



# ANNUAL REPORT 2014

# Contents

Directors' Report	04
Corporate Governance Statement	09
Financial Statements	13

## Registered office

INSEARCH Limited  
Level 9, 187 Thomas Street  
Sydney NSW 2000

## Auditor

The Audit Office, New South Wales  
1 Margaret Street  
Sydney NSW 2000

## Solicitors

Marque Lawyers  
Level 4  
343 George Street  
Sydney NSW 2000

## Bankers

Commonwealth Bank of Australia  
431 Sussex Street  
Sydney NSW 2000

## Members

Mr M Williams  
Prof R Milbourne  
Prof A Brungs  
Mr P Bennett  
Ms A Dwyer  
Ms D N Hill  
Mr J M Hutchison *AM*  
Prof B Milthorpe  
Mr A Murphy  
Prof W Purcell  
Prof M Spongberg  
Mr P Woods

## Directors

Mr M Williams  
Mr P Bennett  
Ms A Dwyer  
Ms D N Hill  
Mr J M Hutchison *AM*  
Prof B Milthorpe  
Mr A Murphy  
Prof W Purcell  
Prof M Spongberg  
Mr P Woods

# Chair's Letter



INSEARCH finished 2014 with a strong financial performance, and more importantly, with the highest numbers of students ever to study here, most of whom will continue their studies at UTS.

The strength of INSEARCH's financial performance provides the resources required to deliver exceptional academic and English language education for students from across the world. Ultimately, this investment enables us to continuously improve our programs, thus attracting and articulating high quality students to the University.

As the domestic and international environment in education continues to evolve, we will need to adapt accordingly, in step with UTS. As mentioned in previous Annual Reports, we must assume that our international catchment areas will undergo significant transformation in the years ahead. The challenge will be for INSEARCH to develop strategies in cooperation with UTS to manage the changes. Key markets such as China continue to provide growth but we need to increase our active exploration of other potential markets. The recent visit to Indonesia by the Board serves as an illustration of our determination to better understand that market and the opportunities it offers. But there is much more to do.

We are working very constructively on these matters with the new UTS Vice Chancellor, Professor Attila Brungs, who has also shown a keen interest in our activities here at INSEARCH. In December we welcomed Professor Brungs at INSEARCH to address our staff. Professor Brungs provided insights into the sector, the University's focus for 2015 and the importance of our relationship with the University. The time spent by the Vice-Chancellor was very welcome as we work towards greater alignment between UTS and INSEARCH.

The continued high profile of UTS, now ranked 21st in the world for universities under 50 years old, in the QS Top 50 Under 50 and the world's 28th most international university according to Times Higher Education, also assists us in attracting high calibre students looking for the most effective pathway to the University.

As part of the University's \$1.2 billion City Campus Master Plan, 2014 saw the unveiling of the new Engineering & IT building, Alumni Green and in 2015, the outstanding Dr Chau Chak Wing Building designed by Frank Gehry, for the UTS Business School. With the Health and Science building also opening this year and further ongoing improvements, the vibrancy injected into the UTS precinct is providing INSEARCH with a wonderful boost for engaging and attracting students.

In 2014, we not only expanded delivery of our offshore English programs through our partners but also launched a new English for Academic Research course to prepare students for postgraduate research studies at UTS, reflecting the University's strength and leadership in research.

We celebrated our 20th year of partnership with Sydney Institute of Language and Commerce (SILC) in Shanghai, which has now developed into a "key technology partnership" between UTS and Shanghai University. EIC, based in Guangzhou, joined us as a new partner and commenced delivery of our English Language curriculum in new locations within China. IEN Institute now delivers our Academic English language curriculum in Korea, which adds to our existing offshore presence via the Australian Centre for Education and Training (ACET) in Vietnam, a partnership with IDP, and ELTI Gamedia and Universitas Multimedia Nusantara (UMN) in Indonesia, a partnership with Kompas Gramedia Group.

We contributed to the development of young global leaders of the future through the sponsorship of the Conference of Australian and Indonesian Youth (CAUSINDY), and the Australia India Youth Dialogue (AIYD). We also provided for scholarships for two former North Korean students, now refugees in South Korea, and for students under our Indigenous Scholarship Program in conjunction with the Jumbunna House of Learning, a relationship that continues to grow as highlighted in the MD's Review.

On behalf of the Board, I would like to express my deep thanks to the Chancellor and the current and previous Vice-Chancellors, the UTS Executive and their senior colleagues for their continued support.

I would also like to acknowledge personally the invaluable contribution of my fellow Board members, in particular Professor Bruce Milthorpe who retired from the Board after completing his five-year term. We also welcomed Professor Mary Spongberg who joined the Board following Professor Milthorpe's retirement and is providing us with a key relationship into another important area of UTS, the Faculty of Arts and Social Sciences.

We also thank the INSEARCH Academic Board and Chair for overseeing the curriculum development and accreditation of our courses.

To the Managing Director Alex Murphy, the Senior Leadership Team and all the teachers and staff, on behalf of the Board we offer our sincere thanks and commendations for your achievements of last year.

A handwritten signature in black ink, appearing to read 'Mack Williams'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Mack Williams, INSEARCH Limited

# Managing Director's Review

2014 saw INSEARCH finish strongly and profitably, primarily led by commencements from China, the domestic market and from consistently performing markets such as the Subcontinent and Vietnam. We also contributed to an increase in international undergraduate student numbers to UTS.

As a premium pathway provider to UTS, our priority has always been to ensure that we provide quality education which prepares our students for a range of exciting undergraduate programs offered by the University. This includes offering a flexible range of options to students and incorporating blended learning practice in our curricula, thus better preparing our students for the evolving educational methodologies at UTS.

We worked closely with UTS in redesigning our courses to ensure strong alignment with UTS bachelor degrees and optimum credit recognition and advanced standing. These courses include a social and digital media stream in the Diploma in Communication, a life science stream in the Diploma in Science, and launch of the Diploma in Design & Architecture.

We added a four semester option to our diplomas, and implemented a new UTS Foundation Studies curriculum to meet the needs of our international students and enhance their learning experience.

Our students and partners are assured our courses adhere to the highest of standards and quality, with our performance having been reviewed by the Tertiary Education Quality & Standards Agency (TEQSA). Having met TEQSA's standards threshold, INSEARCH's provider registration, course accreditation and CRICOS registration was renewed for a further seven year period, taking it to January 2022.

Student surveys indicated that 92% of students confirmed they were receiving the knowledge and skills they were looking for at INSEARCH and that 88% of students would recommend INSEARCH.

Our partnership with the Jumbunna Indigenous House of Learning was further enhanced by the provision of nine scholarship places for Indigenous students in our diploma programs and sponsorship of the Jumbunna Outreach and Recruitment program. The program offers outreach and recruitment initiatives for Indigenous high school students, designed to build aspiration, knowledge and pathways into UTS. The program also focuses on developing a long term relationship with students, their families and community, and we look forward to working further with Jumbunna in 2015.

Our first Leadership Program was piloted successfully, with 11 students from China participating in the program to develop practical leadership and work-readiness skills. We intend to continue this program and extend it to other students in 2015. We thank the Australian employers who have been involved in this initiative.



Following the enhancements to our course offerings, marketing activities such as student recruitment campaigns, open days, and a series of Science, Design and Engineering road shows were held in India, China, Indonesia and Vietnam and contributed to building our market profile and increasing student numbers. Our domestic advertising campaign won the 2014 ATEM/Campus Review Best Practice Award in Tertiary Education Management for Marketing, Communication and Public Relations, and was a NSW finalist in the Australian Marketing Institute's 2014 Marketing Excellence Awards.

While we are pleased with our growth in 2014, this presented us with a new set of challenges as greater demands have been placed on our premises. To enhance the student experience, we refurbished several facilities including an entire floor in our main building. This floor was purpose-built to increase collaborative learning, create flexible learning spaces and improve technology access for students and teachers as we incorporate blended learning across all our courses. This is of particular importance as our focus on blended learning will better prepare students that articulate to UTS for the "Learning Futures" environment at the University.

Our success is always a collaborative one. The achievements of 2014 would not have been possible without the engagement and enthusiasm of our teachers and the broader INSEARCH team, our dedicated students, the support of the UTS community and our partners, and the commitment and efforts of my colleagues in the Senior Leadership Team.

We remain focused this year on continuing to deliver outstanding educational experiences to ensure more students can achieve their goal of studying at UTS.

A handwritten signature in black ink, appearing to read 'Alex Murphy', written in a cursive style.

Alex Murphy, INSEARCH Limited



# Directors' Report

This report of the directors of INSEARCH Limited is made in accordance with a resolution of the directors in accordance with section 298(2)(a) of the *Corporations Act 2001*.

