

**Insearch Global Pty Ltd (formerly
known as Educonnect Pty Ltd)**

ABN 37 623 990 376

**Annual report
for the period from 26 April 2019,
ended 31 December 2019**

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)

ABN 37 623 990 376

Annual report - 31 December 2019

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Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Directors' Report
31 December 2019

Your Directors presents their report on the consolidated entity consisting of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) and the entity it controlled for the year ended 31 December 2019.

Directors

The names of Directors in office during the year and at the date of this report (refer to note 14), unless otherwise stated are:

	Date of appointment
Mr A Murphy	09 October 2019
Mr P Harris	18 April 2019
Mr J Wood	18 April 2019
Mr N Patrick	18 April 2019

Company Secretary

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

Mr N Patrick (appointed 9 October 2019)

Principal activities

The activities of the Group during the period year ended 31 December 2019 were as a holding company for Insearch Lanka (Private) Limited.

Review and result of operations

The Group reported a deficit of \$495,154.

Business strategies and future developments

Business strategies, prospects and future developments, which may affect the operations of the company in subsequent periods, 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.

Director's 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 in Note 14 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 \$8,137. This includes premiums for all subsidiaries of which Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) is included.

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

Mr Alex Murphy
BA (Hons), MAICD
Managing Director

Mr Murphy has been with UTS Insearch for close to 30 years, having worked in education and marketing roles, and from late 2007, in the role of Managing Director. His background is in linguistics, philosophy and Indonesian and Malayan Studies.

During his time with the organisation, he has focussed on working with the fantastic staff at UTS Insearch to lead improving the student experience, investing in our leadership and capability development and expanding and diversifying the student population, including transnational students.

He is also committed to leading Insearch's engagement with First Australians, which is underpinned by the development of Reflect phase of a Reconciliation Action Plan (RAP) and ongoing sponsorship of Indigenous student scholarships and the South East Aboriginal Arts Initiative.

He looks forward to the next phase of development for UTS Insearch, which includes achieving our new vision to actualise potential and enhance lives through the power of learning, our actions and our people, embedding our integral leadership program and launching new programs and ventures.

Mr Peter Harris
Chief Business Development Officer (CBDO)
BBus, GAICD, CA

Peter leads UTS Insearch Market and Business Development strategy as part of the leadership team. As Chief Business Development Officer, he is responsible for all marketing, student recruitment, transnational education (TNE) partnerships, and product and business development. He is supported by Sydney staff and teams in China, Vietnam, Indonesia, India, Thailand and Malaysia.

He has overseen the expansion of the TNE program and established partnerships and wholly-owned colleges in countries throughout Asia to build capacity and increase access for students in their home country.

Peter sits on the Boards of UTS Insearch subsidiaries in Australia, China and Sri Lanka and management boards of all TNE partnerships.

Prior to joining UTS Insearch, Peter worked across a range of sectors and roles from professional adviser with Deloitte, founding a tech start-up and successful advertising and marketing agencies.

His not-for-profit experience includes appointments to the International Education Association of Australia (IEAA), a charity focusing on the health of our oceans, as well as volunteer work in mental health and mentoring for purpose start-ups.

Peter is also a Graduate of the Australian Institute of Company Directors and a member of the Institute of Chartered Accountants.

Information on Directors (continued)

Professor John Wood

Chair, UTS Insearch Sri Lanka

- Doctor of Philosophy in economics (Oxford University)
- Bachelor of economics (University of Western Australia)

Professor John Wood has had an extensive career in the education and government sectors.

He is the Chair of UTS Insearch Sri Lanka and has previously held roles as the Chief Executive Officer at Navitas, the Deputy Vice-Chancellor at Edith Cowan University, and the Foundation Professor, Dean of the College of Business and Deputy Vice-Chancellor (Academic at the University of Notre Dame in Perth, Western Australia.

He has taught at universities throughout the world, including at Oxford, the American International University of Europe and Stanford.

John has held executive leadership positions in Australia, including in the Office of the Prime Minister and in State Government in the Departments of Premier and Cabinet, Transport, Employment and Training, State Development and Commerce and Trade. He has also held senior private sector positions, including a period as Chief Economist and Strategist with Ernst & Young.

Mr Nathan Patrick

BBus, GradDipACG, FCA, FGIA, FCIS, FAICD
Company Secretary

Mr Patrick was appointed Company Secretary of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) in 2019.

