



2022 annual report

Celebrating 75-years of delivering confidence



NATA celebrates World Accreditation Day 2022



Accreditation: Sustainability in Economic Growth and the Environment.

Notice of NATA Annual General Meeting

We are pleased to announce the National Association of Testing Authorities' 2022 Annual General Meeting.

The meeting will be held online via Zoom on October 12 at 12.00pm (AEDT)

Register and join the meeting [here](#)

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.

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.

Our vision

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

Annual Report submission

We have great pleasure in submitting NATA's Annual Report for the year ending June 30, 2022.

We note this year's report is, for the very first time, 100 per cent digital. This is part of a larger NATA initiative to minimise our environmental impact.

The report provides a summary of NATA's activities and achievements over the year and highlights performance against planned objectives.

It also recognises the activities and contributions of its employees, volunteers and other stakeholders and highlights goals, outcomes and achievements.

Concluding our report are approved financial statements for the year.

We continue to be proud of NATA's achievements over the past year and look forward to a busy and productive 2022-2023.

We hope you find the report relevant, informative and a valuable insight into NATA and its operations.

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NATA Chair

David Turner

On behalf of the Board, I have pleasure in presenting the NATA 2022 Annual Report to our staff, members, volunteers, stakeholders and those involved in, or indeed with an interest in, the world of accreditation.

It seems rare that a year goes by without presenting us with unique challenges. Over the past year, we have continued to navigate the COVID-19 pandemic, as well as inflationary pressures and natural disasters.

As always, we have managed these with aplomb.

The Board continues to be grateful to NATA's Executive Management Team for its ability to steer the ship despite uncertain waters.

Of course, this work is not done in isolation, so I also thank management, staff and our volunteer committees and Technical Assessors for their incredibly hard and productive work over the past year.

Strategically, we have successfully launched into our 3-year plan to:

- Develop a streamlined, customer-focused assessment approach to add genuine value to our accredited facilities;
- drive sustainable growth;
- significantly lift NATA's visibility; and
- drive an adaptable, commercially aware culture.

I am proud of the progress NATA has already made in this first year and very much look forward to seeing year two come to fruition.

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The outcomes I see highlight how important this organisation really is for Australia.
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We congratulate our own CEO, Jennifer Evans on her appointment as the new Chair of the Asia Pacific Accreditation Cooperation (APAC). APAC is the world's largest regional accreditation cooperation helping to drive economic growth with representative countries including the US, China, India and Canada.

2022 was also a cause for celebration with NATA's 75th anniversary. Our marketing team has done much to showcase the NATA story and for those that are yet to see our timeline video, I encourage you to do so [here](#)

In closing, I am always proud to see how NATA engages and indeed works collaboratively with both members and volunteers regardless of the challenges that exist as a natural part of what we do.

The outcomes I see highlight how important this organisation really is for Australia.



Foreword by NATA CEO

Jennifer Evans

NATA TURNS 75

NATA proudly celebrated its 75th anniversary in February this year. As Australia's hidden safety net, we have been helping organisations meet global quality standards and importantly, keeping Australian's safe.

As part of our celebrations we have and continue to increase our visibility through NATA storytelling.

Through the efforts of our marketing team we are using a variety of media channels as well as staff, members and stakeholders to share their experiences of how NATA really has been 'Australia's best kept secret'.

Central to the celebrations was the development of a NATA 'journey through time' video that traced NATA's origins and activities since 1947. We invited key NATA alumni to be part of this cinematic journey.

WHY ACCREDITATION MATTERS

Another key visibility initiative was our June 2022, Why Accreditation Matters live event and webinar. NATA showcased real accreditation activities and outcomes and how they positively impact our health, security and future activities.

You can watch the sessions on the links below:

- [WAM webinar](#)
- [Not All Heroes Wear Capes](#)
- [Banking & Accreditation](#)
- [Eliminating Cervical Cancer](#)
- [Standards & Accreditation & Emerging Technologies](#)

REMOTE ASSESSMENTS

The past year has allowed us to continue to develop our remote assessment processes. COVID-19 saw us pivot to virtual assessment activities to ensure we continued to meet the accreditation needs of our prospective and existing members and the expectations of our stakeholders.

Our learnings in this area will ultimately see us incorporate virtual assessments in our accreditation processes going forward. Thank you to our accreditation teams and Technical Assessors for being so nimble in this regard.

RECOGNISING OUR VOLUNTEERS

On that note, my sincere thanks to our more than 3000 volunteer Technical Assessors and those on volunteer committees. Our subject matter experts, they provide a remarkable service not only to NATA, but to industry and the Australian community.

IN CLOSING

As we move toward the back end of our 75th year, it would be remiss of me not to thank our entire NATA community. From staff and volunteers to members and stakeholders, we only move forward with your collective inputs. Nothing is achieved in isolation. We look forward to another successful year in 2022-2023.

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Our Technical Assessors provide a remarkable service not only to NATA, but to industry and the Australian community.
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About us



About NATA

For 75-years we have been Australia's leading national accreditation body.

We provide accreditation services to conformity assessment organisations and facilities giving consumers the assurance they need in test, measurement and inspection results and data to make informed and indeed confident decisions on products and services.

Adding additional value, we are always engaged and proactive in partnering with leaders in Australia's technical and business community. We help them on a day-to-day basis by identifying and managing risk in their organisations and adding genuine value to their operations.

Our work also helps organisations create trust and certainty in the communities they operate and gives those in the community confidence and assurance every day.

From the food we eat and the water we drink, to blood tests and building products, our work helps underpin Australian confidence and safety.

Our values

Our values don't simply tick a box, we engage them every day.

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

These values help guide our activities, actions and outcomes.

[→ Learn more about NATA](#)

Our work helps organisations create trust and certainty in the communities they operate and gives those in the community confidence and assurance every day.

Our people, members and volunteers

Our people

Working with NATA is more than a 9 to 5 role. Our staff and professional volunteers provide accreditation services that inspire organisations to be world-class through a culture of innovation, quality, competence and safety for others.

From career roles to volunteer subject matter experts, NATA people are professional, purpose driven, naturally curious and dedicated to outcomes that do matter.

Indeed, our average employee tenure is 11+ years – highlighting the diversity and value our people see in what we do every day.

A not-for-profit member organisation, the NATA team is made up of a wide range of professionals – from scientists, engineers and technologists who provide assessment and accreditation services, to training, finance, IT, marketing and administration professionals.

Importantly, we actively recognise our staff and volunteers and are committed to making a significant investment in their personal and professional development.