## Directors

The names of directors in office during the year and at the date of this report are:

	Note 20 Date of Appointment
Mr M Williams <i>(Chair from 23 November 08)</i>	26 June 08
Mr P Bennett	25 May 11
Prof A Dwyer	2 March 15
Ms D N Hill	27 March 08
Mr J M Hutchison AM	27 November 08
Prof B Milthorpe <i>(Resigned 30 June 14)</i>	1 August 09
Mr A Murphy	3 September 07
Prof W Purcell	21 May 09
Prof M Spongberg	1 July 14
Mr P Woods <i>(Resigned 9 February 15)</i>	25 May 07

## Company Secretary

The name of the Company Secretary in office at the date of this report is:

Mr N L Patrick  
*(appointed 21 October 10)*

## Principal activities

The activities of the company during the financial year ended 31 December 2014 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

## Review and results of operations

In addition to the Chair's Letter on page 2, INSEARCH also reported a profit of \$8.6m, after the payment of a donation to the University of Technology, Sydney (UTS) of \$3.1m (Note 6). This profit added to the prior year accumulated profits brings the balance of the accumulated funds to \$51.8m.

## Business strategies and future developments

The main objectives of the company are to provide pathway courses for undergraduate entry to the University of Technology, Sydney and to pay donations to the University when appropriate. Scholarship programs and partnerships with other organisations to provide educational facilities/ courses are also objectives of the company. The strategies of the company are focused on achieving these objectives.

Business strategies, prospects and future developments, which may affect the operations of the company in subsequent years, have been reported as appropriate elsewhere in this report. In the opinion of the directors, disclosure of any further information on future developments would be unreasonably prejudicial to the interests of the company.



The INSEARCH Limited Board. Not pictured: Prof W Purcell and Prof B Milthorpe

# Directors' Report (continued)

## Directors' benefits

No director of the company has, during and since the end of the financial year, received or become entitled to receive a benefit, other than the benefit included in the aggregate amount of director's compensation shown on Note 20 of the financial report.

## Insurance of directors and officers

During the financial year a premium to insure directors and officers of the company was paid by the University of Technology, Sydney to the amount of \$5,725 (2013: \$5,363) per S300 (1)(g), 300(8) and 300(9) of the *Corporations Act, 2001*.

The liabilities insured include costs and expenses that may be brought against the directors and officers in their capacity as directors and officers of the company.

## Information on directors

### **Mack Williams, Non-Executive Director, Chair of the Board, Member of the Remuneration Committee**

Mr Williams had a long career in the Australian diplomatic service – including as High Commissioner to Bangladesh, Ambassador to the Philippines and the Republic of Korea and senior positions in Canberra.

He followed this with consultancies in the commercial and academic sectors (including for Coca-Cola Amatil and the Vice-Chancellor of the University of Sydney) as well as roles on boards of not-for-profit organisations.

Mr Williams has been Vice President of the Australia Korea Business Council, a member of the Australia Korea Foundation Board, President of the NSW Branch of Australian Institute of International Affairs and a member of the Board of Clean Up Australia and of the Research Institute for Asia and the Pacific at the University of Sydney. Currently he is Co-Chair of the Advisory Board of the Korea Research Institute at the University of New South Wales and a member of the Sight for Life board at Sydney Eye Hospital.

### **Peter Bennett, BEc, DipEd, MBA, FCPA, GAICD, SA Fin, Non-Executive Director, Member of the Audit and Risk Committee**

Mr Bennett has 30 years of experience in accounting and finance including holding senior executive positions in the finance industry, and the consumer goods industry, in the Asia Pacific region.

He is also a member of the UTS Council and a board member of Campbell Page.

### **Anne Dwyer, BA (Hons), BBus (CSU), MAICD, Non-Executive Director**

Ms Dwyer has been the Deputy Vice-Chancellor and Vice-President (Corporate Services) at UTS since 2004. She joined UTS in 1999 as Director of the Information Technology Division and her current responsibilities include Human Resources, Information Technology, Student Administration, Marketing & Communication, Governance Support and Legal Services.

Ms Dwyer held several financial and administrative management roles at Ansett Air Freight, before moving into information technology. She was the Director of IT for Arthur Andersen's Australian and New Zealand operations prior to joining UTS.

Ms Dwyer was appointed as a director of INSEARCH Limited on 2 March 2015.

### **Dianne Hill, BA Accounting, FCA, FAICD, MRSA, AIPM, Non-Executive Director, Chair of the Audit and Risk Committee**

Ms Hill has 30 years of experience as a Chartered Accountant and is a former New South Wales President and National Councillor of Chartered Accountants Australia and New Zealand and a member of the Advisory Group that provides an ethical counselling service to Chartered Accountants.

She is also a member of the Australian Institute of Internal Auditors. Ms Hill has been a non-executive director for 20 years and is a fellow of the Australian Institute of Company directors and a Trustee member of CEDA.

Ms Hill is a director of Job Futures Limited (Chair of the Audit and Risk Committee), Scope Global Limited, accessUTS Pty Ltd, and her management consulting company, Sector Research Pty Ltd. She is a member of the Audit and Risk Committee of the Audit Office of New South Wales, Service NSW, Land and Housing Corporation, and a facilitator for Company Directors.

She is a former director of the Australian Consumers Association (awarded Life Membership) and the Internal Audit Bureau of New South Wales.

# Directors' Report (continued)

**Jonathan Hutchison AM, B Com, CPA, Non-Executive Director, Chair of the Remuneration Committee**

Mr Hutchison was the Chief Executive Officer of Business Events Sydney from 1998 to 2011. Prior to that appointment, and after a long career as a senior executive in the aviation industry, Mr Hutchison was appointed Managing Director of the Australian Tourist Commission, now known as Tourism Australia.

Mr Hutchison is an Adjunct Professor at UTS and Chair of UTS's Australian Centre for Event Management Advisory Board. He is also a director of Tasman Cargo Airlines and Presdyn Pty Ltd, and is a tourism and business events consultant.

In 2006, Mr Hutchison was awarded membership of the Order of Australia for his service to tourism and business, through promoting Australia as a travel destination and in leadership and advisory roles with industry international and national organisations.

**Bruce Milthorpe, BA (Hons), Grad Dip H Ed, PhD, FBSE, GAICD, Non-Executive Director**

Professor Milthorpe is Dean of the Faculty of Science at UTS. He has 27 years' experience in biomedical engineering and 10 years' experience in senior leadership roles in tertiary education.

Professor Milthorpe is a director of the Sydney Institute of Marine Science and an Editorial Board member for the International Journal of Biomaterials and Materials Science: Materials in Medicine.

Professor Milthorpe resigned as a director of INSEARCH Limited on 30 June 2014.

**Alex Murphy, BA (Hons), MAICD, Managing Director**

Mr Murphy is Managing Director of INSEARCH. He has 23 years' experience with INSEARCH in education, marketing and senior management roles.

Mr Murphy has had a long interest in higher education, intercultural business and ethics, and has lived and worked in Indonesia. He studied linguistics, philosophy and Indonesian and Malayan studies at the University of Sydney and undertook research at the University of Sydney and Macquarie University, where he also lectured in linguistics. Mr Murphy ensures that learning and development of staff is fully-supported by INSEARCH and he accesses executive training programs and coaching regularly to support his own learning and development.

Mr Murphy has been a member of the St James Ethics Centre since 1997.

**William (Bill) Purcell, BCom (Hons), Dip Jap St, PhD, Non-Executive Director, Member of the Remuneration Committee**

Professor Purcell is Deputy Vice-Chancellor and Vice President (International & Advancement) at UTS. He was formerly Deputy Vice-Chancellor (International) at the University of Newcastle.

Professor Purcell is a Director of Sydney Educational Broadcasting Ltd, UTS Global Ltd, UTS Beijing Ltd and a Trustee of the Mitsui Education Foundation. He is a board member of the Art Gallery of New South Wales VisAsia Board, Study Overseas Foundation and is also the Asia-Pacific Vice Chair of CASE (Centre for Support and Advancement of Education) based in Washington DC.

Professor Purcell's other corporate board positions have included Chairman and CEO of UON Singapore Pte Ltd, IDP Education Australia Ltd and AHIEA Ltd. Professor Purcell has also served as a consultant and advisor to business and government across Australia and Asia in the area of business internationalisation and joint venturing.

# Directors' Report (continued)

## **Mary Spongberg, BA (Hons), PhD, Non-Executive Director**

Professor Spongberg has been Dean of the Faculty of Arts & Social Sciences at UTS since May 2013.

She was previously a Professor of Modern History and Associate Dean of Research in the Faculty of Arts at Macquarie University. Prior to joining Macquarie, Professor Spongberg was a National Health and Medical Research Center post-doctoral fellow in Women's Studies at the University of Sydney.

Professor Spongberg has taught Australian History, European History and Women's Studies at Macquarie University and the University of Sydney.

Prof Spongberg was appointed as a director of INSEARCH Limited on 1 July 2014.

