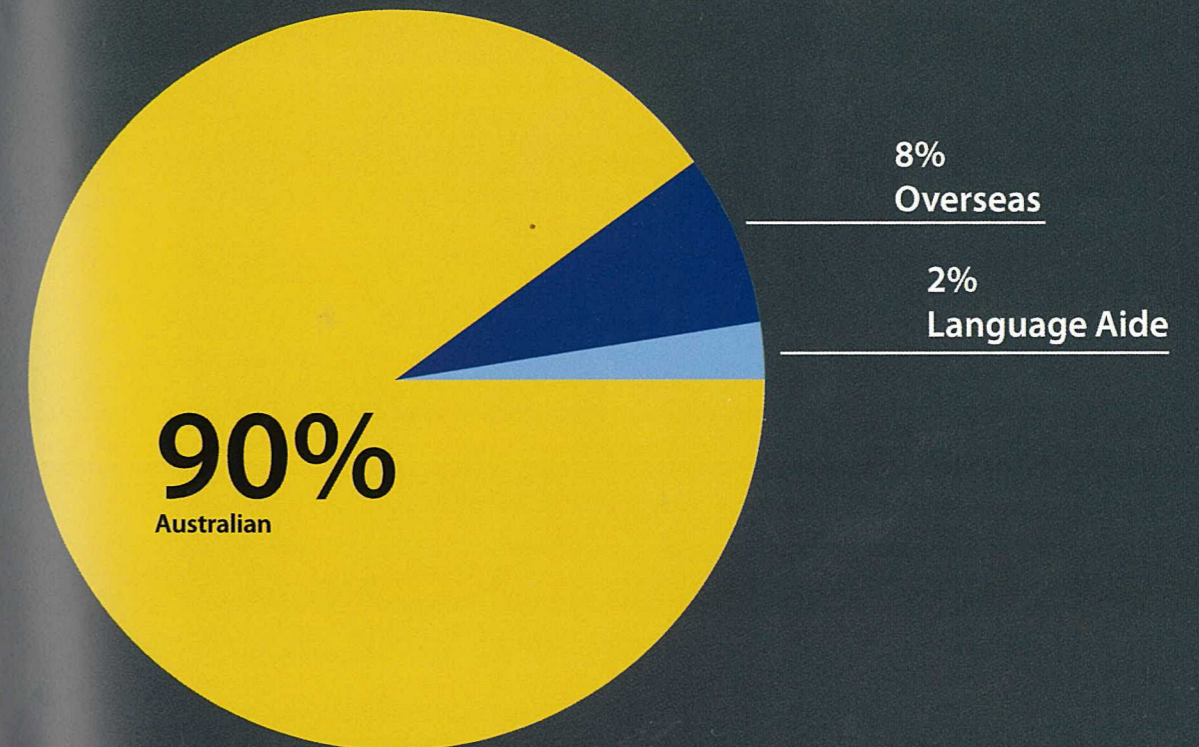
- Four Conference Interpreter and five Conference Interpreter (Senior) accreditations were awarded.
- Two Advanced Translator and three Advanced Translator (Senior) accreditations were awarded.

### Other Credentials Awarded

- 75 Recognitions awarded across 24 languages.
- 21 Language Aide credentials awarded across 7 languages.

## Testing

- 2010 tests were sat.



- Testing remained available in eight metropolitan locations and ten regional centres in Australia as well as in twenty five overseas locations.

#### Test Preparation Activities

- Delivery of 114 workshops (including 9 professional-development workshops) to assist candidates to prepare for accreditation testing.

#### Examiner Activities

- Maintaining independent marking across all languages for Professional Translator tests.
- Maintenance of the Examiners' Quarterly Newsletter to facilitate communications and promote consistency.
- Piloting of a process and system to enable better 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 8 new courses.
- Approval of 5 new tertiary courses; re-approval of 13 courses.
- The number of NAATI-approved courses rose to 40 across 17 institutions.
- There were 8 NAATI-approved courses available in translation, 20 in interpreting and 12 in a combination of translation and interpreting.
- Currently there are 18 language streams approved within translation courses and 53 language streams within interpreting courses, encompassing 40 and 93 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

- Piloting of new recording equipment and file transfer processes for interpreter accreditation tests.
- Rollout of new digital recording equipment to all testing offices planned for the new financial year.

#### Industry/Community Activities

- Delivery of 38 information sessions to enhance community and employer understanding of the NAATI accreditation system and the importance and benefits of using accredited practitioners.
- Production of the annual edition of the National Directory of Accredited and Recognised Practitioners of Translation and Interpreting, made freely available on the NAATI website and by purchase in CD-Rom format.
- 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 a decrease in total revenue of 21% accompanied by a reduction of expenditure of 4% on the previous period. When discounted for the capital injection from the Commonwealth in the previous period, the decrease in operating revenue for the current period was 8%. Government revenue for the period represented 33% of total income, a fall from 39% in the previous period. The net result for the period was an operating loss of \$305,217.

NAATI achieved cost savings throughout the year and implemented a number of measures in the latter part of the year 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 a 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 NAATI 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 re-validate/upgrade their accreditation level, and
- provide advisory and consultancy services in relation to translating and interpreting.

