

# Annual Report 2019

Insearch Limited | [insearch.edu.au](http://insearch.edu.au)



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## Registered office

Insearch Limited  
Level 9, 187 Thomas Street  
Sydney NSW 2000

## Auditor

Auditor-General for New South Wales  
Level 19, Darling Park Tower 2  
201 Sussex St  
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

Emeritus Vice-Chancellor R D Milbourne AO  
Professor A Brungs  
Ms J N Anderson  
Dr A M Dwyer  
Professor P C Earley  
Mr G A Freeland  
Mr M A Leigh  
Mr A Murphy  
Mr I H Watt

## Directors

Emeritus Vice-Chancellor R D Milbourne AO  
Ms J N Anderson  
Dr A M Dwyer  
Professor P C Earley  
Mr G A Freeland  
Mr M A Leigh  
Mr A Murphy  
Mr I H Watt

# Chair's Letter



The number of students articulating from Insearch to UTS in 2019 was above target, although slightly lower than in 2018; a good result given a slowing of growth in student numbers from China over recent years.

We remain focused on diversification and, pleasingly, have seen continued growth in many of the smaller markets, supported by robust marketing campaigns and promotion of both the Insearch and UTS brands, in partnership with UTS International.

A major achievement this year was the launch of our wholly-owned UTS Insearch Sri Lanka College in Colombo. This was a significant project for Insearch, several years in the making and subject to a number of setbacks during development, including political upheaval in Sri Lanka and the Easter terrorist bombings in Colombo. Despite the obstacles, we commenced teaching with state-of-the-art technology and facilities in October 2019.

The newest addition to our Sydney campus, 609 Harris St, opened for teaching during the year. As well as flexible learning spaces and exciting technology and tools, the space also features specially-commissioned artwork by renowned Indigenous artist, Kent Morris, throughout the building.

In our *2018 Annual Report*, we noted that the Insearch main Sydney campus would commence a major project in 2019 to transition to a new location in 2021. This move has now been postponed and we continue to develop our long-term campus plan.

As well as an annual donation to UTS of \$7M, we also made the third and final additional payment of \$10M

towards the development of UTS Building 2, a fantastic addition to the University's campus.

Our relationships with our UTS colleagues at all levels and areas of the University are invaluable in helping us to achieve the strategic goals of both organisations. Throughout 2019, we have worked closely together on developing a joint approach to channel partner management, leveraging of joint marketing and business intelligence, management of under 18s students, alignment of admissions processes, development of joint country strategies, review and alignment of scholarship programs, and coordination of offshore offices, including co-locating staff in a Beijing office.

During the year, we farewelled long-time Board Directors, Peter Bennett and Anne Dwyer. While Anne also retired from her UTS role as Deputy Vice-Chancellor (Corporate Services), we were delighted that she was recently reappointed to the Board as the UTS Council representative. Professor Elizabeth Mossop, Dean of the UTS School of Design, Architecture and Building, served as a Director for an interim period. We thank them all for their important contributions to the discussions and activities of the Board. A warm welcome also to our new Director, UTS Chief Financial Officer, Mark Leigh.

As we leave 2019 behind and embrace the challenges and opportunities 2020 brings, I want to thank my fellow Board and committee members, the management and staff of Insearch, our UTS colleagues and other key stakeholders.

A handwritten signature in black ink that reads "Ross Milbourne". The signature is written in a cursive, slightly slanted style.

**Emeritus Vice-Chancellor Ross Milbourne AO**  
Insearch Limited

# Managing Director's Review



In the face of a number of challenges in 2019, including the continuing decline of student numbers from China being experienced across the international education sector, we delivered a range of major projects, as well as planning and preparing for new opportunities in 2020.

It was incredibly pleasing to see the launch of our new UTS Insearch Sri Lanka College in October, after a long and sometimes very difficult journey. We look forward to welcoming more students to this fantastic campus in the coming year as we raise the profile of both UTS and Insearch in-country.

We successfully implemented our new learning management system, Canvas, which has been positively received by both teachers and students. This system has further enhanced the student experience and introduced a suite of new tools for teachers to use both in the classroom and in their day-to-day administration.