## **Patrick Woods, BSc, MBA, ACPA, FAICD, Non-Executive Director, Member of Audit and Risk Committee**

Mr Woods is the Deputy Vice Chancellor and Vice President (Resources) at UTS. Prior to joining UTS in 2006, he spent 28 years in the private and corporate sectors holding numerous CEO, director and executive positions in various local companies, as well as international companies across North America, Asia and the Middle East.

Mr Woods is a director of the Pain Management Research Institute as well as Woods Int. Pty. Ltd. He has held board roles in various sectors, including information technology, distribution, advertising, recruitment, health and higher education. He has been a member of audit and risk, commercial activities, finance, physical infrastructure and board nominations committees.

Mr Woods resigned as a director of INSEARCH Limited on 9 February 2015.

## **Information on Company Secretary**

### **Nathan Patrick, BBus, GradDipACG, FCA, AGIA, ACIS, FAICD, Company Secretary**

Mr Patrick was appointed Chief Financial Officer of INSEARCH Limited in 2010. During the previous 25 years he held senior financial, management and governance positions in the professional services, manufacturing and construction industries, in Australia and Asia.

His career includes more than 15 years in diverse roles in 'Big 4' accounting firms and five years as the chief operating officer of a law firm.



# Directors' Report (continued)

## Meeting of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2014, and the numbers of meetings attended by each director were:

Director	INSEARCH Board Meetings (8)		Audit & Risk Management Committee Meetings (4)		Remuneration Committee Meetings (3)	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mack Williams	8	8	-	-	7	7
Dianne Hill	8	8	4	4	-	-
Jonathan Hutchison	8	8	-	3	7	7
William Purcell	8	7	-	1	7	7
Bruce Milthorpe	4	4	-	-	-	-
Mary Spongberg	4	4	-	1	-	-
Alex Murphy	8	8	-	4	-	-
Patrick Woods	8	7	4	4	-	-
Peter Bennett	8	8	4	4	-	-

## Note:

- Directors have an open invitation to attend any Audit & Risk Committee meeting.
- Professor Bruce Milthorpe resigned in June 2014 and Professor Mary Spongberg replaced Professor Milthorpe from July 2014

## Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless shown otherwise.

## Auditor

A copy of the Auditor's Independent Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 49 of this report.

For and on behalf of the directors signed at Sydney this 14 April 2015.



Mack Williams  
Director



Alex Murphy  
Director

# Corporate Governance Statement

At INSEARCH, the Board of Directors is committed to the highest standards of corporate governance and business conduct. As a public company limited by guarantee, INSEARCH is not required to report against the Corporate Governance Principles and Recommendations (CGPR) established by the Australian Stock Exchange (ASX), but chooses to adopt the principles that are appropriate to INSEARCH and uses them as a guide to best practice in corporate governance and as a framework for its reporting. This Corporate Governance Statement sets out how INSEARCH applies the selected CGPR principles.

## Introduction

INSEARCH, trading as UTS:INSEARCH, is a registered Higher Education Provider, English Language Intensive Courses for Overseas Students (ELICOS) Provider and is National English Language Training Accredited Scheme (NEAS) accredited.

INSEARCH assists and promotes the University of Technology, Sydney (UTS) and carries out the objectives as set out in the INSEARCH Constitution, including:

- To provide pathway courses for undergraduate entry to UTS; and
- To make donations to UTS of such amounts and at such times as the Board may determine.

As part of its ongoing relationship with UTS, INSEARCH reports to UTS as follows:

- INSEARCH's annual financial accounts are included in the UTS Annual Report;
- INSEARCH provides quarterly reports to the UTS Commercial Activities Committee, which reports to the UTS Council;
- UTS has four appointed representatives on the INSEARCH Board of Directors; and
- The UTS Senior Deputy Vice-Chancellor oversees the academic and commercial relationship between UTS and INSEARCH.

## Principle 1: Lay solid foundations for management and oversight

### Role and composition of the Board

The Board's responsibilities are set out in the Board Charter. The Board is responsible for providing leadership and setting strategic direction and has the authority to determine all matters relating to the policies, practices, management and operations of INSEARCH. The Board delegates execution to the Managing Director. It is required to do all things that may be necessary in order to carry out the objectives of INSEARCH in compliance with INSEARCH's stated values.

The Board holds regular meetings. It is expected to meet at least six times per calendar year and as may otherwise be required to deal with urgent matters that arise between the scheduled meetings. The Board is committed to INSEARCH's compliance with all of its contractual, statutory, ethical and any other legal obligations, including the requirements of its regulatory bodies.

The Board has established the following committees to assist it in discharging its functions:

- Audit and Risk Committee;
- Academic Board; and
- Remuneration Committee.

The roles of each committee are set out in separate committee charters approved by the Board.

## Principle 2: Structure the Board to add value

INSEARCH currently has eight Directors, of which only the Managing Director is an Executive Director. The remaining Directors are all Non-Executive.

The Chair is a Non-Executive Director and there is a clear division of responsibility between the Chair and the Managing Director.

All incumbent Directors bring an independent judgment to bear in Board deliberations.

The Board and committees evaluate their performance on an annual basis, in a manner that is considered appropriate by the Chair of the Board or committee.

# Corporate Governance Statement (continued)

## Principle 3: Promote ethical and responsible decision-making

The Board strongly supports and seeks to promote and encourage ethical and responsible decision-making.

### Ethics and conduct

INSEARCH has a Code of Ethics. The Code sets out the core values in which the organisation acts to achieve its purpose and provides a framework for individuals and teams to engage in ethical decision-making within the organisation.

The Code sets out INSEARCH's commitment to being an international, commercial provider of premium higher education and operating with integrity, honesty, courage, compassion, respect and imagination.

The Code of Ethics is included in key relevant external and internal publications for students, staff, channel partners and other stakeholders. It is also available on both the staff intranet site and the company website.

INSEARCH also has a Code of Conduct which aims to set out the conduct required for all staff and affiliates in the performance of their work, duties and functions and the consequences of not meeting these requirements. This is reviewed regularly and it is communicated to every new employee and reinforced by managers and team leaders on a regular basis.

The Board, senior executives, management and all employees of INSEARCH are committed to implementing the Code of Conduct and each Director, senior executive, manager and employee is accountable for compliance with the Code of Conduct, in addition, INSEARCH Directors and all staff confirm their compliance with the code of Conduct and code of ethics annually.

### Academic governance

Academic governance relates to the integrity of INSEARCH's core higher education activities of learning, teaching and scholarship and, in particular, the structures, policies and processes which support academic standards, quality outcomes and continuous improvement. The Board delegates these academic functions to the INSEARCH Academic Board.

The Academic Board offers leadership to the organisation's academic community and manages its educational quality system. The Academic Board ensures that INSEARCH's approach to learning and teaching is defined, academic standards are maintained and academic policies are sound and effectively monitored.

The Academic Board has established the following committees to assist it in discharging its functions:

- Course Advisory Committees;
- Quality and Curriculum Committee;
- Results Ratification Committee;
- English Board of Studies; and
- Sydney Institute of Language and Commerce
- INSEARCH Program Management Committee.

The roles of the committees are set out in separate charters approved by the Academic Board.

## Principle 4: Safeguard integrity in financial reporting, and Principle 7: Recognise and manage risk Audit and Risk Committee

The Board has established an Audit and Risk Committee to assist the Board in relation to its oversight and review of the:

- Reliability and integrity of financial information;
- Internal control environment;
- Audit, accounting and financial reporting obligations;
- Risk management framework;
- Compliance with applicable laws and regulations; and
- Compliance with the requirements of the internal and external audit programs.

The responsibilities of the Audit and Risk Committee are set out in a charter approved by the Board.

The Committee consists of three Non-Executive Directors who at the date of this report are:

- Ms Dianne Hill (Chair);
- Mr Patrick Woods (resigned 9 February 2015);
- Mr Peter Bennett; and
- Ms Anne Dwyer (appointed 2 March 2015)

# Corporate Governance

## Statement (continued)

It meets at least four times a year and receives regular reports from management. Internal and external auditors attend these meetings and have direct line of communication to the Chair of the Committee and the Chair of the Board.

The Board has implemented risk management measures that include a Risk Management Framework that incorporates processes to identify, assess, manage and report risks, and maintains comprehensive policies, procedures and guidelines. These cover areas such as business continuity, management, training and development, finance and administration, marketing and sales, academic good practice and management of the corporate brand and reputation.

### Principle 5: Make timely and balanced disclosure

The company is not publicly listed and therefore is not subject to ASX Listing Rules disclosure requirements. However, the company reports to its members and stakeholders and has reporting requirements. These reporting requirements include presenting audited financial statements at its Annual General Meeting and lodging these statements with the Australian Securities and Investment Commission (ASIC), the Australian Charities and Not-for-profits Commission (ACNC), and the Tertiary Education Quality and Standards Agency (TEQSA). UTS incorporates the INSEARCH annual results into the UTS annual report.