As CFO/Company Secretary he is responsible for UTS Insearch's Finance and Governance activities. The Governance portfolio includes the Program Management Office (PMO), campus planning, risk management, compliance (including liaising with regulators), offshore legal entities, legal and Company Secretariat.

During the previous 30 years, he held senior financial, management and governance positions in the professional services, manufacturing and construction industries in Australia and Asia.

His career includes 15 years in diverse roles in 'Big 4' accounting firms and five years as the Chief Operating Officer of a law firm.

He is on the management committee of the NSW Federation of Community Language Schools. He is also a member of the Audit and Risk Committee of the Australian Orthopaedic Association, and of the Corporate and Legal Issues Committee of The Governance Institute of Australia.

Mr Patrick is a Fellow of the following organisations: Chartered Accountants Australia and New Zealand; The Governance Institute of Australia; The Australian Institute of Company Directors; and, the UK Institute of Chartered Secretaries and Administrators.

Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board Committee held during the period ended 31 December 2019, and the numbers of meetings attended by each Director were:

Director	Insearch Global Board Meetings (4)	
	Number eligible to attend	Number attended
Alex Murphy	1	-
Peter Harris	4	4
John Wood	4	4
Nathan Patrick	4	4

Meetings of Directors (continued)

Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31 of this report.

For and on behalf of the Directors signed at Sydney this 23 March 2020.

A handwritten signature in black ink, appearing to read 'Mr A Murphy', written over a faint horizontal line.

Mr A Murphy
Director

Sydney
23 March 2020

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)

ABN 37 623 990 376

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These financial statements cover both the separate financial statements of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) as an individual entity and the consolidated financial statements for the consolidated entity consisting of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) and its subsidiary. The financial statements are presented in Australian currency.

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Level 9, 187 Thomas Street
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 1 to 4, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 23 March 2020. The Directors have the power to amend and reissue the financial statements.

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Statement of comprehensive income
For the period ended 31 December 2019

	Notes	Consolidated Period from 26 April 2019 to 31 December 2019 \$	Parent entity Period from 26 April 2019 to 31 December 2019 \$
Revenue from contracts with customers	4	8,673	-
Other income		661	-
Employee benefits expenses	5	(96,987)	(11,834)
Depreciation expenses	5	(169,849)	-
Other expenses	5	(212,707)	(5,412)
Finance costs	5	(24,945)	-
Operating loss before donation		<u>(495,154)</u>	<u>(17,246)</u>
Deficit for the period attributable to members		(495,154)	(17,246)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	13(a)	<u>(46,598)</u>	-
Other comprehensive loss for the period		<u>(46,598)</u>	-
Total comprehensive loss for the period attributable to members		<u>(541,752)</u>	<u>(17,246)</u>

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

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Statement of financial position
As at 31 December 2019

	Consolidated	Parent entity
	2019	2019
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	6 134,570	2,754
Trade receivables	7 1,321	-
Other assets	8 27,699	-
Total current assets	<u>163,590</u>	<u>2,754</u>
Non-current assets		
Property, plant and equipment	9 3,165,874	-
Other assets	8 149,399	1,755,000
Total non-current assets	<u>3,315,273</u>	<u>1,755,000</u>
Total assets	<u>3,478,863</u>	<u>1,757,754</u>
LIABILITIES		
Current liabilities		
Trade and other payables	10 36,121	-
Contract liabilities	4(a) 2,805	-
Lease liabilities	11 462,434	-
Total current liabilities	<u>501,360</u>	<u>-</u>
Non-current liabilities		
Lease liabilities	11 1,744,255	-
Total non-current liabilities	<u>1,744,255</u>	<u>-</u>
Total liabilities	<u>2,245,615</u>	<u>-</u>
Net assets	<u>1,233,248</u>	<u>1,757,754</u>
EQUITY		
Contributed equity	12 1,775,000	1,775,000
Reserves	13(a) (46,598)	-
Accumulated deficit	13(b) (495,154)	(17,246)
Total equity	<u>1,233,248</u>	<u>1,757,754</u>

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

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Statement of changes in equity
For the period ended 31 December 2019