→ Interested? See what a career at NATA looks like here

From career roles to volunteer subject matter experts, NATA people are professional, purpose driven, naturally curious and dedicated to outcomes that do matter.

Our members

NATA accredited organisations - also known as 'Members' cross a vast array of industries and applications and within these, an equally vast array of products and services.

Our members are why NATA exists. Through our assessment and accreditation services and aligning with global standards, our members become the gold standard for competency, efficiency, impartiality, validity and capability. Importantly, they also establish a benchmark of confidence for those that use their products and services.

A select group, they enjoy business differentiation and trade leverage at a local, national and international level. They use their accreditation to give them a competitive edge in the market. Indeed, accreditation is often a mandatory requirement for those tendering for private and government contracts. Across states and international borders, NATA members enjoy a unique status.



Member Advisory Forum (MAF)

NATA members have always been an integral part of the NATA family. More recently, this has been formalised and the Member Advisory Forum (MAF) implemented to provide a key communication platform between members and NATA management.

MAF allows for engagement opportunity through the exchange of information on a variety of topics and initiatives relevant to members, with the aim to better shape the delivery of services for the mutual benefit of NATA, its members and stakeholders.

→ If you want to learn more or are interested in joining the Member Advisory Forum, visit here

Our volunteers

The NATA organisation is made up of more than 3000 volunteer subject matter experts – also known as Technical Assessors and members who sit on our Accreditation Advisory Committees (AAC). Many of these already work in NATA accredited organisations and generously give their time to work with NATA Lead Assessors and Accreditation Co-ordinators and, through a peer review assessment process, help accredit new organisations.

In addition, they provide valuable follow-up advice and guidance on post-assessment activities including reviewing organisation responses to assessment findings.

The contribution and critical importance of these volunteers cannot be overstated.

→ If you have an interest in becoming a NATA subject matter expert, you can begin your journey here

→ Or, if you would like specific information on the Technical Assessor role, download the Technical Assessor Information and Guidance document here

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Accreditation – delivering confidence

For almost every activity in our daily lives, we need to have confidence in the products and services we use.

Accreditation creates this confidence by providing a structured and reliable framework for the quality of results and data - ensuring their traceability, comparability and validity.

NATA accredited organisations (also known as NATA members), can be trusted to deliver on performance and ultimately, public safety.

Business

Benchmarking

Providing a benchmark for organisations, accreditation ensures our members can perform their work correctly, competently and to appropriate standards. Through the accreditation process, issues and gaps in processes or capabilities can be readily identified creating the

opportunity to improve organisational efficiency and outputs.

Being a NATA accredited facility also builds market credibility in an organisation's products and services giving them the benefit of knowing they have a proven, independently assessed 'high-water mark' for performance.

Trade

For organisations, accreditation also provides a level of product and service differentiation. It creates a 'line in the sand' which unaccredited competitors simply can't meet.

Importantly, as accreditation is often a requirement for international trade in goods and services, or government tendering opportunities, it delivers an important point of difference in a competitive environment.

Mutual recognition

A step further, NATA holds Mutual Recognition Arrangements (MRA) with equivalent global bodies. An MRA allows NATA accredited laboratory reports and scientific data to be accepted in overseas markets helping to reduce costs for manufacturers and exporters by eliminating the need for retesting in another country.

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Accreditation creates confidence by providing a structured and reliable framework for the quality of results and data - ensuring their traceability, comparability and validity.
.....

Benefits of NATA accreditation

Our member organisations have a distinct advantage over their non-accredited competitors. Indeed, when businesses or individuals choose a NATA accredited supplier, they can be sure that:

- Accredited specifications will be met
- There is impartiality in the processes
- The efficiency and validity of their processes can be relied on
- They can rely on the supplier's technical competence and capability
- Measurements and tests are accurate and have been carried out in compliance with best practice.

Community

There is little question the competence, quality, safety, assurance and outputs of NATA accredited organisations' products and services flow directly to the Australian community.

Whether confidence in blood test results, ensuring you get a litre of fuel at the petrol pump, the roads you drive on are sound and even the flush of your toilet is appropriate, NATA accreditation gives confidence to these and thousands of other products and services we take for granted every day.

[→ Learn more about NATA accreditation here](#)

.....
"There is little question the competence, quality, safety, assurance and outputs of NATA accredited organisations' products and services flow directly to the Australian community."
.....



NATA visibility – a new chapter

Often referred to as Australia’s hidden safety net, NATA has been working in the shadows for more than 75 years. Given the important work NATA does and its contribution to the scientific and business community, the economy and the Australian public – it is time to shed light on NATA accreditation and the benefits it brings to us every day and in almost every way.

More importantly, in our increasingly digital and virtual world, accreditation services are becoming more essential - so knowing about NATA and understanding accreditation has become increasingly important.

75th anniversary

In February 2022, NATA proudly celebrated 75-years of operation. This milestone was the ideal platform to raise awareness of both the organisation and the work we do. As part of this increased visibility, we created a timeline – a cinematic journey of NATA over 75-years. As part of the video, we secured key NATA alumni and stakeholders to help tell the NATA story. From post-World War II cement accreditation to 2021 biobanking accreditation – it is a journey that follows Australia’s own coming of age. [View it here.](#)

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“It is time to shed light on NATA accreditation and the benefits it brings to us every day and in almost every way.”
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NATAlee

Accreditation is an activity many don’t understand. As part of our consumer visibility focus, we created a video series titled ‘NATAlee’. These videos showcase some of the myriad of end-user applications that are guided by accreditation and shine a practical light on the day-to-day benefits of what NATA does. You can watch the episodes [here](#).



Why Accreditation Matters

Our most ambitious visibility project – Why Accreditation Matters – was held in June 2022. Hosting industry leaders in a live and streamed webinar event, we brought together experts in a range of panel discussions to highlight how accreditation is being engaged in their fields of expertise.

Genuinely thought-provoking, the Why Accreditation Matters event shone the spotlight on the world of accreditation and how it impacts every person, every day. From how accreditation is helping Australia become the first country in the world to eliminate cervical cancer and how forensic accreditation is helping keep bank customers safe; to the secure blockchain management of bitcoin, the event showcased the simply remarkable scope and reach of accreditation today and into the future.

You can watch the sessions on the links below:

- [WAM webinar](#)
- [Not All Heroes Wear Capes](#)
- [Banking & Accreditation](#)
- [Eliminating Cervical Cancer](#)
- [Standards & Accreditation & Emerging Technologies](#)



Business update

NATA sectors

While not familiar to many outside the NATA organisation, NATA sectors are responsible for ensuring the technical integrity of NATA's accreditation programs and provide dedicated accreditation and support services to specific industry areas. From pathology to agribusiness, each sector ensures accreditation activities in their areas are undertaken to globally recognised standards.

