INSEARCH (Shanghai) Limited

Jing AN 310000400256739

Annual report
for the year ended 31 December 2017

INSEARCH (Shanghai) Limited Jing An 310000400256739
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This financial statements cover INSEARCH (Shanghai) Limited as an individual entity. The financial statements are presented in Australian currency.

INSEARCH (Shanghai) Limited is a foreign enterprise limited by shares, incorporated and domiciled in People's Republic of China. Its registered office and principal place of business is:

INSEARCH (Shanghai) Limited
Suite 3107, United Plaza
1468 Nanjing Road West, Jing'an District
Shanghai, China.

INSEARCH (Shanghai) Limited
Statement of comprehensive income
For the year ended 31 December 2017

	Notes	2017 $	2016 $
Revenue from continuing operations	4	**1,320,286**	1,294,712
Other loss - net		**(33)**	-
Employee benefits expense		**(377,475)**	(332,341)
Travel expenses		**(174,258)**	(186,588)
Rental expenses		**(189,323)**	(180,198)
Communications		**(58,352)**	(41,894)
Printing & Stationery		**(9,074)**	(9,587)
Depreciation expense	5	**(18,044)**	(12,464)
Other expenses	5	**(402,320)**	(378,617)
Surplus before income tax		**91,407**	153,023
Income tax expense	6	**(8,633)**	(41,046)
Surplus for the year		**82,774**	111,977
Other comprehensive (loss)			
Currency translation differences arising during the year	13(a)	**(11,014)**	(12,608)
Other comprehensive (loss) for the year, net of tax		**(11,014)**	(12,608)
Total comprehensive income for the year		**71,760**	99,369

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**162,836**	377,023
Trade and other receivables	8	**281,185**	5,799
Total current assets		**444,021**	382,822
Non-current assets			
Property, plant and equipment	9	**64,799**	72,725
Other non-current assets	10	**48,336**	44,726
Total non-current assets		**113,135**	117,451
Total assets		**557,156**	500,273
LIABILITIES			
Current liabilities			
Trade and other payables	11	**41,182**	56,059
Total current liabilities		**41,182**	56,059
Non-current liabilities			
Total non-current liabilities		**-**	-
Total liabilities		**41,182**	56,059
Net assets		**515,974**	444,214
EQUITY			
Share capital	12	**941,737**	941,737
Reserves	13(a)	**(330,714)**	(319,700)
Accumulated losses	13(b)	**(95,049)**	(177,823)
Total equity		**515,974**	444,214

The above statement of financial position should be read in conjunction with the accompanying notes.

	Share capital $	Reserves $	Accumulated funds $	Total equity $
Balance at 1 January 2016	941,737	(307,092)	(289,800)	344,845
Surplus for the year	-	-	111,977	111,977
Other comprehensive (loss)	-	(12,608)	-	(12,608)
Total comprehensive income for the year	**-**	**(12,608)**	**111,977**	**99,369**
Balance at 31 December 2016	**941,737**	**(319,700)**	**(177,823)**	**444,214**
Balance at 1 January 2017	941,737	(319,700)	(177,823)	444,214
Surplus for the year	-	-	82,774	82,774
Other comprehensive (loss)	-	(11,014)	-	(11,014)
Total comprehensive income for the year	**-**	**(11,014)**	**82,774**	**71,760**
Balance at 31 December 2017	**941,737**	**(330,714)**	**(95,049)**	**515,974**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,318,689**	1,292,880
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,504,675)**	(1,116,637)
		(185,986)	176,243
Interest received		**1,564**	1,819
Income taxes (paid)		**(8,633)**	(41,046)
Net cash (outflow) inflow from operating activities	20	**(193,055)**	137,016
Cash flows from investing activities			
Payments for property, plant and equipment	9	**(11,077)**	(68,680)
Net cash (outflow) from investing activities		**(11,077)**	(68,680)
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		**-**	-
Net (decrease) increase in cash and cash equivalents		**(204,132)**	68,336
Cash and cash equivalents at the beginning of the financial year		**377,023**	319,023
Effects of exchange rate changes on cash and cash equivalents		**(10,055)**	(10,336)
Cash and cash equivalents at end of year	7	**162,836**	377,023

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Company profile

INSEARCH (Shanghai) Limited was formed in the People's Republic of China in 2001 and is the wholly owned entity of INSEARCH Limited, which is incorporated and domiciled in Australia.

