

ANNUAL REPORT / 2021



World Accreditation Day 2021

Supporting the implementation of the
sustainable development goals (SDGs)



WORLD RECOGNISED
ACCREDITATION



NOTICE OF NATA ANNUAL GENERAL MEETING

We are pleased to announce the National Association of Testing Authorities' 2021 Annual General Meeting.

The meeting will be held online on Wednesday, October 13, 2021 at 12.00pm (AEST).

SUSTAINABLE DEVELOPMENT GOALS



WORLD ACCREDITATION DAY 2021

Supporting the implementation of the sustainable development goals (SDGs)



OUR VISION

To support Australia’s technical infrastructure, NATA accreditation underpins all activities that rely on testing, measurement, inspection and related services.

OUR PURPOSE

An integral part of Australia’s technical landscape, NATA provides the national benchmark in accreditation and supporting services.

This is done to not only meet the needs of our many stakeholders, but to secure domestic and international recognition, confidence and assurance of the products and services of our members for community use.



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NATA CHAIR DAVID TURNER

We have great pleasure in presenting the NATA 2021 Annual Report to our members, volunteers, stakeholders and staff.

We are particularly proud that NATA, as a business, has adapted with innovation, determination and a desire to achieve results despite the challenges presented to our organisation and indeed the world at large over the past 12 months.

On behalf of the Board, we are also grateful to the management team for a productive and harmonious relationship which is critical for good governance and organisational effectiveness. The Board continues to be very satisfied in the competence, capability and capacity of the leadership team.

This year has also seen the successful end of our three year strategic plan and following an extensive review process with the Board, management and staff we

are in the process of implementing a new plan to develop and enhance our members' experience and create new growth opportunities for NATA.

It should also be noted that this period of time has been unlike any other in our 75-year history so I commend all NATA staff for their dedication, but equally our members who rapidly adapted to an essentially two-dimensional environment while still providing key services to the Australian community in crucial areas including COVID related testing.

I have observed first hand staff, members and stakeholders working in unison in spite of the pandemic to deliver our globally recognised accreditation services in areas that not only provide product and service assurance for the broader community, but in areas that are saving lives.

This alone makes me extremely proud to be part of this remarkable organisation.



I have observed first hand staff, members and stakeholders working in unison in spite of the pandemic to deliver our globally recognised accreditation services in areas that not only provide product and service assurance for the broader community, but in areas that are saving lives."



**DELIVERING
CONFIDENCE FOR
75 YEARS**



FOREWORD BY NATA CEO JENNIFER EVANS

As with the pandemic challenges of 2020, our business has continued to adapt to meet the issues surrounding COVID-19.

Short notice restrictions have required us to continue our remote assessment processes and I want to personally acknowledge our accreditation teams and Technical Assessors for their patience, diligence and professionalism in unprecedented times. I would also like to thank our members who have supported the transition to remote assessments.

While our goal is to resume normal face-to-face operations, we will also leverage from what we have learned and adapted to in this new world. This includes developing a strategy to utilise virtual assessments as an on-going practice.

MEMBER SUPPORT DURING COVID

We are pleased to see that despite the challenges, overdue assessments are not as high as anticipated. We continued the moratorium on annual fee increases. We also continued to waive the fees for Human Pathology laboratories extending their scopes of accreditation for SARS-CoV-2 testing.

INITIATIVES

We have been active in driving new initiatives across many areas of the business over the past 12-months.

Through a major website redevelopment, we have improved the search capabilities and navigation, simplified our language to better meet a broader audience; and increased the distribution of information of value - such as our

NATA Explains series - to a larger audience. This has been done via the website itself and through a more active social media presence. All of this while ensuring our website remains the valuable source of technical information it has always been known for.

The COVID experience has also seen us increase virtual member services such as webinars and forums - all with positive feedback from attendees.

We have undertaken a major re-engineering of our accreditation processes for Human Pathology members - ensuring vital COVID related health services continue to meet the needs of all Australians.

To improve our responsiveness in a changing and dynamic market, we have restructured our operations teams to enable a more seamless and nimble approach and with the appointment of highly-skilled Accreditation Coordinators (ACs) - we are now even more responsive to the diverse needs of our clients.

STAKEHOLDER ENGAGEMENT

We continue to develop our strategic stakeholder engagement approach across Commonwealth, state and territory government agencies, professional bodies, industry associations, corporate and the community. Our long-standing stakeholder relationships enable us to understand their specific needs, ensure they are securing the extensive benefits NATA accreditation offers and promoting the use of NATA members to meet their conformity assessment needs.

INTERNATIONAL

Our international presence remains strong. NATA is representing Standards Australia at ISO for the revisions of ISO 15189 and ISO/IEC 17043. We continue our active participation with the International Laboratory Accreditation Cooperation (ILAC), the Asia-Pacific Accreditation Cooperation (APAC) and with the Organisation for Economic Cooperation and Development (OECD) Good Laboratory Practice (GLP) Working Group.

NATA's representatives hold a number of key positions in these international organisations giving us the opportunity to influence developments - in particular, where requirements may affect our members. We also continue to participate in the evaluations of ILAC/APAC Mutual Recognition Arrangement (MRA) signatory accreditation bodies, albeit virtually.

IN CLOSING

I want to thank the entire NATA team for their continued commitment in obviously difficult times. With our 75-year anniversary coming up in February 2022, it is easy to see the dedication they provide ensures our continuation as Australia's leading accreditation organisation.

I also want to thank our members for their on-going support and the products and services they produce that keep our communities safe. And last, but by no means least - our volunteers who work tirelessly for NATA to ensure our accreditation services continue to be world class.

ABOUT US



ABOUT US OVERVIEW

The National Association of Testing Authorities (NATA) has been Australia's leading accreditation authority for nearly 75-years.

We offer accreditation for many internationally recognised Standards across a broad range of industries from mining and construction to health, environment and agriculture.

Widely considered Australia's most trusted accreditation organisation, our work helps governments, industry, business, professional and scientific sectors create trust and certainty in the communities they operate and gives those in the community the confidence and assurance they need to use their products and services.

Learn more about NATA – www.nata.com.au

OUR PEOPLE



NATA has always attracted people with a natural affinity for the work we do and the results we seek to achieve for our members, stakeholders and the broader community.

As an organisation, we recognise their daily contributions and are always committed to making a significant investment in their personal and professional development.

Dedicated and focused in their areas of expertise from administration and training through to our volunteer Technical Assessors, NATA's team, while diverse in roles and activities, is single minded in its goal to deliver beneficial outcomes for our members and the public.

Our operating values are:

- D**iligence: Delivering services efficiently and with integrity and impartiality
- R**esponsibility: Accountability for all our activities
- I**nnovation: Constantly seeking relevance for our business practices
- V**alue: Genuine value for stakeholders, always
- E**xpertise: Sector knowledge. Technical expertise.

NATA BENEFITS



BENEFITS OVERVIEW

NATA accredits organisations to perform testing and inspection activities for their products and services. This gives consumers the assurance they need to make safe, healthy and reliable choices. When you choose to become NATA accredited, you can be sure of a number of competitive advantages for your business.



ASSURANCE

NATA members receive a globally-recognised, peer reviewed and endorsed accreditation that provides a unique level of assurance to members, their clients and the community.



RECOGNITION

NATA accreditation is both nationally and internationally recognised. This provides a competitive advantage when compared to non-accredited organisations and ensures you are market-ready to capitalise on trade opportunities.



INTERNATIONAL

NATA's long standing and active involvement with international groups enables our members to gain international recognition for their accreditation and minimises the need for multiple assessments from different suppliers.



COMPETENCE

Our accreditation provides an independent benchmark for technical competence. Receiving NATA accreditation demonstrates to consumers your organisation's commitment to quality, safety and reliability of products and services.



EDUCATION

NATA has been training individuals and teams both nationally and internationally for over 20 years and our active role in international accreditation education has seen us conduct training in over 20 countries.



INNOVATION

NATA provides innovative and timely business solutions that meet the needs of our members and fulfil the expectations of the community. We have the experience and resources to ensure your accreditation provides you and your organisation with unique advantages.

Learn more about how NATA can help - www.nata.com.au

OUR MEMBERS

MEMBER OVERVIEW

NATA has more than 2000 member organisations that operate across 3300 sites. Our members conduct business in more than 50 industries and across more than 20 countries.

Through NATA accreditation, our members become part of a select and well acknowledged group of organisations that enjoy the many benefits of being recognised at a national and indeed, international level. This not only ensures their products and services are of the highest level, but helps them increase business and gives assurance and confidence to those that use their products and services.

Some words from our members.



MDU PHL has held accreditation under ISO/IEC 17025 for Food and Beverage, Environment since 1972, Animal Health since 2009 and ISO 15189 Human Pathology since 1991.

As a Public Health Laboratory NATA accreditation is critical to our business providing confidence to our clients that all processes are audited to a documented quality assurance program.

NATA accreditation allows for an impartial third party to view our quality systems in order to facilitate discussion and continual improvement.

Continual improvement resulting in a high-quality testing service, which benefits customers and patients."