### Principle 6: Respect the rights of members/ shareholders

INSEARCH communicates relevant and important information regularly to its stakeholders by:

- Circulating the annual report and full financial information;
- Providing information about the last four years' annual reports and financial data on the company website;
- Providing access to information and updates through e-communications, the INSEARCH website and media communications.

### Principle 8: Remunerate fairly and responsibly

#### Remuneration Committee

The Board has established a Remuneration Committee, whose role, composition and structure are set out in its charter approved by the Board.

The Remuneration Committee is comprised of non-executive directors, who at the date of this report are:

- Mr Mack Williams (Chair up to August 2014);
- Mr Jonathan Hutchison AM (Chair from September 2014); and
- Prof William (Bill) Purcell.

Changes to non-executive director remuneration are subject to an independent review, directors' resolution and, in accordance with INSEARCH's Constitution, approval by members' special resolution at a general meeting. The Managing Director's remuneration is subject to the contract with INSEARCH and can be amended by the Board, within a framework noted in the Constitution.

Approved by the Board 25 March 2015

# Financial Statements

Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	17
Notes to the financial statements	18
Directors' declaration	46
Independent Auditor's Report to members	47
Auditor's Independence declaration	49

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# Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	Consolidated		Parent entity	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Revenue from continuing operations	4	80,868	63,551	82,552	63,547
Other income	5	538	591	538	591
Employee benefits expenses	6	(31,654)	(27,393)	(31,436)	(27,237)
Depreciation and amortisation expense	6	(4,216)	(4,604)	(4,191)	(4,571)
Other expenses	6	(37,651)	(30,094)	(37,362)	(30,249)
Finance income / (costs)		(39)	90	(39)	90
Share of net profit/(loss) of associate and joint venture accounted for using the equity method	9	796	746	-	-
<b>Surplus for the year attributable to members</b>		<b>8,642</b>	<b>2,887</b>	<b>10,062</b>	<b>2,171</b>
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	19 [a]	24	177	-	-
Exchange differences on translation of disposed foreign operations	19 [a]	463	-	-	-
<b>Other comprehensive income for the year</b>		<b>487</b>	<b>177</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to members</b>		<b>9,129</b>	<b>3,064</b>	<b>10,062</b>	<b>2,171</b>

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

# Statement of Financial Position

As at 31 December 2014

	Note	Consolidated		Parent entity	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	65,723	51,978	65,239	51,546
Trade and other receivables	8	6,594	7,091	6,742	7,160
<b>Total current assets</b>		<b>72,317</b>	<b>59,069</b>	<b>71,981</b>	<b>58,706</b>
<b>Non-current assets</b>					
Investments accounted for using the equity method	9	650	1,517	-	-
Property, plant and equipment	10	8,645	8,072	8,624	8,033
Intangible assets	11	4,378	3,860	4,378	3,860
Other non-current assets	12	47	37	405	378
<b>Total non-current assets</b>		<b>13,720</b>	<b>13,486</b>	<b>13,407</b>	<b>12,271</b>
<b>Total assets</b>		<b>86,037</b>	<b>72,555</b>	<b>85,388</b>	<b>70,977</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	13	337	232	326	222
Finance lease liability	14	28	177	28	177
Provisions	15	2,840	2,233	2,840	2,233
Other current liabilities	16	29,440	26,066	29,440	26,069
<b>Total current liabilities</b>		<b>32,645</b>	<b>28,708</b>	<b>32,634</b>	<b>28,701</b>
<b>Non-current liabilities</b>					
Finance lease liability	17	10	38	10	38
Provisions	18	2,246	1,802	2,246	1,802
<b>Total non-current liabilities</b>		<b>2,256</b>	<b>1,840</b>	<b>2,256</b>	<b>1,840</b>
<b>Total liabilities</b>		<b>34,901</b>	<b>30,548</b>	<b>34,890</b>	<b>30,541</b>
<b>Net assets</b>		<b>51,136</b>	<b>42,007</b>	<b>50,498</b>	<b>40,436</b>
<b>Equity</b>					
Reserves	19 [a]	(737)	(1,224)	-	-
Retained surplus	19 [b]	51,873	43,231	50,498	40,436
<b>Total equity</b>		<b>51,136</b>	<b>42,007</b>	<b>50,498</b>	<b>40,436</b>

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

# Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Reserves	Retained surplus	Total equity
		\$000	\$000	\$000
<b>Consolidated</b>				
Balance at 1 January 2013		(1,401)	40,344	38,943
Surplus for the year	19 [b]	-	2,887	2,887
Exchange differences on translation of foreign operations	19 [a]	177	-	177
<b>Total comprehensive income for the year</b>		<b>177</b>	<b>2,887</b>	<b>3,064</b>
Balance at 31 December 2013		(1,224)	43,231	42,007

	Note	Reserves	Retained surplus	Total equity
		\$000	\$000	\$000
<b>Consolidated</b>				
Balance at 1 January 2014		(1,224)	43,231	42,007
Surplus for the year	19 [b]	-	8,642	8,642
Exchange differences on translation of foreign operations	19 [a]	487	-	487
<b>Total comprehensive income for the year</b>		<b>487</b>	<b>8,642</b>	<b>9,129</b>
Balance at 31 December 2014		(737)	51,873	51,136

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

# Statement of Changes in Equity (continued)

For the year ended 31 December 2014

	Note	Reserves	Retained surplus	Total equity
		\$000	\$000	\$000
<b>Parent</b>				
Balance at 1 January 2013		-	38,265	38,265
Surplus for the year	19 [b]	-	2,171	2,171
Total comprehensive income for the year		-	2,171	2,171
Balance at 31 December 2013		-	40,436	40,436

	Note	Reserves	Retained surplus	Total equity
		\$000	\$000	\$000
<b>Parent</b>				
Balance at 1 January 2014		-	40,436	40,436
Surplus for the year	19 [b]	-	10,062	10,062
Total comprehensive income for the year		-	10,062	10,062
Balance at 31 December 2014		-	50,498	50,498

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

# Statement of Cash Flows

For the year ended 31 December 2014

	Note	Consolidated		Parent entity	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Cash Flows from Operating Activities</b>					
Receipts from customers (inclusive of goods and services tax)		85,270	69,655	86,928	72,241
Donation paid to the University of Technology, Sydney		(3,148)	(2,648)	(3,147)	(2,648)
Payment to suppliers and employees (inclusive of goods and services tax)		(67,423)	(56,232)	(67,403)	(56,293)
		14,699	10,775	16,378	13,300
Net interest received		1,660	1,500	1,658	1,498
Interest paid		(10)	(46)	(10)	(46)
Associate distribution received		1,686	2,546	-	-
Input tax credit refund from Australian Taxation Office		1,212	1,037	1,212	1,037
<b>Net cash inflow from operating activities</b>	27	<b>19,247</b>	<b>15,812</b>	<b>19,238</b>	<b>15,789</b>
<b>Cash Flows from Investing Activities</b>					
Payments for property and equipment and intangible assets		(5,337)	(1,779)	(5,332)	(1,779)
Loans to Joint Venture		(25)	(40)	(25)	(40)
Proceeds from sale of property, plant and equipment		2	2	2	2
<b>Net cash (outflow) from investing activities</b>		<b>(5,360)</b>	<b>(1,817)</b>	<b>(5,355)</b>	<b>(1,817)</b>
<b>Cash Flows from Financing Activities</b>					
Finance lease payments		(190)	(402)	(190)	(402)
<b>Net cash (outflow) from financing activities</b>		<b>(190)</b>	<b>(402)</b>	<b>(190)</b>	<b>(402)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>13,697</b>	<b>13,593</b>	<b>13,693</b>	<b>13,570</b>
Cash and cash equivalents at the beginning of the financial year		51,978	38,366	51,546	37,976
Effects of exchange rate changes on cash and cash equivalents		48	19	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>65,723</b>	<b>51,978</b>	<b>65,239</b>	<b>51,546</b>

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



# Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

## 1. The company

INSEARCH Limited is a public company, limited by guarantee of its members, having no share capital. The company is incorporated and domiciled in Australia. Its registered place of business is Level 9, 187 Thomas Street, Haymarket, NSW 2000. The company provides education services in English language, business and other disciplines to Australian and overseas students in Australia.

INSEARCH Limited is a controlled entity of the University of Technology, Sydney. This status is a reflection of the terms of the INSEARCH constitution and the structure of the INSEARCH Board.