In July, we welcomed the fourth cohort of five Former North Korean Scholarship Students to undertake 30 weeks of English language tuition here in Sydney. This was the first group under the new Memorandum of Understanding between Insearch, the Department of Foreign Affairs and Trade and the South Korean Ministry of Unification, signed in November 2018 to extend the existing program for another three years. We look forward to welcoming larger groups of seven students in both 2020 and 2021.

In December, we commenced the journey to develop an Insearch Reflect RAP (Reconciliation Action Plan), which will further strengthen our commitment to embracing and celebrating our country's rich indigenous culture and knowledge.

To help us prepare for the many opportunities, disruptions and challenges to come, we launched a new vision for Insearch: *To actualise potential and enhance lives through the power of learning, our actions and our people.*

This vision articulates our commitment to what we do and how we do it, to the lifelong transformational impact of education, and to the sustainability, resilience and success of our organisation. To help drive the achievement of our vision, we rolled out an Integral Leadership program across the organisation; a key initiative of our People Strategy, also launched this year.

We also developed a new three-year strategic plan, *Insearch 2022*, which outlines three key goals for our organisation: develop a student-centred culture where student success is fundamental to everyone; enable staff to realise their potential; and, ensure our future sustainability through growing and diversifying.

Thank you to our colleagues at UTS, our Board and its committees, our valued partners and staff around the world for your efforts in 2019 and I look forward to working with you as we welcome the many opportunities and challenges ahead in 2020.

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

Alex Murphy  
Insearch Limited

# About UTS Insearch

## A proud history

For over 30 years Insearch has successfully built an internationally recognised brand associated with premium higher education pathways for students. Backed by a reputation for achieving quality outcomes for students, a strong collaboration with UTS, and building strong relationships with international partners, we have a history of success in a growing and increasingly competitive global education sector.

Our core strengths are our people, our learning and teaching methodologies, our brand and our reputation for quality, all of which support the student experience.

## Students at UTS Insearch

Around 4,000 students from 75 different countries study at UTS Insearch in Sydney each year with the largest cohorts from China, the Sub-Continent, Indonesia, Vietnam and Australia. We have around 2,600 new academic enrolments and more than 1,500 new English language enrolments each year.

## Courses and Programs

Our role is to help students get into their preferred UTS degree program, so we offer international and Australian students a broad range of English and academic programs to support their journey to UTS.

### Academic English

UTS Insearch is one of the top English language providers in Australia, with more than 25 years' experience in delivering quality English language programs to international students.

We offer a range of English programs to suit all levels including General English, Academic English and English for Academic Research. Our English programs prepare students for tertiary study by developing their reading, writing, listening and speaking skills to the prescribed IELTS (International English Language Testing System) levels required.

### UTS Foundation Studies

UTS Foundation Studies has been designed to meet the needs of international students who have successfully completed the equivalent of Year 11 in the Australian school system and, therefore, require additional tuition to obtain entry to an Australian university. The program enables students to develop a broad knowledge and skill set and is a direct pathway to a UTS undergraduate degree program or Insearch diploma.

## Diploma programs

Insearch diplomas are recommended for students who have not attained the academic entry requirements necessary to go directly into a UTS undergraduate program. Students who successfully complete an Insearch diploma and achieve the required GPA are guaranteed entry into a UTS degree and, in most cases, receive a full year of credit for their program.

We currently offer diplomas in Business, Communication, Design and Architecture, Information Technology, Science and Engineering.

## Global Offices

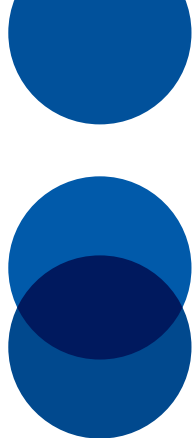
Our presence internationally has grown over recent years and we now have offices located in:

- Sydney, Australia (Head Office)
- Shanghai, China
- Beijing, China
- New Delhi, India
- Ho Chi Minh City, Vietnam

## Transnational partnerships

To offer more students access to our high quality English and academic courses we have formed partnerships with a select group of international education providers to deliver our programs in-country. Each year over 6,000 students study English and/or diplomas at one of our partner colleges.