Ms Selena Heaton

Quality, Compliance & Operations Manager and NATA Authorised Representative.

Microbiological Diagnostic Unit, Public Health Laboratory University of Melbourne



NATA accredits Point of Care Testing's (PoCT) more than 400 locations to ISO 15189 medical laboratories – requirements for quality and competence.

We strongly believe their accreditation provides the formal recognition that PoCT produces reliable, technical results. The flow on effects includes an increase in customer confidence in the technology we use and a deeper trust in PoCT in helping provide novel solutions.

NATA accreditation of our facilities has been a core part of the PoCT evolution and we appreciate the commitment by NATA to providing a comprehensive accreditation solution for all our facilities."

Andrew Sargeant

NSW Health Pathology



NMI has held NATA accreditation for over 30 years. Through this time, we have seen substantial business growth and increased market confidence in our services. In addition, we have benefitted from increased international access to our services. Importantly, we have been able to demonstrate – through our NATA accreditation, the highest level of test standards and quality of services.

Despite our market scope being wide, we enjoy excellent industry credibility through our NATA accreditation. This includes wide brand recognition, industry influence and trust within the broader community.

Importantly, our accreditation and the processes followed provide superior patient health outcomes for patients.

In addition, NMI's NATA accreditation assists our strategically important partners such the Federal and State Government departments of Agriculture, Health and Environment."

Dr Saman Buddhadasa

*Officer in Charge
Analytical Services
National Measurement Institute (NMI)*



We partnered with NATA and the forensic science community to develop the forensic science accreditation program in the 1990s. The program has contributed significantly to standardising forensic science quality assurance across Australia.

I have found NATA's continued engagement with the forensic science community through the Forensic Science Accreditation Advisory Committee has supported the program's growth and development, ensuring it remains contemporary and relevant to forensic science laboratories and their stakeholders."

Dean Catoggio

*Assistant Director
National Institute of Forensic Science
Australia New Zealand Policing Advisory Agency (ANZPAA)*

SOME OF OUR MEMBERS



OUR VOLUNTEERS



VOLUNTEER OVERVIEW

NATA relies on the knowledge, experience and professional inputs of its more than 3000 volunteer Technical Assessors (TAs). The contributions made by this technical community support our success in maintaining our international recognition and International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Accreditation Cooperation (APAC) signatory statuses.

Many of our volunteer Technical Assessors already work in NATA accredited organisations or are well recognised in their field of expertise.

SKILLS & QUALITIES

NATA's Technical Assessors are those who display the following qualities:

- Professional expertise and experience
- Knowledge of testing, calibration, inspection or related activities which NATA accredits
- Understanding of the accreditation criteria
- Analytical approach and an ability to critically evaluate
- Ability to work as a team member
- Communication skills and commitment to the accreditation process

ACTIVITIES

Under the direction of the newly appointed Accreditation Coordinators and Lead Assessors, Technical Assessors review activities performed by the organisation seeking accreditation. As well as participating in on-site assessments, Technical Assessors also provide follow up advice and guidance to NATA on post assessment activities including reviewing an organisation's response to assessment findings.

ACKNOWLEDGMENTS

NATA unreservedly thanks our volunteers for the ongoing support they provide to NATA and Australia's national accreditation and measurement infrastructure.

We would like to acknowledge the following volunteers for the remarkable contributions they have and continue to make to NATA and the Australian community.



AGNES TAN

In addition to being a NATA Technical Assessor for more than 35 years, Agnes has been a NATA Director, Chair of the Biological and Life Sciences Accreditation Advisory Committees (AAC) and more recently, Chair of the ARCC.

Agnes holds a Bachelor of Food Technology, a Master of Health Administration and is a Fellow of the Australian Institute of Food Science and Technology (AIFST).

She is a Member of the International Association for Food Protection and a past Member of the Australian Society for Microbiology and AOAC International.

She is an Approved Analyst for the Microbiological Analysis of Food under the Victorian Food Act (1984) and was a Senior Scientist at the MDU Public Health Laboratory, University of Melbourne, for 37 years.

Agnes is also the recipient of the Standards Australia Awards for Outstanding Service—Community and Materials (2004) and Meritorious Contribution – International (2019).

We thank Agnes for her extraordinary commitment to the scientific community, NATA and the NATA Board, and the Australian community.



ASHLEY FLETCHER

Ashley is a materials' engineer with over 45 years of industrial experience with various companies, including a lengthy period of managing a NATA-accredited laboratory. He ultimately established his own company - Fletcher Pipeline Integrity, where he is Principal Materials Technologist. He has extensive industrial, research and laboratory experience in pipelines, pressure plant and coatings and is an active Technical Assessor, involved in metals, corrosion, coatings, welds, plastics, pipeline and pressure testing.

As an Technical Assessor, he has participated in 32 assessments since being appointed in 2001. Ashley also served on the Mechanical Testing (now Physical Performance Testing) Accreditation Advisory Committee from 2016 before electing to retire from the committee earlier this year.

We thank Ashely for his for his on-going commitment to ensuring the NATA assessment process remains the best in Australia.



TONY CULLINANE

Tony Cullinane is Testing and Calibration Manager - Materials Engineering for Main Roads Western Australia, having had over 30 years' experience with the organisation in a variety of positions. He holds a degree in Applied Science and is widely experienced in construction materials such as aggregates, concrete, road pavements, rocks and soils.

Tony has been an active Technical Assessor since 1995, performing 53 assessments in this time. His extensive NATA involvement also includes serving on the Geotechnical and Civil Construction Materials Testing Accreditation Advisory Committee since 2012 and is its current Chairman.

We want to thank Tony for his dedication to NATA assessments and the NATA organisation.

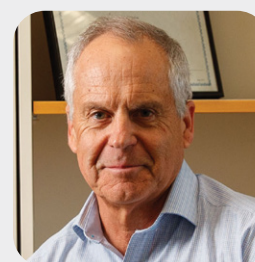


MICHAEL REMIAS

Michael has expert knowledge of cements, ceramics, refractories and related materials. He has gained a number of tertiary qualifications, including an MBA, on his way to achieving a PhD in mathematics.

He is a strong supporter of NATA, having performed 112 assessments after being appointed as a Technical Assessor in 1992. Michael is also the current Chairman of the Materials Characterisation Accreditation Advisory Committee, having been appointed to the committee in 2017.

Michael's extensive assessment experience makes him one of NATA's leading Technical Assessors and we gratefully acknowledge his time and commitment to NATA, our members and the community.



CHRIS PEARMAN

Chris began his career in forensic science in 1978 as a botanist with South Australia Police before joining FSSA in 1985, where he held various roles in the Biology Group. Chris is a recognised expert in forensic biology, including parentage testing, having worked in the field for over 35 years.

Chris has provided invaluable support to the Forensic Science program, and has been closely involved with NATA since 2000 as a Technical Assessor, Technical Advisor and FSAAC member and Chair.

Chris' knowledge and experience across many roles activities has made him an invaluable member of the NATA team and we thank him for his remarkable commitment.



The vast majority of Australians have no real knowledge of the valuable role NATA plays in their daily lives."

Chris Pearman



ACCREDITATION SERVICES



ACCREDITATION OVERVIEW

Accreditation has an impact on almost every element of our daily lives from the food we eat to the cars we drive. NATA accreditation empowers organisations by giving them the tools, skills and confidence to meet the highest performance and reliability measures giving assurance to their customers and the community.

Using relevant international standards and addressing compliance, quality and risk elements, NATA accreditation also helps organisations improve their business operations and market presence.

NATA offers accreditation services across a wide range of industries and within those industries, specific Standards related accreditation across areas including:

- Pathology Laboratories
- Inspection Bodies
- Laboratories
- Diagnostic Imaging Accreditation Scheme (DIAS)
- Proficiency Testing Scheme Providers
- Sleep Disorders Scheme
- Reference materials producers
- Calibration
- Good Laboratory Practice (GLP).

ACCREDITATION LEADERSHIP

We are always committed to maintaining our position as Australia's national accreditation authority by delivering real, tangible value. Overall, we:

- Work toward becoming more responsive, innovative and customer focused. This allows us to remain competitive
- Work toward becoming more agile in a changing market and a dynamic economic environment
- Work toward being innovative in creating new business approaches to help our members capitalise on their technical competence
- Work toward influencing and promoting policy in relation to technical competence assessment, both within Australia and internationally
- Understand the importance of building on our long history through continuous quality improvement such as providing high quality staff training.

USING A NATA ACCREDITED ORGANISATION

When an organisation chooses a NATA accredited supplier they can be sure that:

- There is added certainty and reliability in the results and hence the supply chain
- They can rely on the supplier's technical competence and capability
- They will reduce the risk of failure and downtime
- The testing, calibration, inspection or relating activities have been carried out in accordance with best practice.

Learn more about NATA accreditation - www.nata.com.au/accreditation



NATA EDUCATION



NATA EDUCATION OVERVIEW

NATA has earned a national and global reputation for its training and education courses. We play a leading role in the international accreditation community and have trained personnel from over 20 countries. Designed to be highly interactive and immediately relevant, our courses include training in Standards, auditing, accreditation, laboratory leadership, quality and risk management. Importantly, these courses provide access to a national network of industry professionals.