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## 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

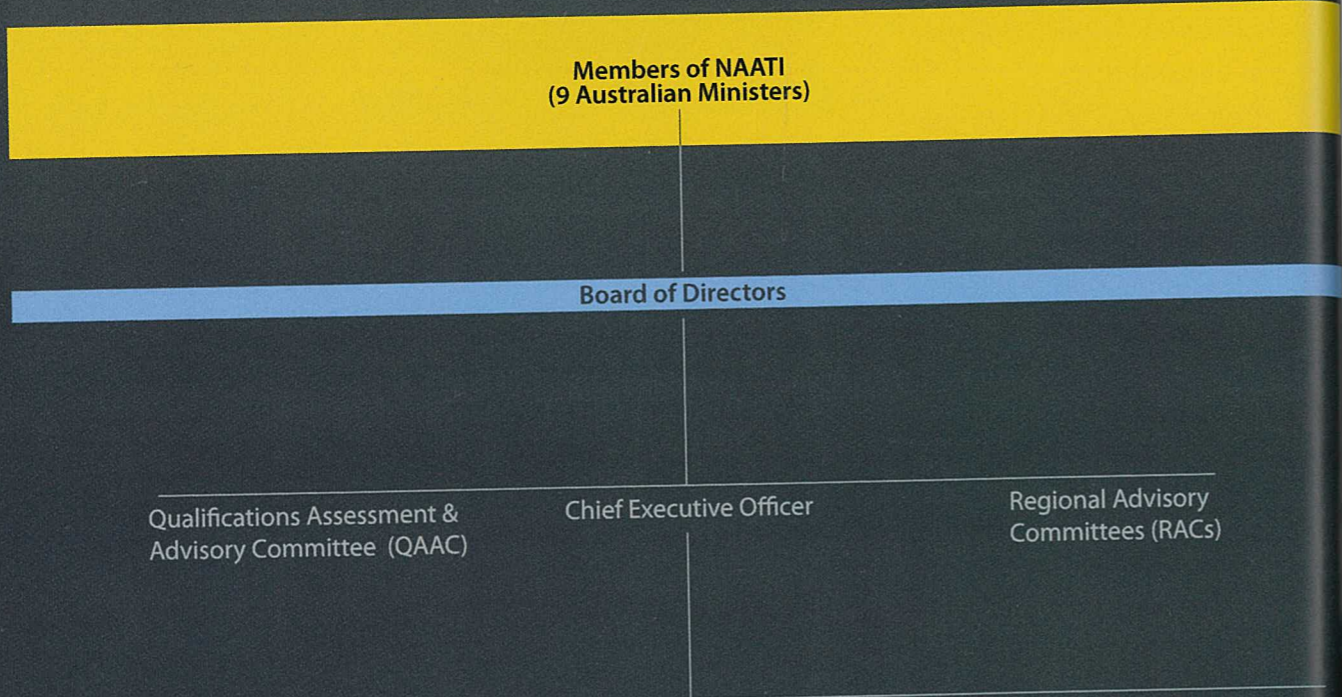
NAATI is regarded as an employer of choice.

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

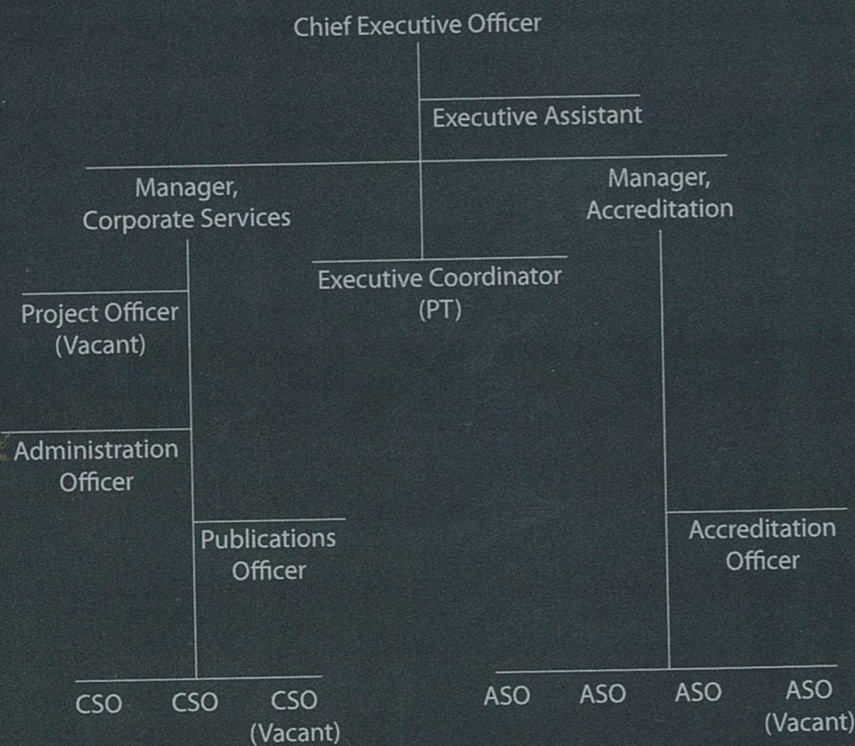
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## Organisational Structure

NAATI's national office is in Canberra and there are also offices in each State and Territory. As at 30 June, 2010 NAATI employed 34 staff (21.5 effective-full-time positions) as shown below.