Consolidated	Notes	Share capital \$	Reserves \$	Accumulated deficit \$	Total equity \$
Balance at 26 April 2019		-	-	-	-
Deficit for the period	13(b)	-	-	(495,154)	(495,154)
Exchange differences on translation of foreign operations	13(a)	-	(46,598)	-	(46,598)
Total comprehensive loss for the period		-	(46,598)	(495,154)	(541,752)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	12(b)	1,775,000	-	-	1,775,000
Balance at 31 December 2019		1,775,000	(46,598)	(495,154)	1,233,248
Parent					
		Share capital \$	Reserves \$	Accumulated deficit \$	Total equity \$
Balance at 26 April 2019		-	-	-	-
Deficit for the period	13(b)	-	-	(17,246)	(17,246)
Total comprehensive loss for the period		-	-	(17,246)	(17,246)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	12(b)	1,775,000	-	-	1,775,000
Balance at 31 December 2019		1,775,000	-	(17,246)	1,757,754

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

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Statement of cash flows
For the period ended 31 December 2019

	Consolidated	Parent entity
	Period from	Period from
	26 April 2019	26 April 2019
	to 31	to 31
	December	December
	2019	2019
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	10,157	-
Payments to suppliers and employees	<u>(450,671)</u>	<u>(17,246)</u>
	(440,514)	(17,246)
Interest received	661	-
Net cash outflow from operating activities	<u>19(a) (439,853)</u>	<u>(17,246)</u>
Cash flows from investing activities		
Payment for establishment of subsidiary	-	(1,755,000)
Payments for property and equipment	<u>(996,482)</u>	<u>-</u>
Net cash outflow from investing activities	<u>(996,482)</u>	<u>(1,755,000)</u>
Cash flows from financing activities		
Proceeds from issues of shares	12(b) 1,775,000	1,775,000
Principal elements of lease payments	(132,073)	-
Interest elements of lease payments	<u>(24,945)</u>	<u>-</u>
Net cash inflow from financing activities	<u>1,617,982</u>	<u>1,775,000</u>
Net increase in cash and cash equivalents	181,647	2,754
Effects of exchange rate changes on cash and cash equivalents	<u>(47,077)</u>	<u>-</u>
Cash and cash equivalents at end of the financial year	<u>6 134,570</u>	<u>2,754</u>
Non-cash investing and financing activities	19(b)	

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

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1 The company

The consolidated financial statements of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) and its subsidiary (collectively, the Group) for the period ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 23 March 2020. Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) (The Company or the parent) is a private company incorporated and domiciled in Australia. The company was incorporated on 23 January 2018. Its registered place of business is Level 9, 187 Thomas Street, Sydney, NSW 2000. The company serves as a holding company to Insearch Lanka (Private) Limited which provide pathway courses to university studies. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

The Company is in the process of changing its financial year end from June to December to be consistent with its ultimate parent entity's financial year.

The ultimate parent of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) is Insearch Ltd which directly owns 100% of the ordinary shares.

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 periods presented, unless otherwise stated. The financial statements include separate financial statements for the parent entity and the Group comprising Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) and its subsidiary.

(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, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) is a for-profit entity for the purpose of preparing the financial statements.

The parent entity was incorporated on 23 January 2018. The financial report covers the period from date of commencement of operation, 26 April 2019 to 31 December 2019 and is the first financial report prepared by the Group. As such, no comparatives are presented.

(i) Statement of compliance

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

(ii) Historical cost convention

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

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These new standards and interpretations are set out below:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material (AASB 101 and AASB 108)*
- AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia (AASB 1054)*

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) Working capital deficiency

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activity and realisation of assets despite the deficit for the period and the net current asset retained earnings deficiency at year end. As at the reporting date, the Group had a working capital deficiency of \$340,524 and accumulated deficit of \$477,908. The Group also generated a deficit of \$337,770 for the period ended 31 December 2019. This loss was predominantly driven by the commencement of Insearch Lanka (Private) Limited new operations, the costs involved with the fit out of new premises and only releasing required immediate funds for the operation of the business. Operating cash outflows were negative of \$464,798 for the period. The continuing viability of the group and its ability to continue as a going concern and meet its debts and commitments as they fall due depends upon the Group continuing to receive financial support from its ultimate parent entity through funds advanced. The Directors are of the view that the ultimate parent entity will continue to provide sufficient financial support to the Group, as required, in the next 12 months from the date of signing the financial statements to enable the Group to continue its operations and fulfil its financial obligations, now and in the future.