In these challenging times, we have continued to deliver a mix of face-to-face and virtual courses with no drop in satisfaction or learning outcomes. Indeed, we average over 80 per cent satisfaction rates for both our courses and trainers.

TRAINING SCOPE

Over the past year we have trained nearly 800 people from 360 different organisations across seven unique courses. Some of these clients include:

- Hospital Authority – Hong Kong
- Queen Elizabeth Hospital
- Westmead Hospital
- NSW Police Force
- Lavery Pathology
- 360biolabs
- IDEXX Laboratories
- AGILEX Biolabs
- Ramaciotti Centre for Genomic
- ACT Pathology

NATA staff education has also continued virtually with over 70 technical and lead assessors attending their development programs virtually.

WORDS FROM OUR PARTICIPANTS

“

"I just want to say that everyone who participated thought the trainer was brilliant and everyone now wants more training from NATA! I've had similar ISO training in the past, and it wasn't nearly as engaging as this. Thank you NATA!"

Keren Natalia
QMS Advisor, Ramaciotti Centre for Genomics

“

"Great overview of the Standard for anyone working in a laboratory, especially those new to supervisory/managerial roles."

Amelia Cecchin
Medical Scientist, SA Pathology

“

"The course was fantastic! I am a kinaesthetic learner and found the group activities helped me learn the content better. I thought the structure of the course was great and it was taught well."

Dr Louise Parkinson
Principal Scientist – Biosecurity Queensland, Department of Agriculture and Fisheries

“

"The trainer was very informative and patient with the team – definitely thorough in delivering the content – also creating an engaging experience for all."

Amanda Portelli
Laboratory Manager, Laboratory Solutions

“

"In my experiences, NATA courses are always good. Lots of information, interactive and engaging."

Kate Porter, PhD
Chief Operating Officer, Crux Biolabs

Learn more about NATA training and education – www.nata.com.au/training

BUSINESS UPDATE



John Styzinski
General Manager, Operations

OPERATIONS OVERVIEW

A successful year for the Accreditation Training team with eleven new Accreditation Specialists being trained and appointed across the technical sectors. Despite the limitations of the pandemic, most of the training was delivered via a virtual platform, contributing to significant efficiencies in the duration of induction training.

The year also saw the introduction of the Accreditation Coordinator role, with an enhanced focus on service delivery and client engagement. The focus of the Accreditation Coordinator together with the Accreditation Specialist will be to deliver a seamless assessment experience.

Overall, the Accreditation Training team members have displayed flexibility and innovation ensuring we continue to train staff, despite difficulties faced.

Indeed the new Accreditation Specialists had the opportunity to participate in both onsite and remote assessments as part of their induction training. The induction training program focussed on Lead Assessor skills to equip staff to assess a wide variety of industries, thereby improving the delivery of our services.

CHARTER OF SERVICE

NATA's goal is to always service the needs of our clients in a timely and professional manner.

Set by and reported to the NATA Board, the Charter of Service (CoS) is a measure of meeting our clients' highest expectations across service standards of the assessment process, from assessment commencement and completion dates, through to continuing, maintaining, or granting accreditation.

CoS ACHIEVEMENTS

Service Standard and Activity	Timeframe (wks)	Performance
SS1 - Conduct an advisory visit within four weeks of receipt of a request for such a visit	4	83%
SS2 - Provide a formal report of our findings within a specified time frame from an on-site advisory visit	2	86%
SS3 - Conduct Initial Assessment within 8 weeks of receipt of a written request	8	77%
SS5 - Provide a final report of our findings for each on-site assessments within two weeks of the visit	2	89%
SS6&7 - Commence variation activity within 4 weeks of receipt of a written request	4	81%
SS8 - Review and report on submissions within four weeks of receipt of the information	4	94%
SS9 - Confirm the granting of accreditation of an applicant facility or for a variation scope extension within four weeks of confirmation of appropriate remedial action	4	83%
SS10 - Confirm a member's accreditation status or grant accreditation for a desktop variation scope extension within three weeks of confirmation of remedial action	3	98%
TOTAL		91%

We are pleased to note we achieved our goal of 90 per cent for our Service Standards.

ACCREDITATION SITE UPDATE 2020-2021

		Total 2020/21	Total 2019/20	Total 2018/19	Total 2017/18
1	No. of accredited sites at 30 June 2021	3392	3398	3370	3449
2	No. of newly accredited sites in Jul 20 - Jun 21	94	138	134	119
3	No. sites visited in Jul 20 - Jun 21	3182	3048	3287	3168
4	No. of technical assessors at 1 July 2021	2579	2673	3200	3169

NATA SECTORS

Each NATA Sector delivers world-class and world-recognised accreditation services across an incredibly diverse range of industries from human health, geotechnical, agribusiness, pharmacy and clinical services, to beverage producers, animal health and the environment to name a few.

SECTOR TEAMS

As part of their role, each Sector Manager and their team are responsible for:

- Being leading ambassadors of technical knowledge
- Establishing and maintaining the accreditation criteria and guidance applicable to their sector
- Acting as secretary to one or more technical committees who provide advice to NATA
- Managing Technical Assessor resources applicable to their sector
- Managing NATA's relationships with external stakeholders to determine their accreditation needs
- Providing advice and support on technical matters to NATA staff who deliver accreditation activities.

Given the quantity of work they conduct across a given year, we have chosen to highlight a key activity for each sector.

LIFE SCIENCES

Life Sciences has been active in securing acceptance of New Work Item Proposal (NWIP) for a modified adoption of ISO 22262 for asbestos testing.

This has been the culmination of several years work involving stakeholder engagement with industry, testing facilities and regulators to bring about the updating of the current asbestos testing standard AS 4964 2004.

Standards Australia has accepted the proposal for a modified adoption of ISO 22262 (parts 1-3). This now aligns with the need to harmonise testing internationally where possible and allows Australian experts to add additional technical requirements to meet local conditions.

NATA is currently participating in a working group to develop a draft that will be circulated for public comment.



CALIBRATION

The Calibration Sector was actively engaged in the Asia Pacific Accreditation Cooperation (APAC) Capacity Building Workshop for the Asia Pacific region on ISO 17034 Reference Material Producers (RMPs) and ISO/IEC 17043 Proficiency Testing Providers (PTPs).

Over 4-days and in a virtual setting, Sector Manager, Calibration (Paul McMullen) was one of the key facilitators on the workshop providing training to NATA's APAC colleagues on the accreditation of Reference Material Production.

The facilitators provided insights on how this type of accreditation is conducted and participants were encouraged to share their experiences and ask questions.

The workshop was attended by over 105 Accreditation Body staff in the region.



LEGAL AND CLINICAL SERVICES

As part of Legal and Clinical Services, Human Pathology (HP) introduced a new assessment model in January 2021 which focuses on risk and clinical governance. The new model is tailored to each laboratory or laboratory network structure. Clinical governance and supervision is now central to the assessment model ensuring patients are better protected.

HP also engaged remote assessments as an essential alternative during the pandemic to face-to-face assessments. This practice ensured the ongoing provision of assessment and other accreditation activities to provide support for our client facilities regardless of size or location.



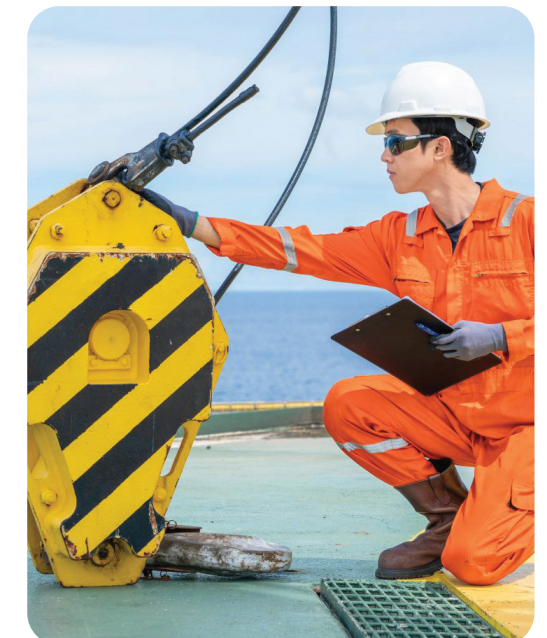
MATERIALS ASSETS & PRODUCTS (MAP)

The MAP sector team announced a new project at the Building Leaders Brief Industry (BLBI) February 2021 forum, organised by the Building Products Industry Council (BPIC). The project and team is investigating what NATA could offer facilities to use on reports - at the point of issue - to help protect their integrity once they leave an organisation's control and enter product supply chains.

Unauthorised alteration of reports is a serious problem across many areas of testing. Reports that have been compromised are a major source of risk when decisions are made regarding critical infrastructure components and consumer products that were originally tested.

The MAP Sector team has investigated several options that NATA could offer accredited laboratories that would support the integrity of the issued report, and, in some cases, offer direct authentication measures.

Some options investigated include certified digital signatures, bar/QR codes and digital badges. Proof-of-concept trials for preferred options are planned for late 2021.