The company has the wholly owned entities, INSEARCH Education International Pty Limited, INSEARCH Education and INSEARCH (Shanghai) Limited. INSEARCH Education International Pty Limited is a private company, incorporated in Australia and formed in 1995. INSEARCH Education is a company registered as a charity in the United Kingdom and was formed in 2004. INSEARCH (Shanghai) Limited provides consulting, marketing support and other services to INSEARCH Limited. INSEARCH (Shanghai) Limited was formed in 2001 in the Peoples Republic of China.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for the parent entity and the Group comprising INSEARCH Limited and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the *Corporations Act 2001*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. INSEARCH Limited is a not-for-profit entity.

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 25 March 2015.

#### (i) Statement of compliance

The parent entity'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*, the *Public Finance and Audit Regulation 2010*, and the *Corporations Act 2001* have been used to prepare the subsidiaries' financial statements.

#### (ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- *AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period*

#### (iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 January 2014.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (iv) Historical cost convention

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

#### (v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

INSEARCH Limited has made estimates on the valuation of its associate and joint venture investments. 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) Principles of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of INSEARCH Limited ('company' or 'parent entity') as at 31 December 2014 and the results of all subsidiaries for the year then ended. INSEARCH Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (ii) Associates

Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions receivable from associates are recognised in the parent entity statement of comprehensive income, while in the consolidated financial statements they are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (b) Principles of consolidation (continued)

#### (iii) Joint ventures

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Details relating to the partnership are set out in note 9. Initial investment in the joint venture in the form of a loan is recognised as a financial asset.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

### (c) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 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.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

#### (iv) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

### (d) 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.

Revenue is recognised for the major business activities as follows:

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (d) Revenue recognition (continued)

#### (i) Fees

Education fees are recognised as revenue in advance upon student enrolment and are then disbursed to revenue at the time of course delivery. Education revenue is disclosed net of refunds.

#### (ii) Other fees and charges

Fees are recognised as revenue when services are provided.

#### (iii) Other income

Other income includes foreign exchange gain or loss and net gain or loss on disposal of non-current assets.

### (e) Expense recognition

#### (i) Direct Expenses

Costs associated with delivering educational programs are recognised at the time of course delivery. Direct expenses incurred for courses not delivered are treated as prepayments.

#### (ii) Other Expenses

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

### (f) 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*.

Income tax has been provided, where appropriate, for the other overseas entities.

### (g) 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 consolidated 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.

### (h) 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.

### (i) Impairment of assets

Assets 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, 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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank is interest rate bearing with interest rates between 0.10% and 2.00% (2013: 0.10% and 2.65%). Deposits at Call are bearing a floating interest rate at 2.40% (2013: between 2.40% and 2.65%). Fixed Term Deposits are bearing interest rates between 3.10% and 3.45% (2013: 3.52% and 4.40%).

### (k) 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 collectibility 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 Group 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.

### (l) Investments and other financial assets

#### Classification

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 Group 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 required. 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.

### (m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Capitalisation threshold for all assets is \$1,000. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

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 in the Group. The Capital Review Committee reviews the estimated useful lives, residual values and depreciation method of assets at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives for the parent entity are as follows:

- |                          |                     |
|--------------------------|---------------------|
| • Furniture and fittings | Period of the lease |
| • Office equipment       | 3-5 years           |
| • Motor vehicles         | 4 years             |
| • Computer equipment     | 3-5 years           |



# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (m) Property, plant and equipment (continued)

The cost of improvements to leasehold properties has been integrated into the asset class of furniture and fittings, and has been depreciated in line with the expected unexpired period of the lease.

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 (note 2(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### (n) Intangible assets

#### (i) IT development and software

Software is initially recorded at historical cost and amortised. Subsequently software is reported at its recoverable amount, as the carrying amount of each asset is reviewed annually by the Capital Review Committee to determine whether it is in excess of its recoverable amount at the end of the reporting period.

Amortisation is calculated on a straight-line basis over periods generally ranging from 2 to 7 years.

#### (ii) Curriculum & Course Development and Validation Expenses

Curriculum and Course Development represents the costs associated with developing the curriculum and teaching materials for a course to be delivered. These have a finite useful life and are carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

#### (iii) Website development

The costs associated in developing, building and enhancing websites designed for external access, to the extent they represent future economic benefits, are controlled and can be reliably measured, have been capitalised and amortised over the period of the expected benefits.

Amortisation is calculated on a straight-line basis to write off the net cost of each asset over its expected useful life of 3 years.

### (o) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 10, 14, 17 and 24). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease commitments are reported inclusive of GST with the input tax recoverable from the Australian Taxation Office.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

### (q) Provisions

The provisions of the Group are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. 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.

### (r) 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) Annual leave and long service leave

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within 1 year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two year Treasury Bond at the end of the reporting period of 2.19% (2013: 2.68%).

The provision for long service leave is recognised as a liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the ten year Treasury Bond at the end of each reporting period of 2.81% (2013: 4.23%).

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### (iii) Superannuation

INSEARCH Limited complies with the *Superannuation Guarantee (Administration) Act 1992*.

### (s) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### (t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods and have not yet been applied in the financial statements. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

#### (i) *AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2018)*

*AASB 9 Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted, the standard will affect in particular the Group accounting for its available-for-sale financial assets, since *AASB 9* only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group had no such gains in other comprehensive income.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from *AASB 139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt *AASB 9*.

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

### (u) Comparative information

Comparative data has been reclassified where necessary to enhance comparability in respect of changes in the current year. Where prior year data was not disclosed or where it is not practical to calculate the information, comparative data has been omitted.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 3. Financial risk management

INSEARCH 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 Limited does not enter into or trade in financial instruments.

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

The INSEARCH Limited Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Financial assets</b>				
Cash and cash equivalents	65,723	51,978	65,239	51,546
Trade and other receivables - current*	2,211	3,119	2,364	3,193
Other financial assets	47	37	405	378
<b>Total financial assets</b>	<b>67,981</b>	<b>55,134</b>	<b>68,008</b>	<b>55,117</b>
<b>Financial liabilities</b>				
Trade and other payables	337	232	326	222
Finance lease liability	38	215	38	215
Other financial liabilities*	29,440	25,517	29,440	25,517
<b>Total financial liabilities</b>	<b>29,815</b>	<b>25,964</b>	<b>29,804</b>	<b>25,954</b>

\* excluding prepayments and statutory receivables/payables

### (a) Market risk

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

#### (i) Foreign exchange risk

INSEARCH Limited's tuition fees for services provided in Australia are specified in Australian dollars. Therefore there is little or no exchange rate exposure in relation to fees.

INSEARCH Limited has operations in China, Vietnam and Indonesia which are 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 Group.

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

The movement in exchange rates in 2014 have contributed to the Australian dollar increase in surplus for INSEARCH Limited.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 3. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

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

Cash investments are maintained for between 1 to 4 months in order to respond to more attractive interest bearing deposits. Cash investments are reviewed monthly as part of the management reporting process.

#### (iii) Sensitivity

The following table summarises the sensitivity of the company's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

Consolidated 31 December 2014	Interest Rate Risk					Foreign Exchange Risk			
	Carrying amount \$000	+1% Sur- plus \$000	Equity \$000	-1% Sur- plus \$000	Equity \$000	+10% Sur- plus \$000	Equity \$000	-10% Sur- plus \$000	Equity \$000
<b>Financial assets</b>									
Cash and cash equivalents	65,723	794	-	(794)	-	-	175	-	(175)
Trade and other receivables - current	2,211	3	-	(3)	-	-	-	-	-
Other financial assets	47	-	-	-	-	-	-	-	-
<b>Total increase/ (decrease) in financial assets</b>		<b>797</b>	<b>-</b>	<b>(797)</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>(175)</b>
<b>Financial liabilities</b>									
Trade and other payables	337	-	-	-	-	-	(1)	-	1
Finance lease liability	38	-	-	-	-	-	-	-	-
Other financial liabilities	29,440	-	-	-	-	-	-	-	-
<b>Total increase/ (decrease) in financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>
<b>31 December 2013</b>									
<b>Financial assets</b>									
Cash and cash equivalents	51,978	509	-	(509)	-	-	138	-	(138)
Trade and other receivables - current	3,119	1	-	(1)	-	-	133	-	(133)
Other financial assets	37	-	-	-	-	-	-	-	-
<b>Total increase/ (decrease) in financial assets</b>		<b>510</b>	<b>-</b>	<b>(510)</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>-</b>	<b>(271)</b>
<b>Financial liabilities</b>									
Trade and other payables	232	-	-	-	-	-	(1)	-	1
Finance lease liability	215	-	-	-	-	-	-	-	-
Other financial liabilities	25,517	-	-	-	-	-	-	-	-
<b>Total increase/ (decrease) in financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 3. Financial risk management (continued)

### (b) Credit risk

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

INSEARCH Limited has limited exposure to credit risk due to the collection of the majority of tuition fees prior to the provision of services. The Group's position with regard to credit risk is monitored monthly with outstanding items being actively managed.

Cash and cash equivalents comprise of cash on hand and bank balances held with the Commonwealth Bank and ANZ Bank. Interest on these accounts is earned on the daily bank balance.