Key highlights for 2021-22 for each sector are provided.

Calibration

NATA's Calibration Sector supports accreditation for three types of conformity assessment activities:

- Calibration
- Provision of Proficiency Testing Schemes
- Reference Materials production.

Year highlights

- The results of a ballot for the systematic review of ISO 17034:2016 *General requirements for the competence of reference material producers* were confirmed by 80 per cent of ISO/CASCO members resulting in the Standard being confirmed for another 5 years.
- In July 2022, a review of ISO/IEC 17043 *General requirements for the competence of proficiency testing providers* proceeded to Draft Internal Standard stage with 84 per cent of ISO/CASCO members confirming. The new Standard is anticipated to be released late 2022 or early 2023.
- To ensure assessment activities and requirements are up to date and relevant, NATA informed all applicable laboratories of the revision of the ISO 8566 series for the calibration and use of Piston Operated Volumetric Apparatus (POVAs including pipettes), and BS ISO 16165 for Surface Friction testing.

[Learn more about our Calibration Sector here](#)

Diagnostic Imaging Accreditation Scheme (DIAS)

The Commonwealth Government developed DIAS in 2007 to ensure safety and quality standards for diagnostic imaging practices translated to better patient outcomes.

DIAS links mandatory accreditation to the payment of Medicare benefits for services including general X-rays, angiography, CT, fluoroscopy, mammography, MRI and ultrasound services.

Year highlights

- Despite the COVID-19 challenges, NATA's DIAS team worked tirelessly to ensure our clients could provide the required evidence and meet the accreditation requirements without a disruption to their Medicare eligibility.

- Working closely with our multi-site clients, we worked to modify our processes, so a more efficient accreditation model is employed without reducing the rigour of the assessments.

- Administration of DIAS moved from the Department of Health to the Australian Commission on Safety and Quality in Healthcare (the Commission) on 1 July 2021.

- The Commission has reviewed and refreshed the advisory statements which provide clarification to both imaging practices and accreditors on the accreditation requirements.

- All resource documents, such as the User Guide and templates have been relocated from the DoH website to the Commission website.

[Learn more about DIAS here](#)



Inspection

The Inspection Sector continues to attract applications in a diverse range of inspection-related activities covering the areas of:

- Agribusiness
- Environment
- Infrastructure and asset integrity
- Manufactured goods

Key staff changes have signalled a period of training and consolidation for the Inspection Accreditation Program.

Year highlights

- The Inspection Accreditation Advisory Committee (IAAC) meeting was held face-to-face and included attendance from our New Zealand counterparts.
- Inspection staff have participated in number of Standards Australia committee meetings such as CE-008 (Chainlink Fabric Security Fences and Gates), EL-023 (Electrical Equipment in Mines and Quarries) and ME-001 (Pressure equipment).
- Engaged with Sydney Water for the annual review of the Memorandum of Understanding and Australian flexible Pavements Association (AfPA) for technical resource planning.
- Maintained involvement in the Australian Institute for the Certification of Inspection Personnel (AICIP) and JAS-ANZ ANZEx Advisory Committee.
- Represented the inspection group at the Building Products Industry Council (BPIC) forum Building Leaders Brief Industry (BLBI).
- Inspection bodies achieving accreditation for flexible hoses in offshore and onshore applications and witnessing of formwork and pour practices, and the examination of concrete finish and post-cast flaws.

→ Learn more about our Inspection Sector here

Legal & Clinical

NATA's Legal & Clinical Sector supports accreditation in key areas including:

- Biobanking
- Human pathology
- Forensic science
- Medical imaging
- Sleep disorders services
- Workplace and community screening

The sector also oversees the management of NATA's participation in the Commonwealth Diagnostic Imaging Accreditation Scheme (DIAS).

Year highlights

- Consolidation of Human Pathology accreditation model with focus on risk and governance. Positive feedback from clients in a recent survey.
- The sector has progressed data reporting for Human Pathology clients and published a Focus on Pathology report (and video) in August 2022.
- The NATA/RCPA HP accreditation program celebrates 40-years in 2022.
- Accredited SARS-CoV-2 sites have gone from zero in March 2020 to more than 230 as of August 2022.
- Administration function for Pathology and Imaging accreditation moved to the Australian Commission on Safety and Quality in Healthcare.
- Continued involvement in the revision of ISO 15189 which is now in its final stages of review. The new Standard is expected to be published November 2022.
- The first biobank accreditation was granted in 2021. We are in advanced discussions with a second facility.
- The sleep program celebrates its 10-year anniversary in 2022.

→ Learn more about our Legal & Clinical Sector here

Life Sciences

The Life Sciences Sector provides accreditation services across key areas including:

- Agribusiness
- Animal health
- Environment
- Food & beverage
- Healthcare, pharmaceuticals & media products

Year highlights

- A first in Australia, a facility performing analysis for the identification of asbestos in bulk materials using Transmission Electron Microscopy (TEM), was granted accreditation in December 2021.
- NATA currently holds the chair of the OECD Working Party on Good Laboratory Practice and arranged the 36th meeting.
- A revision of the database that informs scopes of accreditation is underway to relocate all drinkable water testing currently listed under the activity 'Food & Beverage' to the 'Environment' activity. This will link all water testing to one activity, reducing the size of scopes of accreditation and make arranging assessments more efficient.
- NATA undertook a review of the scope of accreditation entries

related to respirable quartz, respirable crystalline silica (RCS) and dust. The scopes of accreditation were refined to reflect industry more accurately.

→ Learn more about Life Sciences Sector here

Materials, Assets & Products (MAP)

The MAP Sector provides supports accreditation services across areas including:

- Materials characterisation
- Testing in support of infrastructure and asset integrity
- Testing in support of manufactured goods

Year highlights

- MAP Sector staff have supported continuing education for technicians and engineers in geotechnical and civil construction materials testing through participation in industry forums hosted by the Registered Training Organisation - LTT Group P/L, and support of post-graduate training through the Centre for Pavement Engineering Education.
- The sector is involved with new standards and industry committees looking at how

artificial intelligence will be tested, verified and validated as Industry 4.0 becomes a reality.

- NATA is working with the Australian Building Codes Board as Australia moves forward to introduce changes to the Plumbing Code of Australia that will require lower levels of lead in certain plumbing products from September 2025.

- NATA has continued involvement with the mask testing forum convened to support manufacturers, testing facilities and regulators.