INSPECTION SERVICES

NATA's rapid transition to remote assessments combined with existing client relationships has meant the Inspection Group has been able to continue to provide extensive support to our accredited members through these uncertain times. This support highlights the ability and resilience of NATA's Inspection staff and assessors in adverse conditions.





Sue Harry
General Manager,
Stakeholder Relations

STAKEHOLDER ENGAGEMENT

Engagement with key stakeholders including Commonwealth, state and territory government agencies, as well as corporate organisations, professional bodies and the public is vital to successful accreditation for our members and through this, public confidence and assurance in their products and services.

STRATEGY

Our engagement strategy allows us to connect with stakeholders in a planned and coordinated manner enabling NATA to:

- Build sound relationships that facilitate effective communication
- Work with individuals or groups of stakeholders to determine their expectations of accreditation and to move forward with a commitment to reaching agreed goals
- Determine whether accredited facilities are gaining benefit from accreditation
- Confirm that the customers of accredited facilities and their stakeholders see merit in the use of NATA-accredited goods and services
- Ensure awareness of developing issues, policy changes and industry developments that could potentially impact on the type and range of accreditation activities needed to meet the national interest and provide public benefit.



We work with individuals or groups of stakeholders to determine their expectations of accreditation and to move forward with a commitment to reaching agreed goals."

2020-2021 KEY ACTIVITIES

PROVISION OF CHIEF HEALTH OFFICER (CHO) UPDATES

A high value engagement activity that ensures key government health decision makers are informed of the value of accredited testing underpinning COVID responses. This engagement reduces the possibility of inappropriate or inaccurate decisions and promotes the use of accredited testing for the development of travel passes/passports domestically and for international travellers.

GOVERNMENT MEASUREMENT CAPABILITIES FORUM

NATA has the Chair and provides key inputs for the Government Measurement Capabilities Forum (GMCF). This annual forum increases awareness and understanding of the government's measurement capability for the delivery of national interest outcomes and also identifies opportunities for collaboration and engagement to further develop measurement capabilities.

CONNECTING ACCREDITATION AND CONFORMITY ASSESSMENT PROCESSES WITH ISO/IEC TRACEABILITY STANDARDS

NATA commenced a project for connecting accreditation and conformity assessment processes with the ISO/IEC traceability standards which are used around the world for supply chain traceability.

This complex project is being undertaken in conjunction with the global standards-writing body, GS1, and with additional expert input provided by JASANZ.

Applying digital traceability to accreditation and conformity assessment data has the potential to enhance the national product conformity systems in a way that will provide greater assurance to regulators and consumers, while enhancing global confidence in Australian products.



Tony Vandenberg
General Manager,
Compliance & Governance

COMPLIANCE & GOVERNANCE

NATA's Compliance and Governance Group works to ensure NATA is always governed and operated in accordance with NATA's Constitution. In both the public and the national interest, it also complies with all relevant legislation and meets all obligations under any agreements it enters into.

Our compliance efforts with relevant international standards also ensures our ongoing Mutual Recognition Arrangements (MRA) with the International Laboratory Accreditation Cooperation (ILAC) and Asia-Pacific Accreditation Cooperation (APAC), and this underpins NATA's key standing as part of Australia's technical infrastructure.

ROLE APPOINTMENT

In the past year, the Compliance and Governance Group added a key role - Risk & Compliance Manager. This position will take over the monitoring of the accreditation decision process, enabling our accreditation teams to focus on their clients and provide members with a faster turn around on the delivery of accreditation services. Importantly, the Risk & Compliance Manager will also engage in re-evaluating NATA's risk management framework - ensuring we are always meeting NATA and member needs.

DILIGENT BOARDS

We have recently implemented a Diligent Boards software application to better manage NATA Board meetings and enhance the decision making processes.

The new application helps the Board to focus on the governance of the NATA Association in the best interests of members, stakeholders and the national interest.



With the across business changes to NATA's operating structure, Compliance and Governance has been active in ensuring compliance with the new operational structure, strategic planning and furthering information security and business continuity projects."

OPERATIONS STRUCTURE

With the across business changes to NATA's operating structure, Compliance and Governance has been active in ensuring compliance with the new operational structure, strategic planning and furthering information security and business continuity projects. The fulfilment of these projects will provide tangible improvements to our management system.

NATA will be more resilient as an organisation, with stakeholders provided with greater certainty that NATA is better placed to provide a level of essential business service in the event of a disruption to our services.

The past 18 months has served to demonstrate the importance of preparedness and the need for NATA to be agile in this space.

NATA WIDE SUPPORT

Our charter means we operate across the entire business. We have recently assisted in the final complex negotiations to seek and interpret legal advice to get the tripartite Deed finalised with Services Australia and Health.

COVID-19 OVERVIEW AND UPDATE

COVID-19 OVERVIEW AND UPDATE

NATA is actively involved in many elements surrounding the COVID-19 pandemic. From the accreditation of organisations to test Personal Protective Equipment (PPE) to the more than 160 labs across Australia that conduct vital COVID-19 testing, our operations help keep Australian families safe.

Our activities across the business in the past year have included:

STAKEHOLDER RELATIONS

Stakeholder Relations has worked in conjunction with NATA's Sector Management on a range of activities directly related to the pandemic. In addition, active engagement with state and territory Departments of Health has been a priority to ensure that Chief Health Officers are aware of NATA's approach and criteria for accrediting SARS-CoV-2 testing as well as accreditation for PPE testing (especially masks).

MATERIALS, ASSETS AND PRODUCTS (MAP)

The MAP Sector continued to work with regulators, industry and laboratories through the TGA-Standards Australia – DISER Working Group that is focussed on protective equipment. Australia now has several facilities accredited for testing single use face masks and respirators, as well as other PPE to Australian and international standards.

MAP has also been engaged in activities with the members of the Australian Technical Infrastructure Alliance (ATIA) regarding resources for PPE testing including product standards, measurement capabilities and conformity assessment bodies. Stakeholder Relations and Sector Management have also been involved with a mask forum run by National Measurement Institute (NMI) for industry, government, laboratories and certification bodies.

LEGAL AND CLINICAL

NATA Human Pathology (HP) has continued to expedite the accreditation of labs performing SARS-CoV-2 testing Australia wide – providing assurance to consumers that testing is accurate and reliable.



NATA is actively involved in many elements surrounding the COVID-19 pandemic. From the accreditation of organisations to test Personal Protective Equipment (PPE) to the more than 160 labs across Australia that conduct vital COVID-19 testing, our operations help keep Australian families safe."

Accredited testing includes Real Time Polymerase Chain Reaction (RT-PCR), whole genome microbial genotyping, antigen testing and serology testing allowing state and Commonwealth health departments to better plan the public health response to COVID. The Sector has maintained regular connections with and provided updates to key stakeholders.

LIFE SCIENCES

Life Sciences has been active in accrediting waste water testing, surfaces testing and working with animal health facilities who are now undertaking SARS-CoV-2 testing. In addition, Life Sciences chaired the Government Agencies Testing forum to discuss the challenges provided by COVID-SARS-2 for testing. This has now become a quarterly meeting of key agencies to exchange information.

CALIBRATION

As the Calibration Sector includes the conformity assessment activities of Proficiency Testing Provision and Reference Material Production:

- The Royal College of Pathologists of Australasia Quality Assurance Programs (RCPA-QAP) has added SARS-CoV-2 testing to their Proficiency Testing NATA scope of accreditation.
- In addition and while not as yet covered by their Scope of Accreditation (SoA), the National Measurement Institute (NMI) has made available a SARS-CoV-2 Certified Reference Material.

DIRECTORS' REPORT

National Association of Testing Authorities, Australia and Controlled Entity

ABN 59 004 379 748

FINANCIAL REPORT – 30 JUNE 2021

The parent entity, National Association of Testing Authorities, Australia (NATA) is registered as a company limited by guarantee and not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*.

The Directors present the financial report on the parent entity and its controlled entity, Proficiency Testing Australia (PTA), which are together referred to in this report as the consolidated group, for the year ended 30 June 2021 and report as follows:

DIRECTORS

The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.



MR DAVID R TURNER – Chair (since October 2020)

Year appointed: 2004

Qualifications and experience:

BE, MEngSc, MBA, FIEAust, RPEQ, CPEng, MAICD.

Technical Director, Simtars, Resources Safety & Health Queensland

Special responsibilities: Member of Audit, Risk and Compliance Committee (Chair until September 2020)



DR SANMARIÉ SCHLEBUSCH – Vice Chair (since October 2020)

Year appointed: 2018

Qualifications and experience:

MBChB, AMC Cert, FRCPA, MASM, GradCertBus, AFCHSM CHM, GAICD.

Chief Medical and Genomics Microbiologist, Forensic and Scientific Services, Queensland

Health Clinical Microbiologist, Pathology Queensland, Queensland Health.