The company provides consulting, marketing support and other services to INSEARCH Limited.

2 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board [AASB] and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015.* Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements were authorised for issue by the Directors on 15 March 2018.

(i) Statement of Compliance

The company's financial statements and accompanying notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

Generally accepted accounting principles, authoritative pronouncements of the AASB, including Interpretations, the *Public Finance & Audit Act 1983 and Public Finance and Audit Regulation 2015* have been used to prepare the company's financial statements.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2017:

- *AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

The company also elected to adopt the following amendments early:

- *AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments.*

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	Must be applied for financial years commencing on or after 1 January 2018. Expected date of adoption by the company: 1 January 2018.
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the company's financial statements. Based on management's assessment and received professional advice, the company does not expect any material effect on the company's financial statements from adoption of the new standard.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the company: 1 January 2018.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by company
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $439,505, see note 17. However, the company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the company's profit or loss and classification of cash flows going forward.	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. At this stage, the company does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates.

Estimates are based on the historical experience and other factors that are considered to be relevant, including latest available management information of financial performance and position. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is INSEARCH (Shanghai) Limited's presentation currency, however its functional currency is Chinese Yuan. The average of opening and closing year-end exchanges rates were used for this presentation purposes.

2 Summary of significant accounting policies (continued)

(b) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Other fees and charges

Fees are recognised as revenue when services are provided.

(ii) Other income

Other income includes sale of non-current assets, foreign exchange gain or loss and net gain or loss on disposal of non-current assets. Sale of non-current assets are recognised on an accrual basis.

(d) Expense recognition

All expenses are charged against revenue when the liability has been recognised.

(e) Income tax

The income tax rate of the entity in 2017 ratified by the taxation administration in the People's Republic of China is 10% (2016: 25%), net of local government economic incentive tax exemption of 15% (2016: 0%).

Business income tax payable for the 2017 and 2016 financial year shall be subject to the liquidation amount of responsible tax administrations.

(f) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Assets are initially recorded at their cost at the date of acquisition. Cost is measured as the fair value of the consideration provided at the date of exchange and incidental costs directly attributable to the acquisition.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank and fixed term deposits with financial institutions.

Cash at bank is interest bearing with an interest rate of 0.30% (2016: 0.30%)

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Property, plant and equipment

(i) Acquisitions

All plant and equipment is initially stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance of the assets are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequently all plant and equipment is stated at its recoverable amount, as the carrying amounts of the assets are reviewed annually to determine whether they are in excess of their recoverable amount at reporting date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives of all asset groups are 5 years.

(iii) Disposal

Gains and losses on disposal of assets are determined by comparing the proceeds received with the carrying amount of the asset. The net gain or loss on disposal is included in the statement of comprehensive income.

(k) Leases

Leases of property in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All leases of the company are operating leases.

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis, over the period of the lease.

2 Summary of significant accounting policies (continued)

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee benefits

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Social Insurance

This amount represents social insurance provided for in compliance with Chinese *Labour Contract Law 2007.*

(iii) Housing Superannuation

Housing superannuation is provided for in compliance with Chinese *Labour Contract Law 2007.*

(o) Financial instruments

Financial instruments generate financial assets or liabilities for INSEARCH (Shanghai) Limited. These include cash and cash equivalents, receivables, payables and other financial assets and liabilities. Note 3 discloses the risks and management of those risks of the financial instruments.

3 Financial risk management

INSEARCH (Shanghai) Limited's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operation. INSEARCH (Shanghai) Limited does not enter into or trade in financial instruments.

INSEARCH (Shanghai) Limited's risks arising from financial instruments are outlined below, together with the company's objectives and policies for measuring and managing risk.

INSEARCH (Shanghai) Limited's Board has overall responsibility for the establishment and oversight of risk management. Risk management policies are established to identify and analyse the risk limits and controls, and to monitor risks.