- Staff in the MAP sector are involved in over 60 Standards Australia committees. Notable this year is AS 5437, a new Australian Standard specifying the minimum requirements for warning labels, and for security and durability of battery compartments of consumer goods that use coin/button batteries. AS 5347 is anticipated to be published late in 2022.

→ Learn more about our MAP Sector here



General Manager, Operations

John Styzinski



General Manager, Compliance & Governance

Tony Vandenberg

Staff development and operational processes

We have continued our focus on the development of our staff, who are involved in the delivery of our accreditation services, in order to better serve the very specific needs of our prospective and existing members. This has included improved internal structures and processes allowing us to be more responsive.

Year highlights

- We continued to manage the influx of requests received from laboratories seeking accreditation for SARS-CoV-2 testing. From a zero base in March of 2020 - we have now accredited over 230 Australian laboratories.
- Our non-scheduled activities, which included new applications and requests for additions to the accreditations of existing members, were also in high demand and despite COVID limitations, we engaged innovative and flexible approaches such as virtual and hybrid assessments – to continue to

meet accreditation demands and, of course, meet our member needs.

Charter of Services (CoS)

A key and measurable part of what we do for our members is the reporting against our service delivery standards detailed in our Charter of Services. These are set by the NATA Board and provide a measure of the timeframes we are delivering key aspects of our accreditation activities, including the commencement of assessment, issue of the assessment report through to the confirmation of the granting or continuance of accreditation.

Achievements for the 2021-22 year

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	91.5%
SS2 - Provide a formal report of our findings within a specified time frame from an on-site advisory visit		2	87.8%
SS3 - Conduct Initial Assessment within 8 weeks of receipt of a written request		8	84%
SS5 - Provide a final report of our findings for each on-site assessments within two weeks of the visit		2	82.1%
SS6&7 - Commence variation activity within 4 weeks of receipt of a written request		4	86.5%
SS8 - Review and report on submissions within four weeks of receipt of the information		4	87.6%
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	86.6%
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	89.1%
TOTAL			86.1%

Achievements for the 2021-22 year

		17025	Med	GLP	RMP	PTSP	Insp	MI	SDS	BB		
1	No. of accredited sites at 30 June 2022	2327	749	22	18	10	195	36	95	1	Total 3453	Total 2020/2021 3392
2	No. of newly accredited sites in Jul 21 – Jun 22	93	37	0	2	0	7	0	23	1	Total 163	Total 2020/2021 92
3	No. sites visited in Jul 21 - Jun 22	1955	877	11	14	12	128	14	43	1	Total 3055	Total 2020/2021 3182
4	No. of technical assessors at 1 July 2022	1434	842	n/a	16	21	178	98	87	4	Total 2680	Total 2020/2021 2579

NATA's Compliance & Governance works to ensure we are governed and operated in accordance with NATA's Constitution for key public and national interest purposes, it complies with all relevant legislation and meets its obligations under any agreements we enter.

These activities are, by their nature, impartial and we provide considered and objective inputs across a range of areas from the appointment of the NATA Board (via NATA members) to the structural element of relevant government Memorandum of Understanding (MoU) agreements.

2021-2022 key activities

- A risk-based schedule for monitoring of the accreditation decision process was established. The outcome of this monitoring project provided management with continued reassurance that the decision-making progress is robust. On-going monitoring has now been imbedded in NATA's internal audit schedule.
- AS 10002 Guidelines for complaint management in organisations superseded AS/NZS 10002:2014.

This guideline aims to ensure consistency in the effective handling of complaints.

- NATA's complaint management adheres to the key principles of AS/NZS 10002. A gap analysis between AS 10002 and our complaint management process continued to support NATA's general adherence to these guidelines. This is important as properly handled complaints can result in an improved organizational reputation.

- Surveys sent to members have been reviewed and some minor changes made to the content. The most significant change that members may note is that survey invitations are now incorporated in confirmation and notification letters respectively.
- Our established audit program and the outputs from it continue to support our on-going compliance efforts with ISO/IEC 17011 – Conformity assessment - Requirements for accreditation bodies accrediting conformity assessment bodies. This is the Standard that NATA, as an accreditation body, is required to comply to ensure ongoing Mutual Recognition Arrangements (MRA)

with the International Laboratory Accreditation Cooperation (ILAC) and Asia-Pacific Accreditation Cooperation (APAC).

This is noteworthy as our peer evaluation is scheduled for March 2023. Part of the evaluation process is on-site witnessing at the conformity assessment bodies (accredited facilities) physical location.

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NATA's Compliance & Governance works to ensure we are governed and operated in accordance with NATA's Constitution for key public and national interest purposes and that we comply with all relevant legislation and we meet our obligations under any agreements we enter.

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General Manager, Stakeholder Relations

Sue Harry

Stakeholder engagement

Engagement with stakeholders is essential for NATA to ensure that accreditation programs offered deliver what is relevant to the national interest, benefit the Australian public and address the current and future needs of our members. Stakeholders include Commonwealth, State and Territory government agencies, as well as corporate organisations, professional bodies, industry specifiers and industry associations, and the public.

Strategy

Planned and coordinated engagement activities enable NATA to:

- Build sound relationships that facilitate effective communication
- Work with individual 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 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.

2021-2022 key activities

Agreements with key stakeholders

NATA continues to be invested in establishing or renegotiating agreements with key stakeholders.

NATA now has Memoranda of Understanding (MoU) with four state road authorities that supports the construction industry laboratories and road agencies including Queensland Department of Transport and Main Roads, Transport for New South Wales, Department of Transport Victoria, and Main Roads Western Australia.

In the health sector, in addition to the Tripartite Deed between Services Australia, the Commonwealth Department of Health and NATA, Memoranda of Understanding are held with the state and territory health departments and NATA. The Memoranda of Understanding have been renegotiated with the state health departments in South Australia, Western Australia, and Queensland.

Surveillance of environmental samples

A new schedule has been added to the Memorandum of Understanding between the Department of Agriculture, Fisheries and Forestry for environmental DNA (eDNA) testing. There is potential for eDNA testing to be used offshore and in Australia for surveillance of environmental samples for a range of pests, pathogens, and diseases as part of biosecurity arrangements. NATA has developed a biosecurity engagement plan that involves both the life sciences and inspection sectors.