Board Member for Women's Health Queensland Inc (until February 2020)

Special responsibilities: Member of Audit, Risk and Compliance Committee



DR GEOFF G HOGG – Chair (from 2016 until October 2020)

Year appointed: 2008 **Year ceased:** 2020

Qualifications and experience:

BVSc, MVS, BMedSci, BMBS, FRACP, FRCPA, JD, GDLP, GAICD

Director, ITS Public Health R & D Pty Ltd



DR JOSEPH J PATRONI – Director (until October 2020)

Year appointed: 2012 | **Year ceased:** 2020

Qualifications and experience:

BSc (Hons), PhD, MAICD

Manager, Industry Development Directorate, Department of Jobs, Tourism, Science and Innovation, Western Australia Government



MRS AGNES TAN – Director

Year appointed: 2018

Qualifications and experience:

B. Tech (Food)(Hons), M. Hlth Admin, FAIFST, MAICD

Approved Analyst for Microbiological Analysis of Food, Victorian Food Act Chair of Standards

Australia Committees on Food Microbiology and Legionella Methodology

Special responsibilities: Chair of Audit, Risk and Compliance Committee (from October 2020)



MS TRACEY FARRAR – Director

Year appointed: 2019

Qualifications and experience:

Graduate Certificate in Business Administration, Diploma of Risk Management and Business Continuity, Bachelor of Applied Science (Medical Laboratory Science)

Director of Operations, Canberra Health Services/ACT Pathology (current)

Public Pathology Australia – Board Member (current)

Professional Directorate Consultative Committee – Member for the ACT Health Clinical Review Committee

Special responsibilities: Member of Nominations Committee



DR LAWRENCE BOTT – Director

Year appointed: 2019

Qualifications and experience:

MBBS (Hons), FRCPA, GAICD

Vice President, RCPA

Chief Medical Officer, Sonic Healthcare, Australian Pathology (current)

Chief Executive Officer, Southern.IML Pathology (current)

Member, Sonic Pathology Executive Committee

Chairman, Southern.IML Registered Training Organisation

Pathology, Information, Terminology and Units Standardisation Steering Committee – Member



MR ERIC SWAYN – Director

Year appointed: 2020

Qualifications and experience:

Bachelor of Applied Science (Medical Laboratory Science), Graduate Certificate in Management

Chief Executive Officer SA/NT and National Procurement Manager, Australian Clinical Labs

Special responsibilities: Chair of Nominations Committee



DR MARK BURGESS – Director

Year appointed: 2020

Qualifications and experience:

MBA, PhD, GAICD.

Director, Infrastructure Technologies, CSIRO

Australian Building Codes Board – Member, Building Codes Committee Heritage Council of

Victoria – Council Member

Special responsibilities: Member of Nominations Committee

DIRECTORS' REPORT

National Association of Testing Authorities, Australia and Controlled Entity

ABN 59 004 379 748

PRINCIPAL ACTIVITIES

The principal activity of the consolidated group during the financial year was the organisation of a national accreditation service to meet the needs of government, industry, commerce and the community by the accreditation of testing laboratories and related services, throughout the Commonwealth of Australia and elsewhere. These activities include alignment with the parent entity's short-term and long-term objectives as detailed below by providing independent assurance of technical competence through a proven network of best practice industry experts for customers who require confidence in the delivery of their products and services.

SHORT-TERM OBJECTIVES

The short-term objectives of the parent entity are to promote and provide accreditation and related services which underpin the quality of a range of products and services in business, industry and government, both in Australia and internationally. The consolidated group's work increases community confidence and trust in a facility's services, mitigates risk, improves tendering success and facilitates trade.

LONG-TERM OBJECTIVES

The long-term objectives of the parent entity are:

- To promote and contribute to the quality of testing, inspection and related services in Australia
- To promote national testing, inspection, calibration and related services to meet the needs of science, industry, trade, commerce, government and matters related to national interest
- To provide appropriate accreditation services to facilitate acceptance of Australian products and services within Australia and promote trade internationally
- To provide global recognition of accredited laboratories' and accredited service facilities' reports and certificates through internationally recognised Mutual Recognition Arrangements

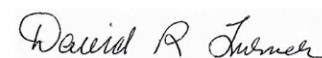
To achieve these objectives the parent company has adopted the following strategies:

- Leadership** – Committed to promoting accreditation as a public good to help improve public safety, productivity and the technical infrastructure in

Australia. Internationally, represent Australia's interest in the accreditation community and promote trade through reduction in technical trade barriers

- Stakeholder Engagement** – recognises the contribution from stakeholders as a major strength and is committed to consultation and collaboration with stakeholders on key issues in a transparent and efficient manner
- Service Delivery** – commitment to deliver quality service at a reasonable cost using an innovative business model that meets clients' needs and is responsive to their future requirements
- People** – Engaging employees with technical knowledge, customer service skills and motivation to deliver quality service to our clients. Recognising the volunteer Technical Assessors and committee members for their expertise and valuing the contributions made to NATA and the community
- Growth** – Pursuing and maintaining sustainable growth to provide opportunities for optimising contributions, fostering creativity, and improving core activities for future viability
- Finance and Security** – aiming to optimise returns from investment assets, develop and maintain a sound financial structure with adequate reserves to ensure financial security

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



DR Turner – Chair



Sanmarié Schlebusch – Vice Chair

Brisbane, 15 September 2021

REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee (the Committee) is established by the Board to assist the Board in the risk management and compliance with legislative and regulatory requirements of the NATA Group. The terms of reference (Charter) are reviewed periodically and last reviewed June 2021.

MEMBERSHIP

The membership of the Committee is made up of three Board members. The Chair of the Committee is a Committee member who is not the Chair of the Board. The Chair of the Board is ex-officio a member of the Committee.

The Committee members as at 30 June 2021 comprised:

Chair: Mrs Agnes Tan.

Members: Mr David Turner (Chair of the Board) and Dr Sanmarié Schlebusch.

MEETINGS

The Chief Executive Officer, the Company Secretary, the General Manager Business Services, and external auditor, StewartBrown Chartered Accountants, are invited by the Committee to attend meetings. When appropriate, the Committee may invite other staff to attend to address specific issues. The Committee may also discuss and consider relevant issues with the external auditor in the absence of management or other parties.

The Committee met three times during the financial year ended 30 June 2021.

MAIN ACTIVITIES OF THE COMMITTEE

The Committee serves as an advisory body to the Board in managing the compliance risks, financial risks, reputational and operational risks including cyber security of NATA and its subsidiary, Proficiency Testing Australia (PTA). The Committee does not have executive power, supervisory functions or decision-making authority in relation to the operations of PTA.

The role of the Committee lies in its review and oversight capacity and includes:

- Enhancement of the risk management strategy, internal control framework, and receiving and consideration of Management Exception Reports;
- Improving the objectivity, accuracy, and reliability of externally published financial information;
- Assisting the NATA Board comply with all legislative and other obligations; and
- Monitor and review the performance of the external auditor.

The Committee's focus is on the accuracy, completeness and validity of statutory financial reports and the monitoring of financial, compliance, reputational and operational risk. The Committee has unrestricted access to all staff through the normal governance protocol, and can request external advice on specific matters.

EXTERNAL AUDITOR

The Committee monitors the performance of the external auditor and reviews the auditor's policy in upholding its professional ethics, integrity and managing conflicts of interest to ensure its objectivity and independence.

The Committee ensures that the external auditor has unrestricted access to NATA staff and Board, and receives adequate support from NATA in carrying out its duties.



Agnes Tan

Chair of the Audit, Risk and Compliance Committee
15 September 2021

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Consolidated Group		Parent Entity	
		2021	2020	2021	2020
	Note	\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	22,964,258	14,975,278	21,152,316	13,540,156
Trade and other receivables	7	1,783,934	2,771,428	1,462,060	2,399,939
Total current assets		24,748,192	17,746,706	22,614,376	15,940,095
Non-current assets					
Property, plant and equipment	8	23,148,446	23,790,388	23,025,897	23,683,674
Right-of-use assets	9	450,164	561,099	450,164	561,099
Intangible assets	10	2,017,974	3,278,924	2,017,860	3,278,714
Total non-current assets		25,616,584	27,630,411	25,493,921	27,523,487
TOTAL ASSETS		50,364,776	45,377,117	48,108,297	43,463,582
LIABILITIES					
Current liabilities					
Trade and other payables	11	8,074,888	7,015,005	7,685,999	6,727,151
Provisions	12	2,690,000	2,342,000	2,542,000	2,224,000
Lease liabilities	13	121,022	150,003	121,022	150,003
Total current liabilities		10,885,910	9,507,008	10,349,021	9,101,154
Non-current liabilities					
Provisions	12	756,500	839,500	725,500	796,500
Lease liabilities	13	360,345	425,571	360,345	425,571
Total non-current liabilities		1,116,845	1,265,071	1,085,845	1,222,071
TOTAL LIABILITIES		12,002,755	10,772,079	11,434,866	10,323,225
NET ASSETS		38,362,021	34,605,038	36,673,431	33,140,357
FUNDS					
Accumulated funds		27,037,522	23,280,539	25,348,932	21,815,858
Reserves	14	11,324,499	11,324,499	11,324,499	11,324,499
TOTAL FUNDS		38,362,021	34,605,038	36,673,431	33,140,357