### NATIONAL OFFICE STRUCTURE



#### KEY

CSO = Corporate Services/Support Officer  
 ASO = Accreditation Services /Support Officer  
 FT = Full-time  
 PT = Part-time  
 CAS = Casual

## NAATI Committees and Panels

NAATI has established a series of committees to assist with its work.

### 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 translation 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, 2010 the membership of the QAAC was:

Member	Background
Ms Anna Grassi BA (Chair)	VET sector programs and systems and representative of Paraprofessional courses in Australia.
Mr Ari Pappas (Deputy Chair) Grad Dip Health Science Management, Dip T & I, 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 Professional Interpreter.
Dr 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, M Ed Admin	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 as well as an Interpreter and Translator at the Professional Level.
Ms Magdalena Rowan BA, BEd	Translating and interpreting educator and coordinator of translating and interpreting courses at TAFESA 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, 2010 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> Nuer	<b>O</b> Oromo	<b>P</b> Persian Polish Portugese 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> Ukranian 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/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 K O'Sullivan (Convenor) Ms C Crane Mr S Huang 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 Mr L Burness Ms L Henniker Dr L Ko Ms A Naumann Ms N Parisi Ms Y Sayeg Mr T Tran Mr T Tri Ms R Zhang Mr J Duncan (QLD Manager)	Ms L Bongiovanni (Convenor) Mr I Akinci Ms F Andrews Mr I Ayzit Mr A Bevez Mr G Bisas Ms G Castellan Ms C Cave Mr D Hatley Ms F Lo Schiavo Ms B Murphy Mr A Pappas Ms M Piu Ms P Tissera Dr R Wilson Ms C Toffoli-Zupan (Vic Manager) Ms V Mitsos (NAATI Director Ex-Officio)
NSW	SA	WA
Ms A Grassi (Convenor) Mr M Doerfler Ms V Dragoje Ms S Fleming Mr G Ford Ms A Groth Mr S Harris Mr M Leneham Mr C Moon Mr S Patradoon Ms M Taibi Ms C Webster Mr G Harkins (NSW Manager) Ms S Bures (NAATI Director, NAATI Ex-Officio) Ms K Stubbs (NAATI Director Ex-Officio) Assoc Prof Stern (NAATI Director Ex-Officio)	Mr M Armiento (Convenor) Ms L Berkis Mr M Cronshaw Ms A Garcia Dr I Harmstorf Mr P Hellander Mr T Kruckemeyer Ms M Rowan Ms M Schirru Mr A Skuza Ms M Slatter Mr J Tayler Ms Y Zurawska Ms C Appelkamp (SA Manager) Mr J Kiosoglous (NAATI Director Ex-Officio)	Ms M Gurgone (Convenor) Ms V Bannon Mr J Deklerk Mr M Delahoy Dr W Frick Ms K Gilchrist Mrs M Gruszka Ms K Laidlaw Mrs H Murphy Dr T Nicholls Ms R Perino Ms C Sheeves Mrs M Sloan Ms N Weerakoon Ms G Zhang Dr V van Loggerenberg (WA Manager)
NT	TAS	
Dr P Black (Convenor) Ms F Abbott Ms J Guy Ms L Kohaupt Ms A Quinn Ms B Teo Ms J Ventic Ms U Vorst Ms A Wait Ms S Wall (NT Manager)	Insp C Waterhouse (Convenor) Ms M Abbott Ms P Allen Mr G Duarte Mr K Hiruy Ms J Ong Mr M Pathik Mr B Smith Ms M Nolan (TAS Manager)	

# Financial Statements

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

ABN 42 008 596 996

### Directors' Report 30 June 2010

Your directors present this report for the entity for the financial year ended 30 June 2010.

#### 1. General information

##### Directors

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

Names	Position	Appointed/Resigned
Susan Bures AM	Chair	Appointed 01/09/2002
John Kiosoglous MBE	Deputy Chair	Appointed 30/08/2003
Abeselom Nega		Appointed 31/08/2005
Dr Maximilian Brandle OAM		Resigned 30/11/2009
Vicki Mitsos		Resigned 30/11/2009
Associate Professor Ludmila Stern		Appointed 01/03/2010
Kerry Stubbs		Appointed 01/03/2010

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 activities of National Accreditation Authority for Translators and Interpreters Limited (NAATI) during the financial year was 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.

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

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

ABN 42 008 596 996

### Directors' Report 30 June 2010

#### 2. Operating Results and Review of Operations for the Year

##### Operating Results

The loss from ordinary activities amounted to \$ (305,217) (30 June 2009: profit \$459,530).

##### Dividends Paid or Recommended

The Constitution prohibits the payment of dividends to the Members of NAATI.

##### Review of operations

A review of the operations of the company during the financial year and the results of those operations show a net loss of \$305,217 a turnaround of approximately \$763,000 from the profit in 2009. One of the significant factors in the decrease was that in 2009 NAATI received an additional one off \$600,000 injection from the Commonwealth Government to fund working capital. Another contributing factor to the loss was the decrease in testing revenue of approximately \$290,000. To slightly offset this loss in income there was a \$126,000 saving in operational expenditure.