Connecting accreditation and conformity assessment processes with ISO/IEC traceability standards

NATA is investigating the application of global data standards as an enabler for digital traceability of accreditation and conformity data pertaining to traded goods. This work is being undertaken in collaboration with the global standards-writing body, GS1, and with additional expert input provided by JAS-

ANZ. An initial report was published in February 2022 titled Digitalisation of Conformance and Accreditation Processes and launched in conjunction with an industry seminar highlighting the report's findings. This has generated significant interest among government and industry. More recently an international version of the report has been circulated and comments sought from global trade facilitation bodies. This consultation process has resulted in opportunities to make presentations and highlight the work more widely, including technical engagement with ISO CASCO, APEC, the WTO Technical Barriers to Trade Committee and the United Nations CEFAC group.

Further work is being undertaken with the intent of demonstrating certain technical aspects within a test environment.

The outcomes of this project have the potential to enhance the national product conformity systems thereby providing greater assurance to regulators and consumers and improve global confidence in Australian products.

International update

NATA has maintained a strong international presence despite the impact of the COVID-19 pandemic and NATA representatives have continued to participate in all activities albeit conducted virtually.

NATA representatives hold key positions 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 Party. We also participate in evaluations of overseas accreditation bodies for signatory status in the APAC and ILAC Mutual Recognition Arrangements.

NATA staff continue to be involved in relevant ISO revisions. At the time of writing, this includes the revision of ISO 15189 (Medical laboratories - Requirements for quality and competence) and ISO/IEC 17043 (Conformity assessment — General requirements for the competence of proficiency testing providers).

NATA is grateful for the financial support it receives from the Department of Industry, Science & Resources (DISR) through the Support for Industry Service Organisations (SISO) program which allows NATA to be involved and represented at a high level for these essential activities.

NATA also supports the Australian Government, including the Department of Industry, Science and Resources (DISR) and the Department of Foreign Affairs and Trade (DFAT) with the provision of advice and feedback on government initiatives and

Engagement with stakeholders is essential for NATA to ensure that accreditation programs offered deliver what is relevant to the national interest, benefit the Australian public and address the current and future needs of our members.

priorities, and on matters relating to accreditation and conformity assessment.

It is vital that Australia has a strong voice in the international arena and Australian interests are well represented where requirements may affect our members – for example, the development of international standards and the establishment of arrangements such as Free Trade Agreements.

NATA Education



Head of Education

Naomi Aitken

Globally recognised courses

Highly interactive, immediately relevant and with the advantage of NATA recognition, our courses provide access to a national network of industry professionals.

In the past year we have trained over 900 people across ten unique course areas. We have also trained over 100 technical and lead assessors in internal development programs.

Overall, NATA Education aims to deliver the same quality standard of outcomes on all our courses, whether face to face or virtual.

Year highlights

Redesign of ISO/IEC 17025 course.

- We have redesigned the way we deliver the ISO/IEC 17025 course to make it more learner focused. Participants engage in real life scenarios and discuss their facilities ensuring they leave with practical ways to evaluate their systems and processes.

Created and launched a Risk Management in the Laboratory course.

- Based on ISO 31000, our new Risk Management course unpacks risks in a laboratory and discovers not only what can go wrong, but what can go right.

We worked with many of our members during the year by delivering In-house training programs. These included:

- Hong Kong Accreditation Service
- NSW Health – Westmead Hospital
- NSW Health
- CSL
- CSBP
- Geoscience
- Lavery Pathology
- Griffith University
- Australian Munitions
- CSIRO
- ACTGAL

We look forward to:

- Launch training for the new ISO 15189:2022 Standard being released in November 2022
- Engaging two new trainers to join the team
- Redesign our The Art of Internal Audits, Lead Auditor Development Program and Leading in the Laboratory programs to promote engagement and experiential learning

- Building a program for non-members interested in learning more about NATA accreditation

In the past year we have trained over 900 people across ten unique course areas and have trained over 100 technical and lead assessors in internal development programs.

→ Learn more about our courses

Directors' report

National Association of Testing Authorities, Australia and Controlled Entity

ABN 59 004 379 748

Financial Report – 30 June 2022

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 2022 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

Year appointed: 2018

Qualifications and experience:

MBChB, AMC Cert, FRCPA, MASM, GradCertBus, AFCHSM CHM, GAICD.
Medical Director Microbiology, Virology, and Genomics, Forensic and Scientific Services; and 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



MRS AGNES TAN - Director (until October 2021)

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 (until October 2021)



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)
Clinical Streams Manager and Service Designer, NSW Health Pathology (current)



DR LAWRENCE BOTT - Director (until September 2021)

Year appointed: 2019

Qualifications and experience:

MBBS (Hons), FRCPA, GAICD
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 - Member protocols, communications, VHRF committees

Special responsibilities: Member of Nominations Committee, Chair of ARCC (from March 2022)



MR GIACOMO COLLICA - Director

Year appointed: 2021

Qualifications and experience:

B.Sc. (Chem), C.Chem, MRACI, MAIOH, CAQP
Managing Director Emission Assessments Pty Ltd



DR JOHN LEEDER - Director

Year appointed: 2021

Qualifications and experience:

BAppSci (Chem), MBA, PhD (Chem), FRACI CCHEM
Managing Director, Leeder Analytical
Board Member, Royal Australian Chemical Institute (RACI)
NATA Technical Assessor in the area of chemical testing
Over 30 years' experience in analytical chemistry

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:

- a. To promote and contribute to the quality of testing, inspection and related services in Australia
- b. 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
- c. To provide appropriate accreditation services to facilitate acceptance of Australian products and services within Australia and promote trade internationally
- d. 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

Sydney, 14 September 2022

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 2022.

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 2022 comprised:

Chair: Dr Mark Burgess.

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. There was also a change in NATA Chair from Agnes Tan to Dr Mark Burgess in March 2022.

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. 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.



Mark Burgess
Chair of the Audit, Risk and Compliance Committee
13 September 2022

**NATIONAL ASSOCIATION OF TESTING AUTHORITIES, AUSTRALIA
AND CONTROLLED ENTITY
ABN 59 004 379 748**

FINANCIAL REPORT - 30 JUNE 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER s60-40
OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE MEMBERS OF NATIONAL ASSOCIATION OF TESTING AUTHORITIES, AUSTRALIA
AND CONTROLLED ENTITY**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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StewartBrown
Chartered Accountants