These partnerships help us to deepen our engagement with countries in the region.



**Insearch English courses are delivered in the following countries:**

**China**

- Sydney Institute of Language and Commerce (SILC) in association with the University of Technology Sydney (UTS) and Shanghai University
- EIC Academy, part of Education International Cooperation (EIC) Group

**Vietnam**

- The Australian Centre for Education and Training (ACET) in partnership with IDP, Ho Chi Minh City and Hanoi

**Indonesia**

- UTS Insearch Gramedia (UG) in partnership with Kompas Gramedia

**South Korea**

- IEN Institute, part of International Education Network Inc. (IEN)

**Myanmar**

- AEC English Centre in partnership with Australian Visa and Student Services (AVSS)

**Insearch Diploma programs are offered in:**

- **Shanghai** through Sydney Institute of Language and Commerce (SILC) – Diploma of Business
- **Jakarta** through UniSadhuGuna International College (UIC) in partnership with UniSadhuGuna International Education (UIE) – Diploma of Business and Diploma of Engineering
- **Seoul** through IEN Institute, part of International Education Network Inc. (IEN) – Diploma of Business and Diploma of Information Technology
- **Colombo** wholly-owned Insearch campus. Diploma of Business, Diploma of IT, Diploma of Engineering and UTS Foundation Studies



**Courses and Programs available worldwide**



International Partnerships

# UTS Insearch at a glance

## UTS GLOBAL RANKINGS



#1 young uni  
in Australia\*  
#140 in the World\*\*

More than

2,700



new students to UTS in 2019

## UTS Insearch student performance at UTS



85%

overall subject pass rate\*\*\*

More than

30,000

alumni around the world



600

STAFF



in 5 countries

80%



student satisfaction rate\*\*\*\*

30+

years



of quality teaching

6,000+

OFFSHORE



student enrolments

AROUND

4,000

STUDENTS



from 75 countries study  
in Sydney each year

18,900 sqm



campus footprint  
next door to UTS

\* for universities under 50 years of age in the QS World University Rankings® Top 50 under 50, 2020

\*\* in the QS World University Rankings® 2020

\*\*\* 2018 data (latest available): domestic students 83.6%, international students 85.4%

\*\*\*\* QILT Student Experience Survey 2018 (latest available)



# From Shanghai high school to university medallist



Growing up in Shanghai, Liqing Chen's family always encouraged her to consider studying internationally. After graduating from high school, she had a decision to make - stay and study in Shanghai or experience university life overseas.

"My parents encouraged me to study abroad while I was young. They said that I had the opportunity for an experience which they never had, and that I should go and discover new things. They wanted me to broaden my horizons, so I could give myself a better future.

**"Now, I get to be the first person in my family to study abroad - they inspired that dream in me."**

With her parents' advice in mind, Liqing made the trip to Sydney and enrolled in a UTS Foundation Studies course at Insearch.

Having dreamt of pursuing a career in finance and economics from a young age, studying business was a natural choice for Liqing.

Liqing's work ethic and passion for business led to her coming first in her Diploma course overall and winning UTS Insearch's prestigious Outstanding Graduate prize for topping her first year of study.

Her academic success continued once she commenced her Bachelor of Business at UTS, receiving the University Medal, an honour reserved for the student with the highest Grade Point Average of their graduating cohort.

"Winning these prizes has been quite an endorsement and compliment for what I have done in the past few years," Liqing said.

It seems those good outcomes haven't stopped for Liqing, as she is currently undertaking her PhD in Economics.

"I want to become an independent researcher and work in academia upon the completion of my PhD," Liqing said.

Liqing has worked hard to achieve all her academic successes. She also believes a good work-life balance is essential for students and, throughout her university studies, Liqing always made time for her hobbies such as music, camping and hiking.





# Insearch Reconciliation Action Plan (RAP)



Recognising the role Insearch can take in contributing to the building of relationships, respect and trust between the wider Australian community and Aboriginal and Torres Strait Islander peoples, Insearch has committed to the commencement and application of a Reconciliation Action Plan (RAP).