#### 3. Other items

##### Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

##### After balance date events

Since the end of the year the Department of Immigration and Citizenship has pledged additional funding for NAATI.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

##### Future developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

**Directors' Report**  
30 June 2010

Information on Directors

<b>Susan Bures AM</b>		<b>Chair</b>
Qualifications	BA	
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.	
<b>John Kiosoglous MBE</b>		<b>Deputy Chair</b>
Qualifications	AE KSA SM	
Experience	Auxiliary Magistrate, Chair of the Ethnic Schools Board (SA), Former Chair South Australian Multicultural and Ethnic Affairs Commission, Executive Member of Adelaide University Heritage Foundation, Chairman of the International Conference on Greek Research (Flinders University).	
<b>Abeselom Nega</b>		
Qualifications	AFAIM CAHRI	
Experience	Management Consultant in strategic planning, business development, employment services and performance management, Former Chair of Federation of African Communities Councils.	
<b>Dr Maximilian Brandle OAM</b>		
Qualifications	MA PhD	
Experience	Applied Linguist, Consultant on Multiculturalism and Languages, Vice Chair EDD QLD, Visiting Fellow at School of Languages and Linguistics at Griffith University, Board Member on the Australian Council for Europe (QLD).	
<b>Vicki Mitsos</b>		
Experience	Centre Manager Multicultural Education Centre Goulburn Ovens Institute of TAFE, Manager & Administrator for Language Policy & Multiculturalism in Regional & Rural Victoria, Commissioner for Victorian Multicultural Commission.	
<b>Associate Professor Ludmila Stern</b>		
Qualifications	BA (Hons) PhD	
Experience	Associate Professor & Coordinator Russian Studies at The University of NSW, researcher at the International Criminal Tribunal for the Former Yugoslavia.	
<b>Kerry Stubbs</b>		
Qualifications	BA (Hons) MA (Hons) Graduate Certificate in Writing MAICD	
Experience	CEO and Managing Director Northcott Disability Services, 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.	

**Directors' Report**  
30 June 2010

Meetings of Directors

During the financial year, 4 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
Susan Bures AM	4	3
John Kiosoglous MBE	4	4
Abeselom Nega	4	4
Dr Maximilian Brandle OAM	1	1
Vicki Mitsos	1	-
Associate Professor Ludmila Stern	2	2
Kerry Stubbs	2	2

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of National Accreditation Authority for Translators and Interpreters Limited (NAATI).

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2010 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:   
Susan Bures AM

Dated 26/8/2010

## 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 2010 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.

*Hardwicke's*

Hardwicke's  
Chartered Accountants

*R Johnson 26/8/10*

26 Robert Johnson FCA  
Partner

Deakin ACT

ABN 42 008 596 996

### Statement of Comprehensive Income For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
Total revenue	2	3,357,506	4,270,558
Employee benefits expense		(1,606,192)	(1,836,977)
Other expenses		(1,817,841)	(1,756,212)
Depreciation expense	3	(238,690)	(221,465)
<b>Profit before income tax</b>		<b>(305,217)</b>	<b>455,904</b>
<b>Profit from continuing operations</b>		<b>(305,217)</b>	<b>455,904</b>
<b>Profit for the period</b>		<b>(305,217)</b>	<b>455,904</b>
Other comprehensive income:			
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(305,217)</b>	<b>455,904</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 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,616,527	1,944,187
Trade and other receivables	5	34,115	60,359
Other assets	6	10,659	17,990
<b>TOTAL CURRENT ASSETS</b>		<b>1,661,301</b>	<b>2,022,536</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	715,099	648,823
<b>TOTAL NON-CURRENT ASSETS</b>		<b>715,099</b>	<b>648,823</b>
<b>TOTAL ASSETS</b>		<b>2,376,400</b>	<b>2,671,359</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	344,872	333,680
Borrowings	9	104,189	104,189
Provisions	10	218,721	193,106
<b>TOTAL CURRENT LIABILITIES</b>		<b>667,782</b>	<b>630,975</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	9	237,792	294,420
Long term provisions	10	72,922	42,843
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>310,714</b>	<b>337,263</b>
<b>TOTAL LIABILITIES</b>		<b>978,496</b>	<b>968,238</b>
<b>NET ASSETS</b>		<b>1,397,904</b>	<b>1,703,121</b>
<b>NON-CURRENT LIABILITIES</b>			
Retained earnings		1,397,904	1,703,121
<b>TOTAL EQUITY</b>		<b>1,397,904</b>	<b>1,703,121</b>

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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 2010

2010	Retained Earnings \$	Total \$
Balance at 1 July 2009	1,703,121	1,703,121
Profit attributable to members of the entity	(305,217)	(305,217)
<b>Sub-total</b>	<b>(305,217)</b>	<b>(305,217)</b>
<b>Balance at 30 June 2010</b>	<b>1,397,904</b>	<b>1,397,904</b>
<b>2009</b>		
	Retained Earnings \$	Total \$
Balance at 1 July 2008	1,243,590	1,243,590
Profit attributable to members of the entity	455,904	455,904
Prior period adjustment	3,627	3,627
<b>Sub-total</b>	<b>459,531</b>	<b>459,531</b>
<b>Balance at 30 June 2009</b>	<b>1,703,121</b>	<b>1,703,121</b>

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

ABN 42 008 596 996

## Statement of Cash Flows For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		3,440,324	4,191,126
Payments to suppliers and employees		(3,405,036)	(3,585,740)
Interest received		71,281	92,588
Net cash provided by (used in) operating activities		106,569	697,974
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(377,601)	(146,430)
Net cash provided by (used in) investing activities		(377,601)	(146,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(56,628)	(51,043)
Net cash provided by (used in) financing activities		(56,628)	(51,043)
<b>OTHER ACTIVITIES</b>			
Net increase (decrease) in cash held		(327,660)	500,501
Cash and cash equivalents at beginning of financial year		1,944,187	1,443,686
Cash and cash equivalents at end of financial year		1,616,527	1,944,187

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

ABN 42 008 596 996

## Notes to the Financial Statements 30 June 2010

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

#### Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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.