Sydney
R.J. McGree
Partner

14 September 2022
Sydney

Liability limited by a scheme approved under Professional Standards Legislation

Statement of financial position

As at 30 June 2022

		Consolidated Group		Parent Entity	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	27,766,611	22,964,258	25,854,671	21,152,316
Trade and other receivables	7	2,160,003	1,783,934	1,865,697	1,462,060
Total current assets		<u>29,926,614</u>	<u>24,748,192</u>	<u>27,720,368</u>	<u>22,614,376</u>
Non-current assets					
Property, plant and equipment	8	22,114,510	23,148,446	22,001,547	23,025,897
Right-of-use assets	9	535,352	450,164	535,352	450,164
Intangible assets	10	1,036,312	2,017,974	1,036,312	2,017,860
Total non-current assets		<u>23,686,174</u>	<u>25,616,584</u>	<u>23,573,211</u>	<u>25,493,921</u>
TOTAL ASSETS		<u>53,612,788</u>	<u>50,364,776</u>	<u>51,293,579</u>	<u>48,108,297</u>
LIABILITIES					
Current liabilities					
Trade and other payables	11	8,803,174	6,450,888	8,549,858	6,150,999
Provisions	12	3,988,000	4,314,000	3,774,000	4,077,000
Lease liabilities	13	172,761	121,022	172,761	121,022
Total current liabilities		<u>12,963,935</u>	<u>10,885,910</u>	<u>12,496,619</u>	<u>10,349,021</u>
Non-current liabilities					
Provisions	12	556,500	756,500	531,500	725,500
Lease liabilities	13	401,922	360,345	401,922	360,345
Total non-current liabilities		<u>958,422</u>	<u>1,116,845</u>	<u>933,422</u>	<u>1,085,845</u>
TOTAL LIABILITIES		<u>13,922,357</u>	<u>12,002,755</u>	<u>13,430,041</u>	<u>11,434,866</u>
NET ASSETS		<u>39,690,431</u>	<u>38,362,021</u>	<u>37,863,538</u>	<u>36,673,431</u>
FUNDS					
Accumulated funds		28,365,932	27,037,522	26,539,039	25,348,932
Reserves	14	<u>11,324,499</u>	<u>11,324,499</u>	<u>11,324,499</u>	<u>11,324,499</u>
TOTAL FUNDS		<u>39,690,431</u>	<u>38,362,021</u>	<u>37,863,538</u>	<u>36,673,431</u>

Statement of profit or loss and other comprehensive income

As at 30 June 2022

		Consolidated Group	2021	Parent Entity	2021
	Note	2022	\$	2022	\$
		\$	\$	\$	\$
Revenue					
	4	33,056,766	32,847,798	31,223,989	30,909,559
		<u>33,056,766</u>	<u>32,847,798</u>	<u>31,223,989</u>	<u>30,909,559</u>
Expenses					
Accreditation expenses		(2,468,339)	(1,465,958)	(1,985,885)	(931,396)
Administration expenses		(4,597,895)	(3,644,184)	(4,354,337)	(3,456,603)
Business development and planning		(127,660)	(305,740)	(118,984)	(296,278)
Consultancy and training		(44,791)	-	(44,791)	-
Depreciation and amortisation	5	(2,230,666)	(2,797,665)	(2,204,616)	(2,770,083)
Finance costs	5	(29,806)	(25,394)	(29,806)	(25,394)
Salaries and employee benefits		(22,229,199)	(20,851,874)	(21,295,463)	(19,896,731)
		<u>(31,728,356)</u>	<u>(29,090,815)</u>	<u>(30,033,882)</u>	<u>(27,376,485)</u>
Surplus before income tax		1,328,410	3,756,983	1,190,107	3,533,074
Income tax expense		-	-	-	-
Surplus for the year		1,328,410	3,756,983	1,190,107	3,533,074
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		1,328,410	3,756,983	1,190,107	3,533,074

Statement of changes in funds

As at 30 June 2022

	Consolidated Group			Parent Entity		
	Accumulated Funds	Asset Realisation Reserve	Total	Accumulated Funds	Asset Realisation Reserve	Total
	\$	\$	\$	\$	\$	\$
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	<u>3,756,983</u>	<u>-</u>	<u>3,756,983</u>	<u>3,533,074</u>	<u>-</u>	<u>3,533,074</u>
Balance at 30 June 2021	27,037,522	11,324,499	38,362,021	25,348,932	11,324,499	36,673,431
Balance at 1 July 2021	27,037,522	11,324,499	38,362,021	25,348,932	11,324,499	36,673,431
Comprehensive income						
Surplus for the year	1,328,410	-	1,328,410	1,190,107	-	1,190,107
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	<u>1,328,410</u>	<u>-</u>	<u>1,328,410</u>	<u>1,190,107</u>	<u>-</u>	<u>1,190,107</u>
Balance at 30 June 2022	28,365,932	11,324,499	39,690,431	26,539,039	11,324,499	37,863,538

Statement of cash flows

As at 30 June 2022

	Note	Consolidated Group		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from members, customers and government		35,218,172	37,765,052	33,263,625	35,548,569
Payments to suppliers and employees		(33,638,577)	(28,887,639)	(31,798,286)	(27,088,172)
Interest received		76,921	96,217	73,820	92,281
Interest paid - leases		(29,806)	(25,394)	(29,806)	(25,394)
Net cash flows from operating activities		<u>1,626,710</u>	<u>8,948,236</u>	<u>1,509,353</u>	<u>8,527,284</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		41,818	54,107	41,818	24,107
Proceeds from security deposit and call option fee		3,500,000	-	3,500,000	-
Purchase of property, plant and equipment		(188,261)	(376,832)	(170,902)	(302,700)
Purchase of intangible assets		(17,948)	(486,444)	(17,948)	(486,444)
Net cash flows from investing activities		<u>3,335,609</u>	<u>(809,169)</u>	<u>3,352,968</u>	<u>(765,037)</u>
Cash flows from financing activities					
Repayment of lease liabilities		(159,966)	(150,087)	(159,966)	(150,087)
Net cash flows from financing activities		<u>(159,966)</u>	<u>(150,087)</u>	<u>(159,966)</u>	<u>(150,087)</u>
Net increase in cash and cash equivalents		4,802,353	7,988,980	4,702,355	7,612,160
Cash and cash equivalents at the beginning of the financial year		<u>22,964,258</u>	<u>14,975,278</u>	<u>21,152,316</u>	<u>13,540,156</u>
Cash and cash equivalents at the end of the financial year	6	27,766,611	22,964,258	25,854,671	21,152,316

Note 1 - Corporate information

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 group provides assessment, accreditation and training services to laboratories and technical facilities across Australia.

The registered address and principal place of business of the group is:

Burramattagal Country
7 Leeds Street
Rhodes NSW 2138

The financial statements were approved by the Board of Directors on 14 September 2022.

Note 2 - Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in compliance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Accounting Standards - Simplified Disclosures*. The group is a not-for-profit entity for the purposes of preparing these financial statements.

Other than the change in disclosure requirements, the adoption of *AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* has had no significant impact on the financial statements because the group's previous financial statements complied with *Australian Accounting Standards - Reduced Disclosure Requirements*.