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated Group		Parent Entity	
		2021	2020	2021	2020
	Note	\$	\$	\$	\$
Revenue	4	32,847,798	33,136,196	30,909,559	31,147,357
Other income	4	-	15,020	-	16,260
		<u>32,847,798</u>	<u>33,151,216</u>	<u>30,909,559</u>	<u>31,163,617</u>
Expenses					
Accreditation expenses		(1,465,958)	(3,055,126)	(931,396)	(2,563,800)
Administration expenses		(3,644,184)	(4,651,047)	(3,456,603)	(4,466,935)
Business development and planning		(305,740)	(28,959)	(296,278)	(28,287)
Depreciation and amortisation	5	(2,797,665)	(2,002,020)	(2,770,083)	(1,976,966)
Finance costs	5	(25,394)	(29,367)	(25,394)	(29,367)
Salaries and employee benefits		(20,851,874)	(20,380,691)	(19,896,731)	(19,515,052)
		<u>(29,090,815)</u>	<u>(30,147,210)</u>	<u>(27,376,485)</u>	<u>(28,580,407)</u>
Surplus before income tax		3,756,983	3,004,006	3,533,074	2,583,210
Income tax expense		-	-	-	-
Surplus for the year		3,756,983	3,004,006	3,533,074	2,583,210
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u>3,756,983</u>	<u>3,004,006</u>	<u>3,533,074</u>	<u>2,583,210</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group			Parent Entity		
	Accumulated Funds	Asset Realisation Reserve	Total	Accumulated Funds	Asset Realisation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	20,276,533	11,324,499	31,601,032	19,232,648	11,324,499	30,557,147
Comprehensive income						
Surplus for the year	3,004,006	-	3,004,006	2,583,210	-	2,583,210
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	3,004,006	-	3,004,006	2,583,210	-	2,583,210
Balance at 30 June 2020	23,280,539	11,324,499	34,605,038	21,815,858	11,324,499	33,140,357
Balance at 1 July 2020	23,280,539	11,324,499	34,605,038	21,815,858	11,324,499	33,140,357
Comprehensive income						
Surplus for the year	3,756,983	-	3,756,983	3,533,074	-	3,533,074
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	3,756,983	-	3,756,983	3,533,074	-	3,533,074
Balance at 30 June 2021	27,037,522	11,324,499	38,362,021	25,348,932	11,324,499	36,673,431

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated Group		Parent Entity	
	Note	2021	2020	2021	2020
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from members, customers and government		37,765,052	35,739,762	35,548,569	33,812,320
Payments to suppliers and employees		(28,887,639)	(30,346,136)	(27,088,172)	(28,678,200)
Interest received		96,217	265,076	92,281	231,126
Interest paid - leases		(25,394)	(29,367)	(25,394)	(29,367)
<i>Net cash flows from operating activities</i>		<u>8,948,236</u>	<u>5,629,335</u>	<u>8,527,284</u>	<u>5,335,879</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		54,107	60,818	24,107	35,818
Proceeds from security deposit		-	1,400,000	-	1,400,000
Purchase of property, plant and equipment		(376,832)	(375,935)	(302,700)	(315,743)
Purchase of intangible assets		(486,444)	(996,700)	(486,444)	(996,411)
<i>Net cash flows from investing activities</i>		<u>(809,169)</u>	<u>88,183</u>	<u>(765,037)</u>	<u>123,664</u>
Cash flows from financing activities					
Repayment of lease liabilities		(150,087)	(140,780)	(150,087)	(140,780)
<i>Net cash flows from financing activities</i>		<u>(150,087)</u>	<u>(140,780)</u>	<u>(150,087)</u>	<u>(140,780)</u>
Net increase in cash and cash equivalents		7,988,980	5,576,738	7,612,160	5,318,763
Cash and cash equivalents at the beginning of the financial year		14,975,278	9,398,540	13,540,156	8,221,393
Cash and cash equivalents at the end of the financial year	6	<u>22,964,258</u>	<u>14,975,278</u>	<u>21,152,316</u>	<u>13,540,156</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 - REPORTING ENTITY

The financial report includes the consolidated financial statements and notes of the National Association of Testing Authorities, Australia and its controlled entity (consolidated group), and the separate financial statements and notes of National Association of Testing Authorities, Australia as an individual parent entity (parent entity).

The financial statements were approved by the Board of Directors on 15 September 2021.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

National Association of Testing Authorities, Australia and its controlled entity has adopted Australian Accounting Standards – Reduced Disclosure Requirements as set out in

AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The parent entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 2 – Basis of preparation (continued)

Basis of measurement

The financial statements, except for the cash flow information, 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.

Comparatives

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

Where the consolidated group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements 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 consolidated group.

Key estimates

Impairment

The Directors assess impairment at the end of each reporting period by evaluation of conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

New and revised standards that are effective for these financial statements

Several amendments to Australian Accounting Standards and interpretations are mandatory for the 30 June 2021 reporting period. These include:

- AASB 2018-6: *Definition of a Business* (amendments to AASB 3)
- AASB 2018-7: *Definition of Material* (amendments to AASB 101 and AASB 108)
- AASB 2019-1: *References to the Conceptual Framework* (revises the Conceptual Framework for Financial Reporting)

- AASB 2020-4: *Amendments to AASs – Covid-19-Related Rent Concessions* (amendments to AASB 16)

The amendments listed above did not have any impact on the amounts recognised in the current or prior periods but may affect future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the consolidated group. These include:

- AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (effective for the year ending 30 June 2022)
- AASB 2020-1: *Amendments to AASs – Classification of Liabilities as Current or Non-current* (effective for the year ending 30 June 2024)

It is not expected that AASB 2020-1 will have a material impact on the consolidated group in future reporting periods. AASB 1060 may have a material impact on the consolidated group in future reporting periods and on foreseeable future transactions and disclosures since AASB 1060 acts to mandate that the consolidated group prepare a general purpose financial report under a new Simplified Disclosure Standard in future reporting periods. The consolidated group has not yet assessed the specific financial reporting impacts of AASB 1060.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Both the functional and presentation currency of the parent entity and consolidated group is Australian dollars.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the parent entity, being the National Association of Testing Authorities, Australia and its controlled entity and together are referred to in this report as the consolidated group. Control exists where the parent entity has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. Despite this power to govern, it is the parent entity's policy to allow its controlled entities to act independently. A list of controlled entities is contained in note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 3 – Significant accounting policies (continued)

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased. There are no outside interests in the funds or results of the controlled entities.

Income tax

The parent entity and controlled entity (Proficiency Testing Australia) are endorsed as income tax exempt charitable entities under Division 50 of the *Income Tax Assessment Act 1997*.

Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Accreditation revenue

Accreditation revenue not otherwise covered by the annual subscription is recognised when time is charged to a member's accreditation engagement. Revenue is measured at the fair value of the consideration or contributions received or receivable, taking into account the amount of any write-ups or write-downs required to reflect the recoverable amount.

Government contracts

Government contract revenue is recognised in the statement of profit or loss and other comprehensive income when the consolidated group obtains control of the contract and it is probable that the economic benefits gained from the contract will flow to the consolidated group and the amount of the contract can be measured reliably.

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

Subscription revenue

Subscription revenue from members is billed annually and is recognised as income in the financial year to which the subscription period relates.

COVID-19 subsidy revenue

Government subsidies received due to COVID-19, including JobKeeper payments and temporary cash flow boost payments, have been recognised as income on an accruals basis in the financial year to which the payment relates.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Trade receivables

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment in relation to doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

Property, plant and equipment

Basis of measurement of carrying amount

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. It is the policy of the consolidated group to have an independent valuation of land and buildings at least every three years, however unless this revaluation results in an impairment loss it is not recognised in the financial statements other than by way of note.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 3 – Significant accounting policies (continued)

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset’s useful life to the entity 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:

Buildings	2.5% – 20%
Furniture and equipment	10% – 40%
Motor vehicles	15% – 25%

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 carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Right-of-use assets

At inception, a right-of-use assets and a lease liability is recognised. Right-of-use assets are included in the statement of financial position within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to

the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in “Depreciation and amortisation”.

The consolidated group tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right of use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Leases

The consolidated group leases business premises on an arm’s length basis from a third-party lessor. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the consolidated group’s control, and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 3 – Significant accounting policies (continued)

The consolidated group does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Lease liability

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group’s incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The consolidated group has reviewed all its leases and included any extensions where the consolidated group assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease, payments based on an index or rate at a future point in time, the consolidated group has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the consolidated group measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant consolidated group’s incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the consolidated group would be charged on borrowings, provided by our banking partners. The weighted average incremental borrowing rate is 4.5%. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

The unwind of the financial charge on the lease liabilities is recognised in the statement of profit or loss and other comprehensive income in “Finance costs” based on the consolidated group’s incremental borrowing rate.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the consolidated group becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the consolidated group commits itself to either purchase or sell the asset. 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. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial assets

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 3 – Significant accounting policies (continued)

Equity instruments at fair value through other comprehensive income

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital. By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward-looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

Intangible assets

Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of five years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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 consolidated group 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. The carrying amount of trade and other payables is deemed to reflect fair value.