(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 Global Pty Ltd (formerly known as Educonnect Pty Ltd) 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 Global Pty Ltd (formerly known as Educonnect Pty Ltd) ('company' or 'parent entity') as at 31 December 2019 and the results of all subsidiaries for the period then ended. Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) 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 where 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 an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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 consolidated financial statements are presented in Australian dollars (\$), which is Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)'s functional and presentation currency.

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(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

In accordance with AASB 15 *Revenue from Contracts with Customers*, the Group recognises revenue when the performance obligations are satisfied, the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(i) Fees

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

(ii) Other fees and charges

Fees are recognised as revenue at a point in time when services are provided.

(iii) Other income

Other income includes 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.

2 Summary of significant accounting policies (continued)

(e) Expense recognition (continued)

(ii) Other Expenses

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

(f) Income tax

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 tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(j) Cash and cash equivalents

For the purpose of presentation in the 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 bearing with interest rates between 0% and 1.20%.

(k) Trade receivables

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

The collectability of trade receivables is reviewed based on expected credit losses 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.

2 Summary of significant accounting policies (continued)

(k) Trade receivables (continued)

The amount of the impairment loss on trade receivables is presented as net impairment losses in the statement of comprehensive income. When a trade receivable for which an impairment loss had been recognised becomes uncollectible in a subsequent period, it is written off against the impairment account. Subsequent recoveries of amounts previously written off are credited against net impairment losses line in the statement of comprehensive income.

(l) Investments and other financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. As of 31 December 2019, the Group only have financial assets to be measured at amortised cost.

(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
- Computer equipment	3-5 years
- Right-of-use assets	1-8 years

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) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases various office space. Rental contracts are typically made for fixed terms of 1 month to more than 5 years, but may have extension options as described below.

2 Summary of significant accounting policies (continued)

(n) Leases (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities during the period 2019 was 3.8%.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

2 Summary of significant accounting policies (continued)

(o) 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.

(p) Employee benefits

(i) Short-term obligations

Annual leave and long service leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised 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. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Long-term obligations

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within one 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 0.91%.

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 the reporting period of 1.31%.

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 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) complies with the *Superannuation Guarantee (Administration) Act 1992*.

3 Financial risk management

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)'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 operations. Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) does not enter into or trade in financial instruments.

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)'s risks arising from financial instruments are outlined below, together with the entity's objectives and policies for measuring and managing risk.

The Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) 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 and Risk Committee on a continuous basis.

3 Financial risk management (continued)

	Financial assets at amortised cost \$
Consolidated	
Financial assets	
2019	
Cash and cash equivalents	134,570
Trade receivables	1,321
Other non-current assets	149,399
	285,290
Liabilities at amortised cost \$	
Consolidated	
Financial liabilities	
2019	
Trade and other payables	36,121
Contract liabilities	2,805
Lease liabilities	2,206,689
	2,245,615
Financial assets at amortised cost \$	
Parent entity	
Financial assets	
2019	
Cash and cash equivalents	2,754
	2,754
Liabilities at amortised cost \$	
Parent entity	
Financial liabilities	
2019	
Trade and other payables	-
	-

(a) Market risk

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

(i) Foreign exchange risk

The Group operates in India and is affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars, and the carrying values of the operations on the statement of financial position of the Group.

The Group views these exposures to movements in exchange rates as insignificant and therefore does not hedge against foreign exchange movements.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

(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.

The Group 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 Banks with favourable credit rating. Interest on these accounts is earned on the daily bank balance.

(i) Impairment of financial assets

Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of revenue over a period of 36 months before 31 December 2019 or 26 April 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the students to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

There were no loss allowance recognised as at 31 December 2019.

(c) Liquidity risk

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

The Group 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.

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

3 Financial risk management (continued)

(c) Liquidity risk (continued)

(i) Maturities of lease liabilities

The tables below analyse the Group's lease liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows for the consolidated entity. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The parent entity does not hold any lease liability as at 31 December 2019.

Contractual maturities of lease liabilities	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total contractual cash flows	Less: Imputed interest	Carrying amount (assets)/ liabilities
Consolidated entity - At 31 December 2019	\$	\$	\$	\$	\$	\$
Lease liabilities	471,055	1,941,792	-	2,412,847	(206,158)	2,206,689

(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.