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 2022 reporting period. 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 2020-2: Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Entities* (effective for the year ended 30 June 2022)

AASB 1060 and AASB 2020-2 act to mandate that the consolidated group prepare a general purpose financial report under a new Simplified Disclosure Standard. The application of AASB 1060 and AASB 2020-2 have not had a material impact on the carrying values of the consolidated group's asset, liability or equity balances; nor a material impact on the recognition and measurement of the consolidated group's revenue or expenses.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments and

interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the consolidated group. These include:

- *AASB 2020-1: Amendments to AASs - Classification of Liabilities as Current or Non-current* (effective for the year ending 30 June 2024)
- *AASB 2021-2: Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective for the year ending 30 June 2024)

It is not expected that AASB 2020-1 or AASB 2021-2 will have a material impact on the consolidated group in future reporting periods.

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.

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.

Interest revenue

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

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 accrual's basis in the financial year to which the payment relates.

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.

Security deposit

Security deposit revenue is recognised when the relevant contract provides there are no circumstances under which the consolidated group will be required to refund the deposit.

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.

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 leased 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.

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

Notes to the financial statements

As at 30 June 2022

- 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

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 consider 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

Notes to the financial statements

As at 30 June 2022

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

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

Notes to the financial statements

As at 30 June 2022

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

As at 30 June 2022

Note 4 - Revenue

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue				
Service revenue	28,672,504	28,602,467	26,642,452	26,509,518
Government contract revenue	1,332,408	1,064,237	1,332,408	1,064,237
Foreign currency translations	2,422	-	2,422	-
Rent received	1,571,715	1,385,436	1,571,715	1,385,436
COVID-19 subsidy revenue	-	1,697,002	-	1,659,502
Other operating revenue - wholly owned entities	-	-	200,395	196,146
Other operating revenue	796	2,439	777	2,439
	<u>31,579,845</u>	<u>32,751,581</u>	<u>29,750,169</u>	<u>30,817,278</u>
Other revenue				
Interest income	76,921	96,217	73,820	92,281
Security deposit released	1,400,000	-	1,400,000	-
	<u>1,476,921</u>	<u>96,217</u>	<u>1,473,820</u>	<u>92,281</u>
<i>Total revenue</i>	33,056,766	32,847,798	31,223,989	30,909,559

Note 5 - Expenses

Depreciation				
Buildings	770,042	620,627	770,042	620,627
Plant and equipment	292,970	342,829	266,984	315,343
Right-of-use assets	168,094	166,815	168,094	166,815
<i>Total depreciation</i>	<u>1,231,106</u>	<u>1,130,271</u>	<u>1,205,120</u>	<u>1,102,785</u>
Amortisation				
Software	999,560	1,667,394	999,496	1,667,298
<i>Total amortisation</i>	<u>999,560</u>	<u>1,667,394</u>	<u>999,496</u>	<u>1,667,298</u>
<i>Total depreciation and amortisation</i>	<u>2,230,666</u>	<u>2,797,665</u>	<u>2,204,616</u>	<u>2,770,083</u>
Bad and doubtful debts expense				
Bad debts	48,196	34,452	15,520	31,222
Provision for impairment	-	(53,000)	-	(53,000)
<i>Total bad and doubtful debts</i>	<u>48,196</u>	<u>(18,548)</u>	<u>15,520</u>	<u>(21,778)</u>
Interest and finance charges - lease liability	29,806	25,394	29,806	25,394
Net loss on disposal of property, plant and equipment	117,367	1,211	116,408	400
Net loss on disposal of intangible assets	50	-	-	-

Notes to the financial statements

As at 30 June 2022

Note 6 - Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash at bank	2,616,611	2,414,258	2,254,671	2,152,316
Cash on deposit	25,150,000	20,550,000	23,600,000	19,000,000
<i>Total cash and cash equivalents</i>	27,766,611	22,964,258	25,854,671	21,152,316

Note 7 - Trade and other receivables

<i>Current</i>				
Trade receivables	875,397	872,976	602,424	560,467
Provision for impairment	(50,000)	(50,000)	(50,000)	(50,000)
	825,397	822,976	552,424	510,467
Other receivables	202,363	196,310	202,363	195,510
Work in progress	287,703	318,097	287,703	318,097
Prepayments	844,540	446,551	823,207	437,986
<i>Total current trade and other receivables</i>	2,160,003	1,783,934	1,865,697	1,462,060
<i>Provision for impairment</i>				
Opening net carrying value	50,000	103,000	50,000	103,000
Charge for the year	-	(53,000)	-	(53,000)
Closing net carrying value	50,000	50,000	50,000	50,000

Note 8 - Property, plant and equipment

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Consolidated Group				
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)
<i>Net carrying amount</i>	12,257,812	10,288,267	602,367	23,148,446
Movements in carrying amounts				
Opening net carrying amount	12,257,812	10,288,267	602,367	23,148,446
Additions	-	-	188,261	188,261
Disposals	-	(133,960)	(25,225)	(159,185)
Depreciation charge for the year	-	(770,042)	(292,970)	(1,063,012)
Closing net carrying amount	12,257,812	9,384,265	472,433	22,114,510
At 30 June 2022				
Cost	12,257,812	18,350,502	2,682,708	33,291,022
Accumulated depreciation	-	(8,966,237)	(2,210,275)	(11,176,512)
<i>Net carrying amount</i>	12,257,812	9,384,265	472,433	22,114,510

Notes to the financial statements

As at 30 June 2022

Note 8 - Property, plant and equipment (continued)

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Parent Entity				
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>	12,257,812	10,288,267	479,818	23,025,897
Movements in carrying amounts				
Opening net carrying amount	12,257,812	10,288,267	479,818	23,025,897
Additions	-	-	170,902	170,902
Disposals	-	(133,960)	(24,266)	(158,226)
Depreciation charge for the year	-	(770,042)	(266,984)	(1,037,026)
Closing net carrying amount	12,257,812	9,384,265	359,470	22,001,547
At 30 June 2022				
Cost	12,257,812	18,350,502	2,429,271	33,037,585
Accumulated depreciation	-	(8,966,237)	(2,069,801)	(11,036,038)
<i>Net carrying amount</i>	12,257,812	9,384,265	359,470	22,001,547

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 \$1,203,022. This increase in value of \$6,796,978 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.

During the 2022 financial year the Put and Call Option Deed signed in 2020 was renegotiated and a new Put and Option Deed was signed. As part of these negotiations the counter party released the security deposit of \$1,400,000 paid in 2020 and paid a further security deposit of \$2,000,000 and call option fee of \$1,500,000 to extend their option period until 31 January 2027.