#### Accounting Policies

##### a) Revenue and Other Income

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before the recipient is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

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**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

b) 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.

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.

**Property**

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

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases are charged to the other comprehensive income to the extent that they offset previous increases. All other decreases are charged to the statement of comprehensive income.

As the re valued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income which is based on the re valued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re valued amount of the asset.

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.

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

**Notes to the Financial Statements**  
30 June 2010

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 freehold land, is depreciated on a straight line 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.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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. When re valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d) Leases

**Finance 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, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

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. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

e) Financial Instruments

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is 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 of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- 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.

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

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

e) Financial Instruments continued

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 period. (All other loans and receivables are classified as non current assets.)

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 mature within 12 months after the end of the reporting period. (All other investments are 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.

iv) *Available for sale financial assets*

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

Available for sale financial assets are included in non current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

v) *Financial liabilities*

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

v) *Net assets attributable to unitholders*

Units are redeemable at the option of the unitholder and are therefore classified as financial liabilities. Redemption of units obligates the company to deliver cash to the unitholder based on the fair value of the units at the date of redemption. The liability at balance date is measured at fair value with changes recognised through profit or loss.

**Fair value**

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

**Impairment**

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

**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.

f) **Impairment of Assets**

At the end of each reporting period, 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

f) **Impairment of Assets continued**

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined on the depreciated replacement cost of an asset.

Where an impairment loss on a re valued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

g) **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 disclosed.

h) **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, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

i) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be 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 cashflows.

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

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

j) Intangibles

**Software**

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

k) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l) 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.

m) 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 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.

n) 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.

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

o) Economic Dependence

National Accreditation Authority for Translators and Interpreters Limited (NAATI) is dependent on the Commonwealth, State & Territory Governments for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Commonwealth, State & Territory Governments will not continue to support National Accreditation Authority for Translators and Interpreters Limited (NAATI).

p) 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. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial instruments and AASB 2009 11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held to maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

- (a) the objective of the entity's business model for managing the financial assets; and
- (b) the characteristics of the contractual cash flows.

**Notes to the Financial Statements**  
30 June 2010

1. Summary of Significant Accounting Policies continued

p) New Accounting Standards for Application in Future Periods continued

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 2009 4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009 5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non urgent but necessary changes to accounting standards arising from IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB 2009 9: Amendments to Australian Accounting Standards — Additional Exemptions for First time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company. AASB 2009 12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the company.

- AASB 2009 13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or alter 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the company.

The company does not anticipate early adoption of any of the above accounting standards.

**Notes to the Financial Statements**  
30 June 2010

2. Revenue and Other Income

Revenue from Continuing Operations		
	2010	2009
	\$	\$
Other revenue		
- Interest revenue	71,281	92,588
- Government grants	1,114,043	1,690,640
- Test related revenue	1,640,690	1,933,202
- Other services revenue	531,492	554,127
<b>Total Revenue</b>	<b>3,357,506</b>	<b>4,270,557</b>
	3,357,506	4,270,557

3. Profit for the Year

Expenses		
	2010	2009
	\$	\$
Depreciation and Amortisation		
Depreciation - Deakin fit out	66,325	70,988
Depreciation - Furniture, plant and equipment	9,363	13,650
Depreciation - Technology upgrade	163,002	136,827
<b>Total Depreciation and Amortisation</b>	<b>238,690</b>	<b>221,465</b>
	238,690	221,465

4. Cash and Cash Equivalents

Cash and Cash Equivalents		
	2010	2009
	\$	\$
Cash on hand	1,055	1,530
Cash at bank	44,166	163,013
Short term bank deposits	1,571,306	1,779,644
<b>Total</b>	<b>1,616,527</b>	<b>1,944,187</b>
	1,616,527	1,944,187

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

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## Notes to the Financial Statements 30 June 2010

### 5. Trade and Other Receivables

	2010 \$	2009 \$
<b>CURRENT</b>		
Trade receivables	43,609	11,107
Provision for doubtful debts	(11,993)	-
	<b>31,616</b>	<b>11,107</b>
Government funding receivable - NIP	-	34,468
Other receivables	2,498	14,784
<b>Total current trade and other receivables</b>	<b>34,114</b>	<b>60,359</b>

#### a) Credit risk

The company has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 5. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the company.