### (c) Liquidity risk

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

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

Liquidity is managed by the Group through the preparation and review of monthly statement of cash flows 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.

### (d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of the Group's financial instruments is equal to their carrying value.

## 4. Revenue

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Revenue from continuing operations</b>				
Fees	79,068	61,995	79,068	61,995
Interest	1,800	1,519	1,798	1,517
Other fees and charges	-	37	-	35
Distribution from interest in associate	-	-	1,686	-
<b>Total revenue</b>	<b>80,868</b>	<b>63,551</b>	<b>82,552</b>	<b>63,547</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 5. Other income

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Net loss on sale of non-current assets	(2)	(1)	(2)	(1)
Other	540	592	540	592
<b>Total other income</b>	<b>538</b>	<b>591</b>	<b>538</b>	<b>591</b>

## 6. Expenses

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Expenses from continuing operations</b>				
<i>[a] Employee benefits expenses</i>				
Salaries and wages	23,791	21,596	23,574	21,440
Superannuation	2,495	2,064	2,495	2,064
Payroll tax	1,625	1,308	1,625	1,308
Other	3,743	2,425	3,742	2,425
<b>Total employee benefits expenses</b>	<b>31,654</b>	<b>27,393</b>	<b>31,436</b>	<b>27,237</b>
<i>[b] Depreciation and amortisation expense</i>				
<b>Depreciation</b>				
Office equipment	121	87	120	86
Furniture and fittings	1,898	2,153	1,881	2,126
Motor vehicles	61	49	61	49
Reimbursement of motor vehicles for salary packaging	(28)	(23)	(28)	(23)
Computer equipment	792	759	785	754
<b>Total depreciation</b>	<b>2,844</b>	<b>3,025</b>	<b>2,819</b>	<b>2,992</b>
<b>Amortisation</b>				
Curriculum	492	412	492	412
Software	880	1,167	880	1,167
<b>Total amortisation</b>	<b>1,372</b>	<b>1,579</b>	<b>1,372</b>	<b>1,579</b>
<b>Total depreciation and amortisation expense</b>	<b>4,216</b>	<b>4,604</b>	<b>4,191</b>	<b>4,571</b>



# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 6. Expenses (continued)

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<i>[c] Other expenses</i>				
Donation to the University of Technology, Sydney	3,148	2,648	3,147	2,648
Occupancy	7,437	6,537	7,284	6,407
Security	372	335	372	335
Communications	509	552	484	522
Channel partner commissions	11,297	8,457	11,297	8,457
Homestay & welcome	1,435	972	1,435	972
Educational expenses	1,968	1,669	1,968	1,669
Registration & accreditation	230	129	231	129
Scholarships	187	209	187	209
Library fees	1,192	853	1,192	853
Promotion	2,052	2,087	1,994	2,086
Overseas travel	1,164	792	1,164	792
Local travel	286	289	164	203
Staff appointments	221	248	221	248
Audit & accounting fees	293	325	290	323
Legal fees	319	176	319	176
Consultancy	1,512	1,004	1,512	1,004
Subscription and membership	122	107	121	107
Printing & stationery	348	324	342	316
Bad debt receivables and inventory write-offs	125	(10)	125	(10)
Loss / (Gain) on foreign exchange	415	(360)	(32)	(344)
Impairment losses of investments	-	-	(25)	(63)
Exhibition and interview program	125	204	125	204
Offshore representation expenses	268	141	1,011	742
Other	2,626	2,406	2,434	2,264
<b>Total other expenses</b>	<b>37,651</b>	<b>30,094</b>	<b>37,362</b>	<b>30,249</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 7. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash and cash equivalents				
Cash at bank and in hand	13,633	18,408	13,149	17,976
Deposits at call	5,336	4,534	5,336	4,534
Term deposits	46,754	29,036	46,754	29,036
<b>Total cash and cash equivalents</b>	<b>65,723</b>	<b>51,978</b>	<b>65,239</b>	<b>51,546</b>

## 8. Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Trade and other receivables				
Trade receivables	726	557	726	557
Provision for impairment of receivables (a)	(103)	(24)	(103)	(24)
	623	533	623	533
Prepayments	4,383	3,972	4,378	3,967
Other receivables	1,296	2,405	1,337	2,421
Accrued interest	279	139	279	139
Loan to ELTI	13	42	125	100
<b>Total trade and other receivables</b>	<b>6,594</b>	<b>7,091</b>	<b>6,742</b>	<b>7,160</b>

### (a) Impaired trade and other receivables

As at 31 December 2014, current trade receivables of the Group with a nominal value of \$103,198 were impaired and they relate to individually impaired receivables for student tuition fees and channel partners' commission refund which were deemed potentially uncollectable.

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
At 1 January	24	41	24	41
Provision for impairment recognised during the year	114	-	114	-
Receivables written off during the year as uncollectable	(35)	-	(35)	-
Unused amounts reversed	-	(17)	-	(17)
<b>At 31 December</b>	<b>103</b>	<b>24</b>	<b>103</b>	<b>24</b>

The creation and release of the provision for impaired receivables has been included in other expenses in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 8. Current assets - Trade and other receivables (continued)

### (b) Past due but not impaired

As of 31 December 2014, the Group trade and other receivables of \$623,331 (2013: \$533,111) and the Parent trade and other receivables of \$623,331 (2013: \$533,111) were past due but not impaired. The ageing analysis of the receivables is as follows:

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Up to 3 months	524	525	524	525
3 to 6 months	99	8	99	8
Over 6 months	-	-	-	-
	623	533	623	533

## 9. Non-current assets - Investments accounted for using the equity method

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Interest in associated undertaking	650	1,517	-	-
<b>Total investments accounted for using the equity method</b>	650	1,517	-	-
<b>Share of profits and losses</b>				
Associates	845	806	-	-
Joint venture	(49)	(60)	-	-
<b>Total trade and other receivables</b>	796	746	-	-

	Consolidated	
	2014 \$000	2013 \$000
Carrying amount of investment in associated entity	650	1,517
<b>Share of assets and liabilities</b>		
Current assets	398	1,503
Non-current assets	89	134
<b>Total assets</b>	487	1,637
Current liabilities	(163)	120
Non-current liabilities	-	-
<b>Total liabilities</b>	(163)	120
<b>Net assets</b>	650	1,517

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 9. Non-current assets - Investments accounted for using the equity method (continued)

	Consolidated	
	2014 \$000	2013 \$000
Share of revenue and expenses		
Revenues	3,306	3,246
Expenses	(2,510)	(2,500)
<b>Net profit</b>	<b>796</b>	<b>746</b>

### (a) Associate - Australia Centres for Education and Training (ACETs)

This is a business formed by INSEARCH Limited and IDP Education Australia (Vietnam) Limited to deliver general English classes in Vietnam. INSEARCH Limited has a 50% ownership interest in the ACETs and is entitled to a 40% share of its retained earnings.

### (b) Joint venture - Lembaga ELTI Gramedia (ELTI)

In 2012, the company entered into a joint venture with Lembaga ELTI Gramedia Limited to deliver General English programs in Indonesia.

The company's initial investment in ELTI was in the form of loan amounting to \$125,000. Subsequent losses have been recognised of the joint venture on a reduction of the loan balance.

As at 31 December 2014, ELTI's share of cumulative losses amounting to \$112,243 has been offset against the loan balance. Losses inclusive of net foreign exchanges gains or losses recognised in 2014 were \$54,287 (2013: \$57,956). Shared assets and liabilities, revenues and expenses were not considered material.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 10. Non-current assets - Property, plant and equipment

Consolidated	Office Equipment \$000	Motor vehicles \$000	Furniture and fittings \$000	Computer equipment \$000	Capital work-in- progress \$000	Total \$000
<b>At 1 January 2013</b>						
Cost	450	198	13,305	3,609	-	17,562
Accumulated depreciation	(312)	(98)	(5,241)	(2,158)	-	(7,809)
<b>Net book amount</b>	<b>138</b>	<b>100</b>	<b>8,064</b>	<b>1,451</b>	<b>-</b>	<b>9,753</b>
<b>Year ended 31 December 2013</b>						
Opening net book amount	138	100	8,064	1,451	-	9,753
Exchange differences	-	-	6	2	-	8
Additions	-	-	-	66	1,296	1,362
Disposals	(3)	-	-	-	-	(3)
Transfers	204	61	210	772	(1,247)	-
Depreciation charge	(87)	(49)	(2,153)	(759)	-	(3,048)
<b>Closing net book amount</b>	<b>252</b>	<b>112</b>	<b>6,127</b>	<b>1,532</b>	<b>49</b>	<b>8,072</b>
<b>At 31 December 2013</b>						
Cost	618	259	13,476	4,101	49	18,503
Accumulated depreciation	(366)	(147)	(7,349)	(2,569)	-	(10,431)
<b>Net book amount</b>	<b>252</b>	<b>112</b>	<b>6,127</b>	<b>1,532</b>	<b>49</b>	<b>8,072</b>
<b>Year ended 31 December 2014</b>						
Opening net book amount	252	112	6,127	1,532	49	8,072
Exchange differences	-	-	1	1	-	2
Additions	4	-	-	1	3,442	3,447
Disposals	(1)	-	-	(3)	-	(4)
Transfers	299	33	1,820	1,264	(3,416)	-
Depreciation charge	(121)	(61)	(1,898)	(792)	-	(2,872)
<b>Closing net book amount</b>	<b>433</b>	<b>84</b>	<b>6,050</b>	<b>2,003</b>	<b>75</b>	<b>8,645</b>
<b>At 31 December 2014</b>						
Cost	801	265	15,000	4,172	75	20,313
Accumulated depreciation	(368)	(181)	(8,950)	(2,169)	-	(11,668)
<b>Net book amount</b>	<b>433</b>	<b>84</b>	<b>6,050</b>	<b>2,003</b>	<b>75</b>	<b>8,645</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 10. Non-current assets - Property, plant and equipment (continued)