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 \$1,490,823. This increase in value of \$1,609,177 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 \$18,948,232. This increase in value of \$9,551,768 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

As at 30 June 2022

Note 9 - Right-of-use assets

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Leased assets - at cost	1,025,516	772,234	1,025,516	772,234
Accumulated depreciation	(490,164)	(322,070)	(490,164)	(322,070)
Total right-of-use assets	535,352	450,164	535,352	450,164
Movements in carrying amounts				
Opening net carrying amount	450,164	561,099	450,164	561,099
Additions	253,282	55,880	253,282	55,880
Depreciation charge for the year	(168,094)	(166,815)	(168,094)	(166,815)
Closing net carrying amount	535,352	450,164	535,352	450,164

Note 10 - Intangible assets

	Software	Work in progress	Total
	\$	\$	\$
Consolidated Group			
At 30 June 2021			
Cost	5,753,316	185,484	5,938,800
Accumulated amortisation	(3,920,826)	-	(3,920,826)
Net carrying amount	1,832,490	185,484	2,017,974
Movements in carrying amounts			
Opening net carrying amount	1,832,490	185,484	2,017,974
Additions	17,948	-	17,948
Disposals	(50)	-	(50)
Reclassification	185,484	(185,484)	-
Amortisation charge for the year	(999,560)	-	(999,560)
Closing net carrying amount	1,036,312	-	1,036,312
At 30 June 2022			
Cost	5,814,350	-	5,814,350
Accumulated amortisation	(4,778,038)	-	(4,778,038)
Net carrying amount	1,036,312	-	1,036,312
Parent Entity			
At 30 June 2021			
Cost	5,726,517	185,484	5,912,001
Accumulated amortisation	(3,894,141)	-	(3,894,141)
Net carrying amount	1,832,376	185,484	2,017,860

Notes to the financial statements

As at 30 June 2022

Note 10 - Intangible assets (continued)

	Software	Work in progress	Total
	\$	\$	\$
Movements in carrying amounts			
Opening net carrying amount	1,832,376	185,484	2,017,860
Disposals	-	-	-
Reclassification	185,484	(185,484)	-
Amortisation charge for the year	(999,496)	-	(999,496)
Closing net carrying amount	1,036,312	-	1,036,312
At 30 June 2022			
Cost	5,788,285	-	5,788,285
Accumulated amortisation	(4,751,973)	-	(4,751,973)
Net carrying amount	1,036,312	-	1,036,312

Note 11 - Trade and other payables

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Trade payables	119,345	152,361	95,296	107,249
Liabilities to employees	518,856	458,373	497,042	439,937
Subscriptions in advance	956,509	649,071	956,509	649,071
Other income in advance	2,887,450	2,977,886	2,752,142	2,783,977
Security deposit and call option fee	3,500,000	1,400,000	3,500,000	1,400,000
Other payables	821,014	813,197	748,869	770,765
Total current trade and other payables	8,803,174	6,450,888	8,549,858	6,150,999

Note 12 - Provisions

Current				
Employee entitlements - annual leave	1,586,000	1,624,000	1,505,000	1,535,000
Employee entitlements - long service leave	2,402,000	2,690,000	2,269,000	2,542,000
Total current provisions	3,988,000	4,314,000	3,774,000	4,077,000
Non-current				
Employee entitlements - long service leave	536,000	736,000	511,000	705,000
Restoration (make good)	20,500	20,500	20,500	20,500
Total non-current provisions	556,500	756,500	531,500	725,500

Notes to the financial statements

As at 30 June 2022

Note 12 - Provisions (continued)

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Movement in provisions				
<u>Restoration (make good provision)</u>				
Opening net carrying amount	20,500	20,500	20,500	20,500
Closing net carrying amount	20,500	20,500	20,500	20,500

The parent entity is required to restore certain areas 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.

Note 13 - Lease liabilities

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 13 - Lease liabilities				
<u>Current</u>				
Lease liabilities	172,761	121,022	172,761	121,022
<i>Total current lease liabilities</i>	172,761	121,022	172,761	121,022
<u>Non-current</u>				
Lease liabilities	401,922	360,345	401,922	360,345
<i>Total non-current lease liabilities</i>	401,922	360,345	401,922	360,345
Movements in carrying amounts				
Opening net carrying amount	481,367	575,574	481,367	575,574
Additions	253,282	55,880	253,282	55,880
Repayments	(189,772)	(175,481)	(189,772)	(175,481)
Interest	29,806	25,394	29,806	25,394
Closing net carrying amount	574,683	481,367	574,683	481,367

Notes to the financial statements

As at 30 June 2022

Note 14 - Reserves

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Asset realisation reserve	11,324,499	11,324,499	11,324,499	11,324,499
<i>Total reserves</i>	11,324,499	11,324,499	11,324,499	11,324,499

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:	1,974,574	1,811,394	1,805,239	1,650,343
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Note 16 - 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.

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 14 September 2022 by the Board of Directors.

Note 17 - 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 2022 the number of members was 3,439 (2021: 3,382).

Note 18 - Auditor's remuneration

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Fees paid to StewartBrown, Chartered Accountants:				
Audit of the financial report	67,000	65,800	60,000	59,000
Preparation of the financial report	28,000	28,500	25,000	25,000
Other advisory services	8,200	5,800	8,200	5,800
<i>Total auditor's remuneration</i>	<u>103,200</u>	<u>100,100</u>	<u>93,200</u>	<u>89,800</u>

Note 19 - Controlled entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2022	2021
<i>Parent Entity</i>			
National Association of Testing Authorities, Australia	Australia	n/a	n/a
<i>Controlled Entities</i>			
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	
	2022	2021
	\$	\$
Other expenses recharged by the parent entity	200,395	196,146

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

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 2022, 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 - Simplified Disclosures** (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 2022 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



Sanmarié Schlebusch - Vice Chair

Brisbane, 14 September 2022

Independent Auditor’s Report for the members of the National Association of Testing Authorities, Australia and controlled entity

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 2022, 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 2022 and of its financial performance for the year then ended, and
- b) complying with *Australian Accounting Standards - Simplified Disclosures 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 and consolidated group, 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 - Simplified Disclosures 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.


StewartBrown
Chartered Accountants


R.J. McGree
Partner

14 September 2022
Sydney

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National Association of Testing Authorities, Australia

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 Kaurna Country

Level 1, 203 Fullarton Road, Eastwood
South Australia 5063
Ph: 1800 621 666