3 Financial risk management (continued)

	Assets at FVOCI $	Assets at FVPL $	Derivatives used for hedging $	Financial assets at amortised cost $	Total $
Financial assets					
2017					
Cash and cash equivalents	-	-	-	**162,836**	**162,836**
Other assets - non-current	-	-	-	**48,336**	**48,336**
	-	-	-	**211,172**	**211,172**
2016					
Cash and cash equivalents	-	-	-	377,023	377,023
Other assets - non-current	-	-	-	44,726	44,726
	-	-	-	421,749	421,749

	Liabilities at FVTOCI $	Derivatives at FVPL $	Derivatives used for hedging $	Liabilities at amortised cost $	Total $
Financial liabilities					
2017					
Trade and other payables	-	-	-	**41,182**	**41,182**
2016					
Trade and other payables	-	-	-	56,059	56,059

The fair value of the above financial instruments is equal to their carrying value.

(a) Market risk

The primary area of market risk that INSEARCH (Shanghai) Limited is exposed to is foreign exchange risk.

(i) Foreign exchange risk

INSEARCH (Shanghai) Limited operates in the People's Republic of China (PRC) and is affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars, and the carrying values of the operations on the statement of financial position of the company.

INSEARCH (Shanghai) Limited views these exposures to movements in exchange rates as long term and therefore does not hedge against foreign exchange movements.

(ii) Interest rate risk

INSEARCH (Shanghai) Limited has no borrowings and therefore no associated payable risk as a result of fluctuating interest rates. INSEARCH (Shanghai) Limited does have an exposure to changes in income due to fluctuations in interest rates.

Cash and cash equivalents comprise of cash on hand and bank balances. The cash at bank is bearing interest rates of 0.30% (2016: 0.30%)

(b) Credit risk

Credit risk arises where there is a possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company.

3 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due.

INSEARCH (Shanghai) Limited maintains adequate cash balances to ensure that it has sufficient funds to meet future operating expenditure and capital expenditure.

Liquidity is managed by the company through the preparation and review of monthly cash flow statements and cash forecasts. Cash at bank is reconciled on a monthly basis and bank balances are independently confirmed as part of the annual audit process

All of the company's financial liabilities are non interest bearing and are due and payable within 12 months.

4 Revenue

	2017	2016
	$	$
From continuing operations		
Other fees and charges	**1,318,722**	1,292,893
Interest income	**1,564**	1,819
	1,320,286	1,294,712

5 Expenses

	2017	2016
	$	$
Surplus before income tax includes the following specific expenses:		
Other expenses		
Promotion	**110,409**	99,942
Staff wellbeing	**215,694**	207,329
Accounting & audit fees	**2,315**	2,424
Insurance	**18,888**	18,160
Service & business tax	**42,787**	42,890
Others	**12,227**	7,872
Total other expenses	**402,320**	378,617

	2017	2016
	$	$
Depreciation		
Fixtures and fittings	**2,835**	9,323
Plant and equipment	**4,646**	1,568
Computer equipment	**10,563**	1,573
Total depreciation	**18,044**	12,464

6 Income tax expense

(a) Income tax expense

	2017 $	2016 $
Current tax	**8,633**	41,046

(b) Reconciliation of income tax expense to prima facie tax payable

	2017 $	2016 $
Surplus from continuing operations before income tax expense	**91,407**	153,023
Tax at the PRC tax rate of 10% (2016 - 25%)	**9,141**	38,256
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**(508)**	2,790
Income tax expense	**8,633**	41,046

7 Cash and cash equivalents

	2017 $	2016 $
Current assets		
Cash at bank and on hand	**162,836**	377,023

8 Trade and other receivables

	2017			2016		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Related party receivables	**275,363**	**-**	**275,363**	-	-	-
Prepayments	**5,822**	**-**	**5,822**	5,799	-	5,799
	281,185	**-**	**281,185**	5,799	-	5,799

9 Property, plant and equipment

	Plant and equipment $	Total $
At 1 January 2016		
Cost	81,111	81,111
Accumulated depreciation	(62,330)	(62,330)
Net book amount	18,781	18,781
Year ended 31 December 2016		
Opening net book amount	18,781	18,781
Exchange differences	(2,272)	(2,272)
Additions	68,680	68,680
Depreciation charge	(12,464)	(12,464)
Closing net book amount	72,725	72,725
At 31 December 2016		
Cost	143,799	143,799
Accumulated depreciation	(71,074)	(71,074)
Net book amount	72,725	72,725
Year ended 31 December 2017		
Opening net book amount	72,725	72,725
Exchange differences	(959)	(959)
Additions	11,077	11,077
Depreciation charge	(18,044)	(18,044)
Closing net book amount	64,799	64,799
At 31 December 2017		
Cost	116,472	116,472
Accumulated depreciation	(51,673)	(51,673)
Net book amount	64,799	64,799

