INSEARCH Education International Pty Limited

ABN 82 068 439 912

Annual report for the year ended 31 December 2017

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This financial statements cover INSEARCH Education International Pty Limited as an individual entity. The financial statements are presented in Australian currency.

INSEARCH Education International Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

INSEARCH Education International Pty Limited
Level 9, 187 Thomas Street
Haymarket, NSW 2000.

INSEARCH Education International Pty Limited
Statement of comprehensive income
For the year ended 31 December 2017

	Notes	2017 $	2016 $
Revenue from continuing operations		-	-
Other income	4	178	179
Other expenses		(444)	(444)
Deficit for the year		(266)	(265)
Other comprehensive income			
Other comprehensive income for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(266)	(265)

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	5	**183,569**	183,835
Total current assets		**183,569**	183,835
Total assets		**183,569**	183,835
LIABILITIES			
Current liabilities			
Total current liabilities		**-**	-
Total liabilities		**-**	-
Net assets		**183,569**	183,835
EQUITY			
Contributed equity	6	**100,000**	100,000
Accumulated funds	7	**83,569**	83,835
Total equity		**183,569**	183,835

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

INSEARCH Education International Pty Limited
Statement of changes in equity
For the year ended 31 December 2017

	Notes	Share capital $	Accumulated funds $	Total equity $
Balance at 1 January 2016		100,000	84,100	184,100
Deficit for the year	7	-	(265)	(265)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	**(265)**	**(265)**
Balance at 31 December 2016		**100,000**	**83,835**	**183,835**
Balance at 1 January 2017		100,000	83,835	183,835
Deficit for the year	7	-	(266)	(266)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	**(266)**	**(266)**
Balance at 31 December 2017		**100,000**	**83,569**	**183,569**

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

	Notes	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		**(444)**	(444)
Interest received		**178**	179
Net cash (outflow) from operating activities	14	**(266)**	(265)
Net (decrease) in cash and cash equivalents		**(266)**	(265)
Cash and cash equivalents at the beginning of the financial year		**183,835**	184,100
Cash and cash equivalents at end of year	5	**183,569**	183,835

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

1 Company profile

INSEARCH Education International Pty Limited is a private company. The company is incorporated and domiciled in Australia. Its registered place of business is Level 9, 187 Thomas Street, Haymarket, NSW 2000.

The company was formed in 1995 and is the wholly owned entity of INSEARCH Limited, which is incorporated and domiciled in Australia.

INSEARCH Education International Pty Limited is not a trading company.

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. INSEARCH Education International Pty Limited is a not for profit entity for the purpose of preparing the financial statements.

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 and Audit Act 1983*, and the *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)

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, INSEARCH Education International Pty Limited's functional and presentation currency.

(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 including interest received, sale of non-current assets and are recognised on an accrual basis.

(d) Expense recognition

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

(e) Income tax

No income tax has been provided in the attached accounts for the Australian operation as the company is exempt from income tax under Section 50-55 of the *Income Tax Assessment Act 1997*.

2 Summary of significant accounting policies (continued)

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority 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 taxation authority, are presented as operating cash flows.

(g) 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.

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash at bank.

Cash at bank is with interest rate of 0.10% (2016: 0.10%).

(j) 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. A provision for impairment is established 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 statement of comprehensive income within other expenses. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously recognised as uncollectible are brought to account against other expenses in statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(k) Investments and other financial assets

Investments, with the exception of financial assets at amortised cost, are measured at fair value. Changes in the fair value are either taken to the statement of comprehensive income or to an equity reserve.

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(l) 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.

(m) 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.

(n) 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.

(o) Financial Instruments

Financial instruments generate financial assets or liabilities for the company. 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 Education International Pty Limited's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operation. INSEARCH Education International Pty Limited does not enter into or trade in financial instruments.

INSEARCH Education International Pty Limited's risks arising from financial instruments are outlined below, together with the entity's objectives and policies for measuring and managing risk.

INSEARCH Education International Pty Limited principal financial instruments:

	Assets at FVOCI $	Assets at FVPL $	Derivatives used for hedging $	Financial assets at amortised cost $	Total $
Financial assets					
2017					
Cash and cash equivalents	-	-	-	**183,569**	**183,569**
2016					
Cash and cash equivalents	-	-	-	183,835	183,835

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

(a) Market risk

The primary areas of market risk that INSEARCH Education International Pty Limited is exposed to are foreign exchange risk and interest rate risk.

(i) Foreign exchange risk

INSEARCH Education International Pty Limited had operations in Thailand which were 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 Education International Pty Limited's 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 Education International Pty Limited has no interest-bearing borrowings and therefore no associated payable risk as a result of fluctuating interest rates. INSEARCH Education International Pty Limited does have an exposure to changes in income due to fluctuations in interest rates.

Cash investments are non-interest bearing. Cash investments are reviewed monthly as part of the management reporting process.

(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 entity.

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.

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 Other income

	2017	2016
	$	$
Interest received	**178**	179

5 Cash and cash equivalents

	2017	2016
	$	$
Current assets		
Cash at bank	**183,569**	183,835

6 Contributed equity

Share capital

	2017	2016
	$	$
Ordinary shares		
100,000 fully paid, ordinary shares	**100,000**	100,000

7 Accumulated funds

(a) Accumulated funds

Movements in accumulated funds were as follows:

	2017	2016
	$	$
Balance 1 January	**83,835**	84,100
Net deficit for the year	**(266)**	(265)
Balance 31 December	**83,569**	83,835

8 Key management personnel disclosures

Directors

The following persons were Directors of INSEARCH Education International Pty Limited during the financial year:

A Murphy
P Harris

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

9 Remuneration of auditors

The fee for the audit of the financial statements for the period ended 31 December 2017 and 2016 was borne by the ultimate parent entity.

10 Contingencies

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

11 Commitments

The company had no commitments at 31 December 2017 (2016: nil).

12 Related party transactions

(a) Parent entities

The controlling entity of INSEARCH Education International Pty Limited is INSEARCH Limited. INSEARCH Education International Pty Limited entered into no transactions with INSEARCH Limited during 2017.

13 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 in subsequent financial years.

14 Cash flow information

Reconciliation of deficit after income tax to net cash (outflow) from operating activities

	2017 **$**	2016 $
Deficit for the year	**(266)**	(265)
Net cash (outflow) from operating activities	**(266)**	(265)

END OF AUDITED FINANCIAL STATEMENTS

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 13 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 company's financial position as at 31 December 2017 and of its performance for the financial 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 Education International Pty Limited

To Members of the New South Wales Parliament and Members of Insearch Education International Pty Limited

Opinion

I have audited the accompanying financial statements of Insearch Education International Pty 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:

- 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 in accordance with Australian Accounting Standards
- 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
- 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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