Parent entity	Office Equipment \$000	Motor vehicles \$000	Furniture and fittings \$000	Computer equipment \$000	Capital work-in- progress \$000	Total \$000
<b>At 1 January 2013</b>						
Cost	445	198	13,211	3,585	-	17,439
Accumulated depreciation	(310)	(98)	(5,194)	(2,148)	-	(7,750)
<b>Net book amount</b>	<b>135</b>	<b>100</b>	<b>8,017</b>	<b>1,437</b>	<b>-</b>	<b>9,689</b>
<b>Year ended 31 December 2013</b>						
Opening net book amount	135	100	8,017	1,437	-	9,689
Additions	-	-	-	66	1,296	1,362
Disposals	(3)	-	-	-	-	(3)
Transfers	203	61	211	772	(1,247)	-
Depreciation charge	(86)	(49)	(2,126)	(754)	-	(3,015)
<b>Closing net book amount</b>	<b>249</b>	<b>112</b>	<b>6,102</b>	<b>1,521</b>	<b>49</b>	<b>8,033</b>
<b>At 31 December 2013</b>						
Cost	612	259	13,364	4,072	49	18,356
Accumulated depreciation	(363)	(147)	(7,262)	(2,551)	-	(10,323)
<b>Net book amount</b>	<b>249</b>	<b>112</b>	<b>6,102</b>	<b>1,521</b>	<b>49</b>	<b>8,033</b>
<b>Year ended 31 December 2014</b>						
Opening net book amount	249	112	6,102	1,521	49	8,033
Additions	-	-	-	-	3,442	3,442
Disposals	(1)	-	-	(3)	-	(4)
Transfers	299	33	1,820	1,264	(3,416)	-
Depreciation charge	(120)	(61)	(1,881)	(785)	-	(2,847)
<b>Closing net book amount</b>	<b>427</b>	<b>84</b>	<b>6,041</b>	<b>1,997</b>	<b>75</b>	<b>8,624</b>
<b>At 31 December 2014</b>						
Cost	790	265	14,881	4,141	75	20,152
Accumulated depreciation	(363)	(181)	(8,840)	(2,144)	-	(11,528)
<b>Net book amount</b>	<b>427</b>	<b>84</b>	<b>6,041</b>	<b>1,997</b>	<b>75</b>	<b>8,624</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 11. Non-current assets - Intangible assets

<b>Consolidated and Parent entity</b>	<b>Curriculum \$000</b>	<b>Computer software \$000</b>	<b>Capital work-in- progress \$000</b>	<b>Total \$000</b>
<b>At 1 January 2013</b>				
Cost	-	7,139	3,334	10,473
Accumulated amortisation and impairment	-	(5,517)	-	(5,517)
<b>Net book amount</b>	-	1,622	3,334	4,956
<b>Year ended 31 December 2013</b>				
Opening net book amount	-	1,622	3,334	4,956
Additions	-	-	483	483
Transfers	2,459	1,094	(3,553)	-
Amortisation charge	(412)	(1,167)	-	(1,579)
<b>Closing net book amount</b>	2,047	1,549	264	3,860
<b>At 31 December 2013</b>				
Cost	2,459	8,233	264	10,956
Accumulation amortisation and impairment	(412)	(6,684)	-	(7,096)
<b>Net book amount</b>	2,047	1,549	264	3,860
<b>Year ended 31 December 2014</b>				
Opening net book amount	2,047	1,549	264	3,860
Additions	-	-	1,890	1,890
Transfers	-	1,044	(1,044)	-
Amortisation charge	(492)	(880)	-	(1,372)
<b>Closing net book amount</b>	1,555	1,713	1,110	4,378
<b>At 31 December 2014</b>				
Cost	2,459	9,085	1,110	12,654
Accumulated amortisation and impairment	(904)	(7,372)	-	(8,276)
<b>Net book amount</b>	1,555	1,713	1,110	4,378



# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 12. Non-current assets - Other non-current assets

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Security deposits	47	37	5	-
Interest in associate and joint venture	-	-	81	81
INSEARCH (Shanghai) Limited	-	-	319	297
<b>Total other non-current assets</b>	<b>47</b>	<b>37</b>	<b>405</b>	<b>378</b>

## 13. Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Trade and other payables	291	84	288	82
University of Technology, Sydney	52	61	52	61
Other creditors	(6)	87	(14)	79
<b>Total trade and other payables</b>	<b>337</b>	<b>232</b>	<b>326</b>	<b>222</b>

## 14. Current liabilities - Finance lease liability

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Lease liabilities (note 24)	28	177	28	177
<b>Total current finance lease liability</b>	<b>28</b>	<b>177</b>	<b>28</b>	<b>177</b>

## 15. Current liabilities - Provisions

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Employee benefits - annual leave (a)	1,614	1,312	1,614	1,312
Employee benefits - long service leave (a)	1,159	901	1,159	901
Lease incentives	67	20	67	20
<b>Total current provisions</b>	<b>2,840</b>	<b>2,233</b>	<b>2,840</b>	<b>2,233</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 15. Current liabilities - Provisions (continued)

(a) Amounts not expected to be settled within 12 months

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current annual leave obligations expected to be settled after 12 months	331	274	331	274
Current long service leave obligations expected to be settled after 12 months	381	825	381	825

## 16. Current liabilities - Other current liabilities

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Accrued expenses	5,411	4,653	5,411	4,653
Prepaid course fees	22,352	19,066	22,352	19,069
Others	1,677	2,347	1,677	2,347
<b>Total other current liabilities</b>	<b>29,440</b>	<b>26,066</b>	<b>29,440</b>	<b>26,069</b>

## 17. Non-current liabilities - Finance lease liability

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Secured</b>				
Lease liabilities (note 24)	10	38	10	38
<b>Total non-current finance lease liability</b>	<b>10</b>	<b>38</b>	<b>10</b>	<b>38</b>

The Group lease computer equipment with a carrying amount of \$35,052 (2013: \$197,374) under finance leases expiring within three years. Under the terms of the leases, the Group has the option to acquire the leased assets on expiry of the leases by paying the difference amount between the value of the goods financed under the relevant lease schedule and the present value of the lease instalments.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 18. Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Employee benefits - long service leave	971	704	971	704
Make good	1,103	1,073	1,103	1,073
Lease incentives	172	25	172	25
<b>Total non-current provisions</b>	<b>2,246</b>	<b>1,802</b>	<b>2,246</b>	<b>1,802</b>

### (a) Make good provision

The provision for make good in relation to fixtures installed at leased office space is required to be provided for under AASB 116 - 'Property, plant and equipment.' The make good obligations are expected to be settled within the next 3 to 5 financial years.

### (b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated	Parent entity
	2014 \$000	2014 \$000
Current and non-current		
Carrying amount at start of year	1,073	1,073
Charged/(credited) to the profit or loss	30	30
Make good expenses charged against provision	-	-
<b>Carrying amount at end of year</b>	<b>1,103</b>	<b>1,103</b>

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 19. Reserves and retained surplus

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>(a) Reserves</b>				
Foreign currency translation reserve	(737)	(1,224)	-	-
<b>Movements:</b>				
<i>Foreign currency translation reserve</i>				
Opening balance	(1,224)	(1,401)	-	-
Currency translation differences arising during the year	487	177	-	-
<b>Balance 31 December</b>	<b>(737)</b>	<b>(1,224)</b>	<b>-</b>	<b>-</b>
<b>(b) Retained surplus</b>				
<i>Movements in retained surplus were as follows:</i>				
Balance 1 January	43,231	40,344	40,436	38,265
Surplus for the year	8,642	2,887	10,062	2,171
<b>Balance 31 December</b>	<b>51,873</b>	<b>43,231</b>	<b>50,498</b>	<b>40,436</b>

## 20. Key management personnel disclosures

### (a) Directors

The following persons were directors of INSEARCH Limited during the financial year:

#### (i) Non-Executive Chair

M Williams

#### (ii) Executive Director

A Murphy

#### (iii) Non-executive Directors

P Bennett

A Dwyer (Appointed 02/03/2015)

D Hill

J Hutchison (AM)

B Milthorpe (Resigned 30/06/2014)

W Purcell

M Spongberg (Appointed 01/07/2014)

P Woods (Resigned 09/02/2015)

### (b) Other key management personnel

R D Milbourne (Retired 26/07/2014)

A Brungs (Appointed 27/07/2014)

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 20. Key management personnel disclosures (continued)

### (c) Key management personnel compensation

INSEARCH Limited has 3 directors that are staff of UTS. These directors do not receive any remuneration in respect of their work as members of INSEARCH Board.