The RAP is a commitment to reconciliation in Australia and will provide Insearch with a strategic document that will further support our People Strategy. It will also build on our existing activities supporting the culture and knowledge of First Australians: the South East Aboriginal Arts Initiative (launched in 2017) and ongoing Indigenous student scholarships.

There are four types of RAP that an organisation can develop – Reflect, Innovate, Stretch, Elevate – with each designed to suit the organisation at different times of its reconciliation journey.

Insearch is developing a Reflect RAP, the scoping reconciliation stage, which clearly sets out the steps that our organisation should take to prepare for reconciliation initiatives in successive RAPs. Insearch's Reflect RAP will include practical actions which will drive our commitment and contribution to reconciliation, both internally and in the communities in which we operate.

We have appointed a Working Committee of Insearch staff from across the organisation (*Lynne Worlock, Michelle Sadek, Sally Taylor, Mary Ann Marshall, Diana Dunlop, Alex Murphy, Tim Laurence, Michaela James and Sebastian Zagarella*) to work on the development of our RAP.

We have engaged the services of Terri Janke Lawyers to support the development of the Insearch RAP. Their experience in assisting organisations through the RAP development process will help us to ensure the work we complete is relevant and will further benefit the Aboriginal and Torres Strait Islander communities, and Insearch staff and students.

For more information on Reconciliation Australia and RAPs, please visit [www.reconciliation.org.au](http://www.reconciliation.org.au)



# Canvas Learning Management System

In 2019, we launched a new Learning Management System (LMS), Canvas, for all academic programs, with plans for ELT programs to follow in 2020/21.

Canvas is a tool that assists teachers, students and education management by providing opportunities to enhance the engagement of students, both in and out of the classroom. It gives teachers the ability to interact, provide feedback and assess students more easily, and allows management to identify trends and patterns to assist with retention and performance.

Students can actively engage with content through independent learning paths in a collaborative, supportive and peer-friendly environment, making Canvas a significant part of the overall student experience at Insearch. Teachers have been building engaging online experiences to complement in-class activities, reflecting the Insearch Model of Learning, which aligns to UTS learning futures.

Additional add-on tools are being utilised to assist teachers and students. Dropout Detective assists with retention monitoring by collecting meaningful insights into students' engagement in the subjects through interactions in the classroom and quality online experiences coupled with real time performance

in assessments. This enables teaching staff and study success advisers to intervene and support students early and throughout the semester in line with Insearch Early Intervention strategies. Integrated student feedback surveys available within Canvas have significantly improved the student survey response rate to over 70%. This also enables teaching staff to view their own results for timely feedback on their teaching practice, laying a foundation for continuous improvement of curriculum and teaching pedagogies.

We have engaged a number of teachers to support the implementation and ongoing enhancements to the Canvas programs, coordinated and supervised by a learning and teaching consultant. Known as "Canvas Champions", these staff have been running workshops and clinics about Canvas and providing one-on-one support for other academic teachers. The program has been very successful and now extends to the ELT teachers as Canvas is rolled out to our English Language programs in 2020/21. 24/7 support is also available direct from Canvas.

We are now implementing best practice learning and teaching using Canvas across all subjects to ensure students have a consistent experience throughout their time at Insearch.



# UTS Insearch Sri Lanka College



Insearch was proud to open its first wholly-owned campus in Colombo, Sri Lanka in 2019. This is a significant development, enabling students in Sri Lanka and the region to enjoy the benefits of an Insearch pathway without the need to travel to Australia for their first year.

The official launch on 4 July 2019 was attended by the Sri Lankan Prime Minister, Mr Ranil Shriyan Wickremesinghe, who said, “I am pleased to be a part of the launch of the UTS degree pathway (Diploma) programs here in Sri Lanka. This will provide students with a pathway to one of Australia’s most innovative and technology-focused universities, with the opportunity to complete their studies in Sydney, Australia.”