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Notes to the financial statements
31 December 2019
(continued)

4 Revenue from contracts with customers

	Consolidated Period from 26 April 2019 to 31 December 2019 \$	Parent entity Period from 26 April 2019 to 31 December 2019 \$
Fees	8,673	-

The Group and company derive all revenue from external customer overtime.

(a) Liabilities related to contracts with customers

	Consolidated 2019 \$	Parent entity 2019 \$
Total current contract liabilities - short term advances	(2,805)	-

5 Expenses

	Consolidated Period from 26 April 2019 to 31 December 2019 \$	Parent entity Period from 26 April 2019 to 31 December 2019 \$
--	---	--

Expenses from continuing operations

(i) Employee benefits expenses

Salaries and wages	86,145	10,807
Superannuation	10,842	1,027
Total employee benefits expenses	96,987	11,834

(ii) Depreciation expense

Depreciation

Furniture and fittings	3,057	-
Plant and equipment	4,672	-
Computer equipment	8,398	-
Right-of-use assets	153,722	-
Total depreciation	169,849	-

5 Expenses (continued)

(iii) Other expenses

	Period from 26 April 2019 to 31 December 2019 \$	Period from 26 April 2019 to 31 December 2019 \$
Occupancy	57,539	-
Communications	18,144	-
Promotion and channel partner commissions	88,633	-
Audit and accounting fees	8,810	-
Others	39,581	5,412
Total other expenses	<u>212,707</u>	<u>5,412</u>

(iv) Finance costs

Interest expense relating to lease liabilities	<u>24,945</u>	-
Total finance costs	<u>24,945</u>	-

6 Cash and cash equivalents

	Consolidated 2019 \$	Parent entity 2019 \$
Current assets		
Cash at bank and in hand	<u>134,570</u>	<u>2,754</u>

7 Trade receivables

	Consolidated 2019 \$	Parent entity 2019 \$
Current assets		
Trade receivables	<u>1,321</u>	-

(a) Loss allowance

No loss allowance was recognised during the period.

8 Other assets

	Consolidated 2019			Parent entity 2019		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Prepayments	27,699	-	27,699	-	-	-
Security deposits	-	149,399	149,399	-	-	-
Insearch Lanka (Private) Limited	-	-	-	-	1,755,000	1,755,000
	27,699	149,399	177,098	-	1,755,000	1,755,000

9 Property, plant and equipment

Non-current assets	Plant and equipment \$	Work in progress \$	Right-of-use assets \$	Total \$
Consolidated				
At 26 April 2019				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
Year ended 31 December 2019				
Opening net book amount	-	-	-	-
Exchange differences	479	-	-	479
Additions	222,493	512,292	2,600,459	3,335,244
Depreciation charge	(16,127)	-	(153,722)	(169,849)
Closing net book amount	206,845	512,292	2,446,737	3,165,874
At 31 December 2019				
Cost	222,493	512,292	2,600,459	3,335,244
Accumulated depreciation	(15,648)	-	(153,722)	(169,370)
Net book amount	206,845	512,292	2,446,737	3,165,874

Right-of-use assets relates to building offices.

10 Trade and other payables

	Consolidated 2019 \$	Parent entity 2019 \$
Current liabilities		
Trade and other payables	7,555	-
Accrued expenses	28,566	-
	36,121	-

11 Lease liabilities

	Consolidated 2019			Parent entity 2019		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Lease liabilities	462,434	1,744,255	2,206,689	-	-	-

The Group has entered into various non-cancellable lease agreements for our buildings offices. These leases have lease periods expiring between 2021 and 2024. Certain leases include one or more options to renew. The Group does not include renewals in the determination of the lease term unless the renewals are deemed to be reasonably certain.

The following amounts related to leases were recognised in the statement of comprehensive income:

	Consolidated Period from 26 April 2019 to 31 December 2019 \$	Parent entity Period from 26 April 2019 to 31 December 2019 \$
Interest expense (included in finance cost)	24,945	-
Expense relating to short-term leases (included in occupancy cost)	40,508	-

The total cash outflow for leases in 2019, excluding short-term leases, was \$157,018 for the Group and \$nil for the parent entity.