Income received in advance

Income, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits

Provision is made for the consolidated group'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the entity 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.

Fair value of assets and liabilities

The consolidated group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Note 4 - Revenue and other income				
Revenue				
Service revenue	28,602,467	28,194,105	26,509,518	26,181,201
Government contract revenue	1,064,237	1,420,000	1,064,237	1,420,000
Foreign currency translations	-	18,578	-	18,578
Payroll tax refund	-	253,402	-	253,402
Rent received	1,385,436	1,146,618	1,385,436	1,146,618
COVID-19 subsidy revenue	1,697,002	1,838,417	1,659,502	1,703,917
Other operating revenue - wholly owned entities	-	-	196,146	191,050
Other operating revenue	2,439	-	2,439	1,465
	<u>32,751,581</u>	<u>32,871,120</u>	<u>30,817,278</u>	<u>30,916,231</u>
Other revenue				
Interest income	96,217	265,076	92,281	231,126
	<u>96,217</u>	<u>265,076</u>	<u>92,281</u>	<u>231,126</u>
Total revenue	<u>32,847,798</u>	<u>33,136,196</u>	<u>30,909,559</u>	<u>31,147,357</u>
Other income				
Net gain on disposal of property, plant and equipment	-	15,020	-	16,260
Total other income	<u>-</u>	<u>15,020</u>	<u>-</u>	<u>16,260</u>
Total revenue and other income	<u>32,847,798</u>	<u>33,151,216</u>	<u>30,909,559</u>	<u>31,163,617</u>
Note 5 - Expenses				
Depreciation				
Buildings	620,627	613,659	620,627	613,659
Plant and equipment	342,829	431,117	315,343	406,142
Right-of-use assets	166,815	155,255	166,815	155,255
Total depreciation	<u>1,130,271</u>	<u>1,200,031</u>	<u>1,102,785</u>	<u>1,175,056</u>
Amortisation				
Software	1,667,394	801,989	1,667,298	801,910
Total amortisation	<u>1,667,394</u>	<u>801,989</u>	<u>1,667,298</u>	<u>801,910</u>
Total depreciation and amortisation	<u>2,797,665</u>	<u>2,002,020</u>	<u>2,770,083</u>	<u>1,976,966</u>
Bad and doubtful debts expense				
Bad debts	34,452	18,354	31,222	1,500
Provision for impairment	(53,000)	62,000	(53,000)	62,000
Total bad and doubtful debts	<u>(18,548)</u>	<u>80,354</u>	<u>(21,778)</u>	<u>63,500</u>
Interest and finance charges - lease liability	25,394	29,367	25,394	29,367
Net loss on disposal of property, plant and equipment	1,211	-	400	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Note 6 - Cash and cash equivalents				
Cash at bank	2,414,258	1,775,278	2,152,316	1,540,156
Cash on deposit	20,550,000	13,200,000	19,000,000	12,000,000
Total cash and cash equivalents	<u>22,964,258</u>	<u>14,975,278</u>	<u>21,152,316</u>	<u>13,540,156</u>
Note 7 - Trade and other receivables				
Current				
Trade receivables	872,976	1,273,642	560,467	972,372
Provision for impairment	(50,000)	(103,000)	(50,000)	(103,000)
	<u>822,976</u>	<u>1,170,642</u>	<u>510,467</u>	<u>869,372</u>
Other receivables	196,310	880,610	195,510	822,241
Work in progress	318,097	177,751	318,097	177,751
Prepayments	446,551	542,425	437,986	530,575
Total current trade and other receivables	<u>1,783,934</u>	<u>2,771,428</u>	<u>1,462,060</u>	<u>2,399,939</u>
Provision for impairment				
Opening net carrying value	103,000	41,000	103,000	41,000
Charge for the year	(53,000)	62,000	(53,000)	62,000
Closing net carrying value	<u>50,000</u>	<u>103,000</u>	<u>50,000</u>	<u>103,000</u>
Note 8 - Property, plant and equipment				
	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Consolidated Group				
At 30 June 2020				
Cost	12,257,812	19,108,333	5,188,480	36,554,625
Accumulated depreciation	-	(8,282,996)	(4,481,241)	(12,764,237)
Net carrying amount	<u>12,257,812</u>	<u>10,825,337</u>	<u>707,239</u>	<u>23,790,388</u>
Movements in carrying amounts				
Opening net carrying amount	12,257,812	10,825,337	707,239	23,790,388
Additions	-	90,216	286,616	376,832
Disposals	-	(6,659)	(48,659)	(55,318)
Depreciation charge for the year	-	(620,627)	(342,829)	(963,456)
Closing net carrying amount	<u>12,257,812</u>	<u>10,288,267</u>	<u>602,367</u>	<u>23,148,446</u>
At 30 June 2021				
Cost	12,257,812	19,109,385	4,500,908	35,868,105
Accumulated depreciation	-	(8,821,118)	(3,898,541)	(12,719,659)
Net carrying amount	<u>12,257,812</u>	<u>10,288,267</u>	<u>602,367</u>	<u>23,148,446</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 8 – Property, plant and equipment (continued)

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Parent Entity				
At 30 June 2020				
Cost	12,257,812	19,108,333	4,926,961	36,293,106
Accumulated depreciation	-	(8,282,996)	(4,326,436)	(12,609,432)
<i>Net carrying amount</i>	<u>12,257,812</u>	<u>10,825,337</u>	<u>600,525</u>	<u>23,683,674</u>
Movements in carrying amounts				
Opening net carrying amount	12,257,812	10,825,337	600,525	23,683,674
Additions	-	90,216	212,484	302,700
Disposals	-	(6,659)	(17,848)	(24,507)
Depreciation charge for the year	-	(620,627)	(315,343)	(935,970)
<i>Closing net carrying amount</i>	<u>12,257,812</u>	<u>10,288,267</u>	<u>479,818</u>	<u>23,025,897</u>
At 30 June 2021				
Cost	12,257,812	19,109,385	4,205,042	35,572,239
Accumulated depreciation	-	(8,821,118)	(3,725,224)	(12,546,342)
<i>Net carrying amount</i>	<u>12,257,812</u>	<u>10,288,267</u>	<u>479,818</u>	<u>23,025,897</u>

Valuation of land and buildings

An independent valuation of the freehold land and buildings in Sydney was completed on 29 June 2015 by Mr. John Kovacic, Ass Dip Val, AAPI of Macquarie Bell Pty Limited. The valuation was based on vacant possession free of all encumbrances and amounted to \$8,000,000, compared with a carrying value of \$1,402,577. This increase in value of \$6,597,423 has not been recognised in the financial report other than by way of this note. During the 2020 financial year the consolidated group entered into a Put and Call Option Deed to sell this property for a price well in excess of the \$8,000,000 valuation in June 2015. It is unlikely either party will exercise their option rights for several years therefore the consolidated group will continue to occupy these premises for the foreseeable future. There has been no amendment or variation to the Put and Call Option Deed in the 2021 financial year.

An independent valuation of the freehold land and buildings in Brisbane was completed on 30 June 2021 by Mr. Ben Koops, AAPI, of Savills Valuations Pty Limited. This valuation was based on “market value – as is – assuming notional lease” free of all encumbrances and amounted to \$3,100,000, compared with a carrying value of \$1,554,611. This increase in value of \$1,545,389 has not been recognised in the financial report other than by way of this note.

An independent valuation of the freehold land and buildings in Melbourne was completed on 30 June 2021 by Mr. Ben Koops, AAPI, of Savills Valuations Pty Limited. This valuation was based on “market value – as is – fully leased” free of all encumbrances and amounted to \$28,500,000, compared with a carrying value of \$19,588,892. This increase in value of \$8,911,108 has not been recognised in the financial report other than by way of this note.