### 6. Other Assets

	2010 \$	2009 \$
<b>CURRENT</b>		
Prepayments	10,659	17,990
	<b>10,659</b>	<b>17,990</b>

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

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## Notes to the Financial Statements 30 June 2010

### 7. Property, Plant and Equipment

	2010 \$	2009 \$
<b>PLANT AND EQUIPMENT</b>		
Furniture and fittings		
At cost	116,307	49,191
Accumulated depreciation	(22,464)	(18,806)
<b>Total furniture and fittings</b>	<b>93,843</b>	<b>30,385</b>

#### Office equipment

At cost	84,463	65,569
Accumulated depreciation	(56,723)	(50,622)
<b>Total office equipment</b>	<b>27,740</b>	<b>14,947</b>

#### Deakin fit out

At cost	369,138	473,253
Accumulated depreciation	(129,553)	(95,104)
<b>Total Deakin fit out</b>	<b>239,585</b>	<b>378,149</b>

#### Technology upgrade

At cost	842,631	551,040
Accumulated depreciation	(488,700)	(325,698)
<b>Total technology upgrade</b>	<b>353,931</b>	<b>225,342</b>

<b>Total plant and equipment</b>	<b>715,099</b>	<b>648,823</b>
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<b>Total property, plant and equipment</b>	<b>715,099</b>	<b>648,823</b>
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National Accreditation Authority for Translators and Interpreters Limited (NAATI)

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Notes to the Financial Statements  
30 June 2010

7. Property, Plant and Equipment continued

a) Movements in Carrying Amounts

Movement in the carrying amount 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 \$
<b>Balance at 30 June 2010</b>					
Balance at the beginning of year	30,385	14,947	378,149	225,342	648,823
Additions	67,116	18,894	-	291,591	377,601
Disposals	-	-	(72,239)	-	(72,239)
Depreciation expense	(3,658)	(6,101)	(66,325)	(163,002)	(239,086)
Carrying amount at 30 June 2010	93,843	27,740	239,585	93,843	715,099

<b>Balance at 30 June 2009</b>					
Balance at the beginning of year	29,233	17,129	449,137	228,359	723,858
Additions	4,761	7,859	-	133,810	146,430
Depreciation expense	(3,609)	(10,041)	(70,988)	(136,827)	(221,465)
Carrying amount at 30 June 2009	30,385	14,947	378,149	225,342	648,823

8. Trade and Other Payables

	2010 \$	2009 \$
<b>CURRENT</b>		
<b>Unsecured liabilities</b>		
Trade payables	48,689	135,347
Sundry payables and accrued expenses	71,598	35,907
GST liability	16,326	8,705
Fees in Advance	208,259	153,721
	<b>344,872</b>	<b>333,680</b>

National Accreditation Authority for Translators and Interpreters Limited (NAATI)

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Notes to the Financial Statements  
30 June 2010

8. Trade and Other Payables continued

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

	Note	2010 \$	2009 \$
Trade and other payables			
Total Current		344,872	333,680
Less:			
Practitioner Directory & Test Fees in Advance		(208,259)	(153,721)
Financial liabilities as trade and other payables	12	136,613	179,959

9. Borrowings

	2010 \$	2009 \$
<b>CURRENT</b>		
<b>Secured liabilities</b>		
Finance lease obligation	104,189	104,189
	<b>104,189</b>	<b>104,189</b>

	2010 \$	2009 \$
<b>NON-CURRENT</b>		
<b>Secured liabilities</b>		
Finance lease obligation	237,792	294,420
	<b>237,792</b>	<b>294,420</b>

Leased liabilities are secured by the underlying leased assets.

10. Provisions

	Employee entitlements \$	Total \$
Opening balance at 1 July 2009	235,949	235,949
Additional provisions	55,694	55,694
Balance at 30 June 2010	291,643	291,643

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

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## Notes to the Financial Statements 30 June 2010

### 10. Provisions continued

#### Analysis of Total Provisions

	2010 \$	2009 \$
Current	218,721	193,106
Non current	72,922	42,843
	291,643	235,949

#### Provision for Long Term Employee Entitlements

Consistent with the current NAATI Certified Agreement, all permanent full time and permanent part time employees who have sustained continuous employment with NAATI for a period of ten years are eligible for Long Service Leave of thirteen weeks. Employees become eligible for a further six and a half weeks of Long Service Leave after another five years of continuous employment.

### 11. Capital and Leasing Commitments

#### Finance Lease Commitments

	2010 \$	2009 \$
Payable minimum lease payments:		
- not later than 12 months	94,717	94,714
- between 12 months and 5 years	331,510	378,868
- greater than 5 years	-	47,359
Minimum lease payments	426,227	520,941
Less future finance charges	(84,246)	(122,336)
Present value of minimum lease payments	341,981	398,605

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

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## Notes to the Financial Statements 30 June 2010

### 12. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, and leases.

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	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	4	1,616,527	1,944,187
Financial assets at fair value through profit or loss			
Loans and receivables	5	34,114	60,359
<b>Total Financial Assets</b>		<b>1,650,641</b>	<b>2,004,546</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	8	343,805	333,679
- Borrowings	9	341,981	398,609
<b>Total Financial Liabilities</b>		<b>685,786</b>	<b>732,288</b>

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#### Financial Risk Management Policies

The overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Such policies include credit risk policies and future cash flow requirements.

#### Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

##### a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non performance by counter parties of contract obligations that could lead to a financial loss to the company.

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.

## Notes to the Financial Statements

30 June 2010

### 12. Financial Risk Management continued

#### Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, 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.

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 5.