12 Contributed equity

(a) Share capital

Parent entity	2019 Shares	2019 \$
Ordinary shares Fully paid	550,100	1,775,000

(b) Movements in ordinary shares:

Details	Number of shares	\$
Parent entity		
Opening balance 26 April 2019	-	-
Shares issued	550,100	1,775,000
Balance 31 December 2019	550,100	1,775,000

12 Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

13 Reserves and retained surplus

(a) Reserves

	Consolidated	Parent entity
	Period from	Period from
	26 April 2019	26 April 2019
	to 31	to 31
	December	December
	2019	2019
	\$	\$
Foreign currency translation reserve	(46,598)	-

Movements:

Foreign currency translation reserve

Balance 1 January	-	-
Exchange differences on translation of foreign operation	(46,598)	-
Balance 31 December	(46,598)	-

(b) Accumulated deficit

Movements in accumulated deficit were as follows:

	Consolidated	Parent entity
	Period from	Period from
	26 April 2019	26 April 2019
	to 31	to 31
	December	December
	2019	2019
	\$	\$
Balance 26 April	-	-
Deficit for the period	(495,154)	(17,246)
Balance 31 December	(495,154)	(17,246)

14 Key management personnel disclosures

(a) Directors

The following persons were Directors of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) during the financial year:

(i) Non-Executive Directors

Mr A Murphy (appointed 9 October 2019)
 Mr P Harris (appointed 18 April 2019)
 Mr J Wood (appointed 18 April 2019)
 Mr N Patrick (appointed 18 April 2019)

(b) Key management personnel compensation

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) has 3 Directors that are staff of Insearch Limited. These Directors do not receive any remuneration in respect of their work on the Insearch Global Pty Ltd Board.

	Consolidated Period from 26 April 2019 to 31 December 2019	Parent entity Period from 26 April 2019 to 31 December 2019
Remuneration of Directors		
\$0 to \$49,999	1	1
\$50,000 to \$99,999	-	-
\$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	-	-
\$400,000 to \$449,999	-	-
\$450,000 to \$499,999	-	-
\$500,000 +	-	-
	<u>1</u>	<u>1</u>
	Consolidated Period from 26 April 2019 to 31 December 2019	Parent entity Period from 26 April 2019 to 31 December 2019
	\$	\$
Short-term employee benefits	10,807	10,807
Post-employment benefits	1,027	1,027
	<u>11,834</u>	<u>11,834</u>

15 Related party transactions

(a) Parent entities

The parent entity in the wholly owned group is Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd), an entity incorporated and domiciled in Australia. The ultimate parent entity and controlling entity of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) is Insearch Ltd, an entity incorporated and domiciled in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 16.

(c) Transactions with related parties

The following transactions occurred with related parties:

- Subscriptions for Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) ordinary shares by Insearch Limited amounting to \$1,775,000.
- Subscriptions for Insearch Lanka (Private) Limited ordinary shares by Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd) amounting to \$1,755,000.

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

There were no outstanding balance with related parties as at 31 December 2019.

16 Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding 2019 %
Insearch Lanka (Private) Limited	Sri Lanka	Ordinary	100

17 Remuneration of auditors

Remuneration of auditors was borne by the ultimate parent entity.

18 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

19 Cash flow information

(a) Reconciliation of deficit for the period to net cash outflow from operating activities

	Consolidated Period from 26 April 2019 to 31 December 2019 \$	Parent entity Period from 26 April 2019 to 31 December 2019 \$
Deficit for the period	(495,154)	(17,246)
Depreciation	169,849	-
Interest expense classified as financing cash flows	24,945	-
Change in operating assets and liabilities:		
Increase in trade receivables	(1,321)	-
Increase in other current assets	(177,098)	-
Increase in trade and other payables	36,121	-
Increase in contract liabilities	2,805	-
Net cash outflow from operating activities	<u>(439,853)</u>	<u>(17,246)</u>

(b) Non-cash investing and financing activities

Non-cash investing and financing activities:

- acquisition of right-of-use assets amounting to \$2,600,459 for the Group and \$nil for the parent entity

END OF AUDITED FINANCIAL STATEMENTS

Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd)
Directors' declaration
31 December 2019

In accordance with a resolution of the Directors of Insearch Global Pty Ltd (formerly known as Educonnect Pty Ltd), the Directors of the company declare that:

- (a) the financial statements and notes set out on pages 5 to 28 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 2015*, 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 2019 and of its performance for the period 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



Mr A Murphy
Director

Sydney
23 March 2020