10 Other non-current assets

	2017 **$**	2016 $
Non-current assets		
Security and accommodation deposits	**48,336**	44,726

11 Trade and other payables

	2017 Current $	**2017** Non-current $	**2017** Total $	2016 Current $	2016 Non-current $	2016 Total $
Related party payables	**22,705**	**-**	**22,705**	29,771	-	29,771
Other payables	**18,477**	**-**	**18,477**	26,288	-	26,288
	41,182	**-**	**41,182**	56,059	-	56,059

12 Contributed equity

Share capital

	2017 $	2016 $
Fully paid	**941,737**	941,737

13 Reserves and accumulated funds

(a) Reserves

	2017 $	2016 $
Foreign currency translation reserve	**(330,714)**	(319,700)

Movements:

Foreign currency translation reserve		
Balance 1 January	**(319,700)**	(307,092)
Currency translation differences arising during the financial year	**(11,014)**	(12,608)
Balance 31 December	**(330,714)**	(319,700)

(b) Accumulated funds

Movements in accumulated funds were as follows:

	2017 $	2016 $
Balance 1 January	**(177,823)**	(289,800)
Net surplus for the financial year	**82,774**	111,977
Balance 31 December	**(95,049)**	(177,823)

14 Key management personnel disclosures

Directors

The following persons were Directors of INSEARCH (Shanghai) Limited during the financial year:

A Murphy

J Gruetzner

W Purcell

N Patrick

P Harris

Remuneration of key management personnel was borne by the ultimate parent entity.

15 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity:

Shanghai Tian Cheng Certified Public Accountants Co. Ltd.

	2017 $	2016 $
Audit and other assurance services		
Audit and review of financial reports	**2,315**	2,424
Total remuneration for audit and other services	**2,315**	2,424

The fee paid to the Audit Office of NSW for the audit of the financial statements for the year ended 31 December 2017 and 2016 was borne by the ultimate parent entity.

16 Contingencies

The company had no contingent assets or liabilities at 31 December 2017 (2016: nil).

17 Commitments

(a) Lease commitments

Non-cancellable operating leases

	2017 $	2016 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**172,355**	87,643
Later than one year but not later than five years	**267,150**	-
	439,505	87,643

18 Related party transactions

(a) Parent entities

INSEARCH (Shanghai) Limited is a controlled entity of INSEARCH Limited which is incorporated and domiciled in Australia.

(b) Transactions with related parties

INSEARCH (Shanghai) Limited entered into the following transactions with INSEARCH Limited:

	2017 **$**	2016 $
Consulting service income	**1,318,722**	1,292,893

(c) Outstanding balances from related parties

The following balances are outstanding at the end of the reporting date in relation to transactions with related parties:

	2017 **$**	2016 $
Payables to INSEARCH Limited	**(22,705)**	(29,771)
Receivable from INSEARCH Limited	**275,363**	-

19 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

20 Cash flow information

Reconciliation of surplus after income tax to net cash inflow from operating activities

	2017 **$**	2016 $
Surplus for the year	**82,774**	111,977
Depreciation	**18,044**	12,464
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(278,996)**	143
(Decrease/increase in trade and other payables	**(14,877)**	12,432
Net cash inflow from operating activities	**(193,055)**	137,016

END OF AUDITED FINANCIAL STATEMENTS

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 18 are in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* , including:
   (i) complying with Accounting Standards, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company 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 Directors.

A Murphy
Director

Sydney
15 March 2018

INDEPENDENT AUDITOR'S REPORT

Insearch (Shanghai) Limited

To Members of the New South Wales Parliament and Members of Insearch (Shanghai) Limited

Opinion

I have audited the accompanying financial statements of Insearch (Shanghai) Limited (the Company), which comprise the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Financial Position as at 31 December 2017, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information and the director's declaration.

In my opinion, the financial statements:

- Are in accordance with the *Corporations Act 2001*, including:
  - give a true and fair view of the financial position of the Company, as at 31 December 2017, and of their financial performance and cash flows for the year then ended
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Insearch (Shanghai) Limited on 15 March 2018, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

Directors’ Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and *the Corporations Act 2001*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company 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 or cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf The description forms part of my auditor’s report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Caroline Karakatsanis
Director, Financial Audit Services

20 March 2018
SYDNEY