Credit risk related to balances with banks and other financial institutions is managed by the board. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

	Note	2010 \$	2009 \$
Cash and cash equivalents			
- AA Rated	4	1,616,527	1,944,187
<b>Total Financial Assets</b>		<b>1,616,527</b>	<b>1,944,187</b>

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#### b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit risk 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.

## Notes to the Financial Statements

30 June 2010

### 12. Financial Risk Management continued

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. 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.

#### Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total Contractual Cash Flow	
	2010 \$	2009 \$	2010 \$	2010 \$	2009 \$	2009 \$	2010 \$	2009 \$
<b>Financial liabilities due for payment</b>								
Loans and receivables	94,717	94,717	331,510	426,227	520,944	47,359	426,227	520,944
<b>Total contractual outflows</b>	<b>94,717</b>	<b>94,717</b>	<b>331,510</b>	<b>426,227</b>	<b>520,944</b>	<b>47,359</b>	<b>426,227</b>	<b>520,944</b>
<b>Total expected outflows</b>	<b>94,717</b>	<b>94,717</b>	<b>331,510</b>	<b>426,227</b>	<b>520,944</b>	<b>47,359</b>	<b>426,227</b>	<b>520,944</b>
<b>Financial assets cash flows realisable</b>								
Cash and cash equivalents	1,616,527	1,944,187	-	1,616,527	1,944,187	-	1,616,527	1,944,187
Trade, term and loans receivables	34,114	60,359	-	34,114	60,359	-	34,114	60,359
<b>Total anticipated inflows</b>	<b>1,650,641</b>	<b>2,004,546</b>	<b>-</b>	<b>1,650,641</b>	<b>2,004,546</b>	<b>-</b>	<b>1,650,641</b>	<b>2,004,546</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>1,555,924</b>	<b>1,909,829</b>	<b>(331,510)</b>	<b>1,224,414</b>	<b>1,483,602</b>	<b>(47,359)</b>	<b>1,224,414</b>	<b>1,483,602</b>

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**Notes to the Financial Statements**  
30 June 2010

**12. Financial Risk Management continued**

**c) Market risk**

*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.

*ii. Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The company is not exposed to any material commodity price risk.

*Sensitivity Analysis*

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year Ended 30 June 2010</b>		
+/- 2% in interest rates	+/- 23,806	+/- 23,806
	Profit \$	Equity \$
<b>Year Ended 30 June 2009</b>		
+/- 2% in interest rates	+/- 28,465	+/- 28,465

**Notes to the Financial Statements**  
30 June 2010

**12. Financial Risk Management continued**

*Net Fair Values*

*Fair value estimation*

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

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.

Footnote	2010		2009	
	Net Carrying Value \$	Net Fair value \$	Net Carrying Value \$	Net Fair value \$
<b>Financial Assets</b>				
	1,616,527	1,616,527	1,944,187	1,944,187
	34,114	34,114	60,359	60,359
(i)	1,650,641	1,650,641	2,004,546	2,004,546
<b>Financial Liabilities</b>				
	343,805	343,805	333,679	333,679
	341,981	341,981	398,605	398,605
<b>Total financial liabilities</b>	<b>685,786</b>	<b>685,786</b>	<b>732,284</b>	<b>732,284</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

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

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### Notes to the Financial Statements

30 June 2010

#### 13. Interests of Key Management Personnel

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

	2010 \$	2009 \$
Short term employee benefits	574,798	633,705
Other long term benefits	88,968	69,075
	<b>663,766</b>	<b>702,780</b>

#### 14. Cash Flow Information

##### a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2010 \$	2009 \$
Net loss/income for the period	(305,217)	455,904
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit		
- Depreciation	238,690	221,465
- Net loss on disposal of property, plant and equipment	72,239	-
Changes in assets and liabilities		
- (Increase)/decrease in trade and term receivables	(8,851)	107,410
- (Increase)/decrease in prepayments	7,331	6,333
- (Increase)/decrease in other assets	627	12,529
- (Increase)/decrease in income in advance	89,006	(69,022)
- Increase/(decrease) in trade payables and accruals	(11,945)	(76,938)
- Increase/(decrease) in provisions	24,689	40,293
	<b>106,569</b>	<b>697,974</b>

##### b) Reconciliation of cash

	Note	2010 \$	2009 \$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents	4	1,616,527	1,944,187
		<b>1,616,527</b>	<b>1,944,187</b>

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

ABN 42 008 596 996

### Notes to the Financial Statements

30 June 2010

#### 14. Events After the End of the Reporting Period

The financial report was authorised for issue on 25 August 2010 by the board of directors.

#### 15. Company Details

The registered office of the company is:  
National Accreditation Authority for Translators and Interpreters Limited (NAATI)  
17A/2 King Street  
Deakin ACT 2600

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

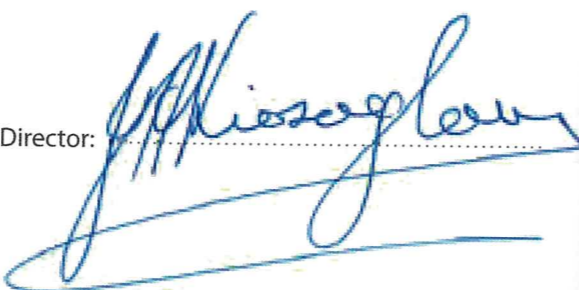
ABN 42 008 596 996

**Directors' Declaration**

1. The financial statements and notes, as set out on pages 6 to 32, 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 2010 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: 

Director: 

Dated 26/8/2010



**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 statements of National Accreditation Authority for Translators and Interpreters Limited (NAATI) (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

**Director's Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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 statements.