These valuations were obtained in accordance with the long-standing policy to review the fair value of land and buildings every three years. However, with regards to the Sydney property, the Directors believed it was not necessary to incur the costs of obtaining a new valuation because they had obtained other sufficient evidence that its value exceeded the last valuation of \$8,000,000 as referred to above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 9 – Right-of-use assets

	Consolidated Group 2021 \$	2020 \$	Parent Entity 2021 \$	2020 \$
Leased assets - at cost	772,234	716,354	772,234	716,354
Accumulated depreciation	(322,070)	(155,255)	(322,070)	(155,255)
<i>Total right-of-use assets</i>	<u>450,164</u>	<u>561,099</u>	<u>450,164</u>	<u>561,099</u>

Movements in carrying amounts

Opening net carrying amount	561,099	716,354	561,099	716,354
Additions	55,880	-	55,880	-
Depreciation charge for the year	(166,815)	(155,255)	(166,815)	(155,255)
<i>Closing net carrying amount</i>	<u>450,164</u>	<u>561,099</u>	<u>450,164</u>	<u>561,099</u>

Note 10 – Intangible assets

Consolidated Group

At 30 June 2020

	Software \$	Work in progress \$	Total \$
Cost	4,295,126	1,242,473	5,537,599
Accumulated amortisation	(2,258,675)	-	(2,258,675)
<i>Net carrying amount</i>	<u>2,036,451</u>	<u>1,242,473</u>	<u>3,278,924</u>

Movements in carrying amounts

Opening net carrying amount	2,036,451	1,242,473	3,278,924
Additions	115,249	371,195	486,444
Disposals	-	(80,000)	(80,000)
Reclassification	1,348,184	(1,348,184)	-
Amortisation charge for the year	(1,667,394)	-	(1,667,394)
<i>Closing net carrying amount</i>	<u>1,832,490</u>	<u>185,484</u>	<u>2,017,974</u>

At 30 June 2021

Cost	5,753,316	185,484	5,938,800
Accumulated amortisation	(3,920,826)	-	(3,920,826)
<i>Net carrying amount</i>	<u>1,832,490</u>	<u>185,484</u>	<u>2,017,974</u>

Parent Entity

At 30 June 2020

Cost	4,268,327	1,242,473	5,510,800
Accumulated amortisation	(2,232,086)	-	(2,232,086)
<i>Net carrying amount</i>	<u>2,036,241</u>	<u>1,242,473</u>	<u>3,278,714</u>

Movements in carrying amounts

Opening net carrying amount	2,036,241	1,242,473	3,278,714
Additions	115,249	371,195	486,444
Disposals	-	(80,000)	(80,000)
Reclassification	1,348,184	(1,348,184)	-
Amortisation charge for the year	(1,667,298)	-	(1,667,298)
<i>Closing net carrying amount</i>	<u>1,832,376</u>	<u>185,484</u>	<u>2,017,860</u>

At 30 June 2021

Cost	5,726,517	185,484	5,912,001
Accumulated amortisation	(3,894,141)	-	(3,894,141)
<i>Net carrying amount</i>	<u>1,832,376</u>	<u>185,484</u>	<u>2,017,860</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Note 11 – Trade and other payables				
<u>Current</u>				
Trade payables	152,361	142,380	107,249	112,969
Liabilities to employees	2,082,373	2,097,270	1,974,937	2,006,553
Subscriptions in advance	649,071	79,438	649,071	79,438
Other income in advance	2,977,886	2,484,368	2,783,977	2,368,906
Security deposit	1,400,000	1,400,000	1,400,000	1,400,000
Other payables	813,197	811,549	770,765	759,285
<i>Total current trade and other payables</i>	<u>8,074,888</u>	<u>7,015,005</u>	<u>7,685,999</u>	<u>6,727,151</u>
Note 12 – Provisions				
<u>Current</u>				
Employee entitlements – long service leave	2,690,000	2,342,000	2,542,000	2,224,000
<i>Total current provisions</i>	<u>2,690,000</u>	<u>2,342,000</u>	<u>2,542,000</u>	<u>2,224,000</u>
<u>Non-current</u>				
Employee entitlements – long service leave	736,000	819,000	705,000	776,000
Restoration (make good)	20,500	20,500	20,500	20,500
<i>Total non-current provisions</i>	<u>756,500</u>	<u>839,500</u>	<u>725,500</u>	<u>796,500</u>
Movement in provisions				
<u>Restoration (make good provision)</u>				
Opening net carrying amount	20,500	20,500	20,500	20,500
Provision utilised during the year	-	-	-	-
Closing net carrying amount	<u>20,500</u>	<u>20,500</u>	<u>20,500</u>	<u>20,500</u>

The parent entity is required to restore certain of its leased office premises to their original condition at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Note 13 – Lease liabilities				
<u>Current</u>				
Lease liabilities	121,022	150,003	121,022	150,003
<i>Total current lease liabilities</i>	<u>121,022</u>	<u>150,003</u>	<u>121,022</u>	<u>150,003</u>
<u>Non-current</u>				
Lease liabilities	360,345	425,571	360,345	425,571
<i>Total non-current lease liabilities</i>	<u>360,345</u>	<u>425,571</u>	<u>360,345</u>	<u>425,571</u>
Movements in carrying amounts				
Opening net carrying amount	575,574	716,354	575,574	716,354
Additions	55,880	-	55,880	-
Repayments	(175,481)	(170,147)	(175,481)	(170,147)
Interest	25,394	29,367	25,394	29,367
Closing net carrying amount	<u>481,367</u>	<u>575,574</u>	<u>481,367</u>	<u>575,574</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Note 14 – Reserves				
Asset realisation reserve	11,324,499	11,324,499	11,324,499	11,324,499
<i>Total reserves</i>	<u>11,324,499</u>	<u>11,324,499</u>	<u>11,324,499</u>	<u>11,324,499</u>
Nature and purpose of reserves				
The asset realisation reserve records realised gains on sale of certain non-current assets,				
Note 15 – Key management personnel compensation				
The aggregate amount of compensation paid to key personnel during the year was:				
	<u>1,811,394</u>	<u>1,916,701</u>	<u>1,650,343</u>	<u>1,752,290</u>
Note 16 – Commitments				
Capital commitments				
IT capital commitments	<u>-</u>	<u>519,548</u>	<u>-</u>	<u>519,548</u>

Note 17 – Events occurring after the reporting period

Subsequent to the end of the financial year, there remains a degree of uncertainty in relation to future economic and other impacts of the COVID-19 pandemic, emergency control measures and progressive withdrawal of Government emergency support.

At the date of signing the financial statements the Directors are unable to determine what financial effects the outbreak of the virus could have on the consolidated group in the coming financial period.

The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact including its ability to pay its debts as and when they become due and payable.

No other material events have occurred after the reporting period. The financial report was authorised for issue on 15 September 2021 by the Board of Directors.

Note 18 – Limitation of members' liability

The parent entity is registered under the *Australian Charities and Not-for-Profits Commission Act 2012* as a company limited by guarantee. If the parent entity is wound up, its constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the parent entity. At 30 June 2021 the number of members was 3,382 (2020: 3,383).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 19 – Controlled entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2021	2020
Parent Entity			
National Association of Testing Authorities, Australia	Australia	n/a	n/a
Controlled Entities			
Proficiency Testing Australia	Australia	100%	100%

Note 20 – Related party transactions

Parent and controlled entities
The consolidated group consists of the parent entity, National Association of Testing Authorities, Australia (NATA) and its wholly-owned controlled entity Proficiency Testing Australia.

Key management personnel
Aggregate compensation payments to key management personnel are included in note 15.

There were no other transactions with key management personnel or their related entities with the consolidated group during the current or previous financial year other than membership subscription and accreditation services revenue.

Transactions with related parties
Transactions between the parent entity and its controlled entities during the year consisted of:

	Parent Entity	
	2021	2020
	\$	\$
Other expenses recharged by the parent entity	196,146	192,515

The above transactions were made on normal commercial terms and conditions and at market rates.

DIRECTORS' DECLARATION

The Directors of the National Association of Testing Authorities, Australia declare that:

- The financial statements, which comprises the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - comply with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated group.
- In the opinion of the Directors there are reasonable grounds to believe that the company and the consolidated group 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.


DR Turner - Chair

Brisbane, 15 September 2021


Sanmarié Schlebusch - Vice Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ASSOCIATION OF TESTING AUTHORITIES, AUSTRALIA

Opinion

We have audited the financial report of National Association of Testing Authorities, Australia (the parent entity) and National Association of Testing Authorities, Australia and its controlled entity (the consolidated group) which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of National Association of Testing Authorities, Australia (the parent entity) and National Association of Testing Authorities, Australia and its controlled entity (the consolidated group) is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company and the consolidated group's financial position as at 30 June 2021 and of its financial performance for the year then ended, and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report. We are independent of the company and the consolidated group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Directors' Responsibility for the Financial Report

The Directors of the company and consolidated group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian

Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company and consolidated group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the company and consolidated group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is <http://www.auasb.gov.au/Home.aspx>

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Stewart Brown
Chartered Accountants



R.J. McGree
Partner

Sydney, 15 September 2021

National Association of Testing Authorities, Australia

nata.com.au

ABN 59 004 379 748

NSW (HEAD OFFICE) AND ACT

Burramattagal Country

7 Leeds Street, Rhodes
New South Wales 2138
P.O. Box 7507 Silverwater
NSW 2128
Ph: 1800 621 666

VICTORIA AND TASMANIA

Wurundjeri Country

2-6 Railway Parade, Camberwell
Victoria 3124
Ph: 1800 621 666

QUEENSLAND

Turrbal Country

628 Ipswich Road, Annerley
Queensland 4103
Ph: 1800 621 666

WESTERN AUSTRALIA

Whadjuk Country

2A Brodie Hall Drive, Bentley
Western Australia 6102
Ph: 1800 621 666

SOUTH AUSTRALIA / NORTHERN TERRITORY

Kurna Country

Level 1, 2033 Fullarton Road, Eastwood
South Australia 5063
Ph: 1800 621 666



WORLD RECOGNISED
ACCREDITATION

The National Association of Testing Authorities (NATA) acknowledges all Aboriginal and Torres Strait Islander Traditional Custodians of Country and recognises their continuing connection to land, sea, culture and community. We pay our respects to Elders past and present.