	Consolidated		Parent entity	
	2014	2013	2014	2013
Remuneration of directors				
\$0 to \$49,999	-	-	-	-
\$50,000 to \$99,999	4	4	4	4
\$100,000 to \$149,999	-	-	-	-
\$150,000 to \$199,999	-	-	-	-
\$200,000 to \$249,999	-	-	-	-
\$250,000 to \$299,999	-	-	-	-
\$300,000 to \$349,999	-	-	-	-
\$350,000 to \$399,999	-	1	-	1
\$400,000 to \$449,999	1	-	1	-
\$450,000+	-	-	-	-
	5	5	5	5

	Consolidated		Parent entity	
	2014 \$	2013 \$	2014 \$	2013 \$
Short-term employee benefits	635,992	606,436	635,992	606,436
Post-employment benefits	59,567	84,222	59,567	84,222
	695,559	690,658	695,559	690,658

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 21. Related party transactions

### (a) Parent entities

The parent entity in the wholly owned group is INSEARCH Limited. The controlling entity of INSEARCH Limited is the University of Technology, Sydney.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 22.

### (c) Transactions with related parties

The following transactions occurred with related parties:

- Donation to the University of Technology, Sydney \$3,148,000 (2013: \$2,648,000), this includes \$148,000 in respect of UTS staff acting as directors on the INSEARCH board.
- Sales of Services and Fees to the University of Technology, Sydney \$1,020,000 (2013: \$2,616,052).
- Services rendered by the University of Technology, Sydney to INSEARCH Limited \$3,634,946 (2013: \$3,294,009).
- Consulting service income between INSEARCH (Shanghai) Limited and INSEARCH Limited \$743,285 (2013: \$601,141).
- Consulting service expense between INSEARCH Limited and INSEARCH (Shanghai) Limited \$743,285 (2013: \$601,141).

### (d) Outstanding balances arising from sales/purchases of goods and services

Aggregate amounts receivable from and payable to each class of related parties at balance date are set out below:

	Consolidated		Parent entity	
	2014	2013	2014	2013
<i>Current receivables (sales of goods and services)</i>				
INSEARCH (Shanghai) Limited	-	-	40,684	46,122

## 22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 2(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2014 %	2013 %
INSEARCH (Shanghai) Limited	China	Ordinary	100	100
INSEARCH Education	United Kingdom	Ordinary	100	100
INSEARCH Education International Pty Limited	Australia	Ordinary	100	100

INSEARCH Education (UK) was formally dissolved on February 17, 2015.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>(a) The Audit Office of New South Wales</b>				
<i>(i) Audit and other assurance services</i>				
Audit and review of financial reports	94,899	168,500	94,899	168,500
<b>Total auditor's remuneration</b>	<b>94,899</b>	<b>168,500</b>	<b>94,899</b>	<b>168,500</b>

## 24. Commitments

### (a) Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the end of the reporting period but not recognised as liabilities, payable, with the input tax recoverable from the Australian Taxation Office.

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Property, plant and equipment	-	301	-	301
Input tax recoverable from the Australian Taxation Office	-	27	-	27

### (b) Lease commitments

#### (i) Non-cancellable operating leases

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable with the input tax recoverable from the Australian Taxation Office:				
Within one year	6,313	5,557	6,155	5,476
Later than one year but not later than five years	8,622	11,125	8,378	11,125
	<b>14,935</b>	<b>16,682</b>	<b>14,533</b>	<b>16,601</b>
Input tax recoverable from the Australian Taxation Office	1,321	1,509	1,321	1,509



# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 24. Commitments (continued)

### (b) Lease commitments (continued)

#### (ii) Finance leases

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Commitments in relation to finance leases are payable as follows:				
Within one year	33	204	33	204
Later than one year but not later than five years	11	44	11	44
Minimum lease payments	44	248	44	248
Future finance charges	(2)	(11)	(2)	(11)
Present value of minimum lease payments inclusive of GST	42	237	42	237
Input tax recoverable from the Australian Taxation Office	4	22	4	22

## 25. Members' Guarantee

INSEARCH Limited is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, its constitution states that each member is required to contribute a maximum of \$20 towards meeting its outstanding obligations. At reporting date, there were nine members of the entity.

## 26. 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

# Notes to and forming part of the Financial Statements (continued)

For the year ended 31 December 2014

## 27. Reconciliation of surplus for the year to net cash flows from operating activities

	Consolidated		Parent entity	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Surplus for the year	8,642	2,887	10,062	2,171
Depreciation and amortisation	4,244	4,627	4,219	4,594
Non-cash movement in finance lease liability	28	131	28	131
Net loss on sale of non-current assets	2	1	2	1
Foreign currency exchange difference	5	2	-	2
Share of loss of joint venture	49	60	-	-
Share of profit of associate	(845)	(806)	-	-
Share of associate distribution received	1,686	-	-	-
Bad debt provisions	114	-	114	-
Transfer of foreign exchange translation reserve into income statement	463	-	-	-
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	334	1,494	314	1,530
Decrease in inventories	-	1	-	1
(Increase)/decrease in other non-current assets	(5)	(6)	(27)	(65)
(Decrease)/increase in trade and other payables	105	(1,323)	104	(1,322)
Increase/(decrease) in provisions	1,051	253	1,051	253
Increase in other liabilities	3,374	8,491	3,371	8,493
Net cash inflow from operating activities	19,247	15,812	19,238	15,789

**END OF AUDITED FINANCIAL STATEMENTS**

# Directors' Declaration

## For the year ended 31 December 2014

In accordance with a resolution of the directors of INSEARCH Limited, the directors of the company declare that:

(a) the financial statements and notes set out on pages 13 to 45 are in accordance with the *Corporations Act 2001*, and:

(i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*, as stated in accounting policy Note 2 to the financial statements; and

(ii) give a true and fair view of the financial position as at 31 December 2014 and of its performance for the year ended on that date of the consolidated group.

(b) In the directors' opinion, 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 the directors pursuant to section 295(5) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors



Mack Williams  
Director

Date: 14 April 2015



Alex Murphy  
Director

Date: 14 April 2015

# Independent Auditor's report



## INDEPENDENT AUDITOR'S REPORT

### Insearch Limited

To Members of the New South Wales Parliament and Members of Insearch Limited

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity 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.

### Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the year ended on that date
  - 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 2010.

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

### Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

# Independent Auditor's report

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

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

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, the *Corporations Act 2001* and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Insearch Limited on 13 April 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.



Caroline Karakatsanis  
Director, Financial Audit Services

15 April 2015  
SYDNEY

# Auditor's Independence Declaration



To the Directors  
Insearch Limited

## Auditor's Independence Declaration

As auditor for the audit of the financial statements of Insearch Limited for the year ended 31 December 2014, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "C. Karakatsanis".

Caroline Karakatsanis  
Director, Financial Audit Services

13 April 2015  
SYDNEY

# Appendix

## Public interest disclosure policy

This Public Interest Disclosure Annual Report was prepared under section 31 of the Public Interest Disclosures Act 1994 (NSW).

INSEARCH Ltd has a Public Interest Disclosure Policy (PID Policy) in place. The current policy came into effect on 28 November 2012.

INSEARCH Ltd ensures that its staff members continue to be aware of the contents of the PID Policy by:

- including the PID Policy in the new staff induction pack; and
- addressing the PID Policy in the Privacy Essentials training available to INSEARCH Ltd staff through UTS

Information required under the Public Interest Disclosures	January 2014 – December 2014
Number of public officials who made PIDs to INSEARCH Ltd	0
Number of PIDs received in total	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste of public money or local government money (as appropriate)	0
Government information contraventions	0
Local government pecuniary interest contraventions	0
Number of PIDs finalised by INSEARCH Ltd	0

Copies of the 2014 subsidiary accounts, INSEARCH Education, INSEARCH Education International and INSEARCH (Shanghai) Limited can be found at [www.insearch.edu.au](http://www.insearch.edu.au)



# Contacts

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