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

**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, provided to the directors of National Accreditation Authority for Translators and Interpreters Limited (NAATI) on, would be in the same terms if provided to the directors as at the date of this auditor's report.

**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)**

**Auditor's Opinion**

In our opinion the financial statements 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 2010 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

*Hardwicke's*

Hardwicke's  
Chartered Accountants

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*R Johnson 26/8/10*

Robert Johnson FCA  
Partner

Deakin ACT

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# 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 other credentialing functions, drawing on:**

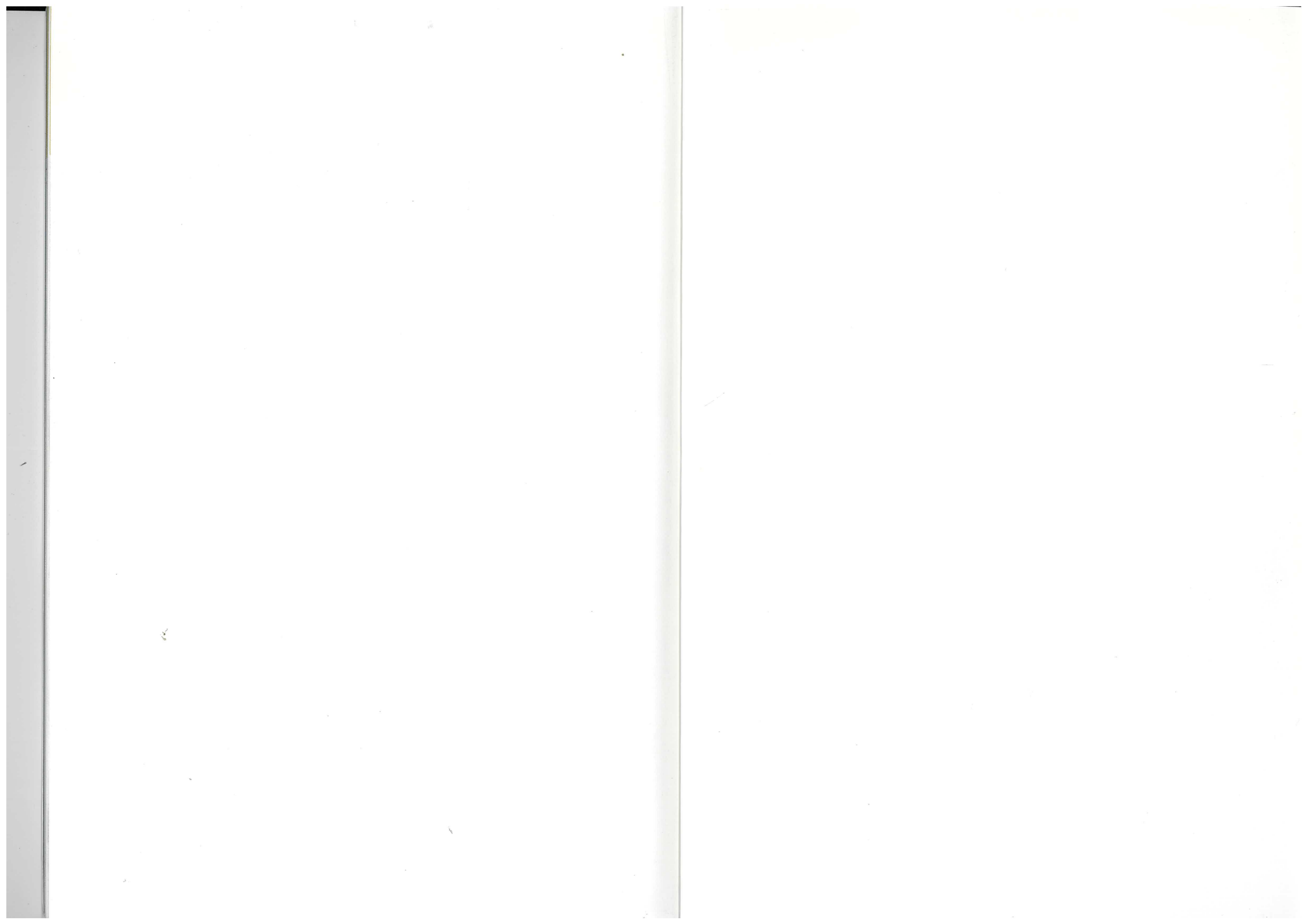
- continuing support from the Members and their Representatives
- extensive expertise in the Qualifications Assessment and Advisory Committee (QAAC) and the panels of examiners
- the commitment, enthusiasm and experience of the Regional Advisory Committees (RACs), and
- the capability of its staff and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

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

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

- implementing a sustainable business model for NAATI
- implementing NAATI's new strategic priorities
- continuing delivery against the Members' expectations
- bedding down further new organisational arrangements
- maintaining strong efficient core-business functions
- enhancing accreditation and testing
- strengthening NAATI's course approval/quality-assurance processes
- adopting 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.

*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.*



2009-2010