Australia’s High Commissioner to Sri Lanka, His Excellency Mr David Holly, also spoke at the event, saying, “The establishment of a UTS Insearch branch campus in Colombo is a significant milestone in the relationship between Australia and Sri Lanka and is another example of Australia’s excellence in providing educational opportunities in Sri Lanka.”

The new premises on Thurstan Rd draw on the latest thinking in campus design for international education. Designed with the UTS learning futures and Insearch Model of Learning approach in mind, the campus features flexible spaces and inspiring areas for students to meet and collaborate on projects and assignments.





The new Principal, Ms Alison Hiscox, is an international education management professional who has worked in transnational education for over 20 years. Describing the new campus, she says, “It has been purpose-built for the needs of UTS Insearch. It will offer proven programs that provide a high level of support to prepare students for their future study in Sydney. Students can spend an extra year at home in Colombo developing their academic knowledge and skills, ensuring they will be confident and well-prepared for study success when they arrive in Sydney to commence their second year at university.”

Currently, students at the Colombo campus can study UTS Foundation Studies and Diplomas in Business, Engineering, and IT, with courses in Academic English commencing later in 2020.

Sri Lankan students are increasingly considering higher education in Australia. According to 2019 Austrade data, more than 12,600 students have chosen Australia as their higher education destination – an increase of 25 percent over the previous year. In fact, the Sri Lankan market for international undergraduate students in Australia has grown over 20% annually for the past four years. Sri Lanka recognises the value of an in-country pathway, preparing students to complete their courses in Australia.

UTS Insearch Sri Lanka College will be attractive to students not only from Sri Lanka but also other countries in the region.







The Insearch Limited Board

# 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 (Cth)*.

## Directors

The names of Directors in office during the year and at the date of this report (refer to Note 21) are:

	Date of Appointment
Emeritus Vice-Chancellor R D Milbourne AO	1 March 2016
Ms J N Anderson	28 November 2017
Mr P Bennett <i>(Retired 24 May 2019)</i>	25 May 2011
Dr A M Dwyer <i>(Retired 30 September 2019)</i>	25 November 2019 <i>(Reappointed)</i>
Prof P C Earley	1 July 2018
Mr G A Freeland	28 March 2017
Mr M A Leigh	1 October 2019
Prof E Mossop <i>(Retired 24 November 2019)</i>	25 May 2019
Mr A Murphy	3 September 2007
Mr I H Watt	17 July 2018

## Company Secretary

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

Mr N L Patrick  
*(appointed 21 October 2010)*

## Principal activities

The activities of the company during the financial year ended 31 December 2019 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 Limited also reported a surplus of \$4.6m, before the payment of a donation to the University of Technology Sydney of \$17.2m.

## 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.

# 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 in Note 21 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 (2018: \$9,558) per sections 300 (1)(g), 300(8) and 300(9) of the *Corporations Act 2001 (Cth)*.

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

**Emeritus Vice-Chancellor Ross Milbourne AO,**  
**BCom, MCom (UNSW), PhD (Calif), FASSA, FAICD**  
**Non-Executive Director**  
**Chair of the Board**

Emeritus Vice-Chancellor Milbourne became Chair of the Insearch Limited Board on 1 March 2016.

He was appointed Vice-Chancellor of the University of Technology Sydney (UTS) in 2002. During 12 years in the role, he led a major development of the University's physical campus and infrastructure, and the advancement of its national and international profile and reputation.

This followed a number of leadership roles in Australian universities since 1997: Deputy Vice-Chancellor (Research), University of Adelaide (1997-2000); Pro Vice-Chancellor (Research), University of New South Wales (2000-2001); Deputy Vice-Chancellor (Academic), University of Technology Sydney (2001-2002).

Other previous notable appointments include Reserve Bank of Australia Senior Fellow in Economic Policy, Visiting Professor to the London School of Economics, Board member of Universities Australia, member and Chair of the Australian Research Council (ARC) Social Sciences Panel and Research Grants Committee, and Fellow of the Academy of Social Sciences in Australia (FASSA).

Emeritus Vice-Chancellor Milbourne is internationally recognised as an economist and researcher. He has been appointed by the Australian Government to major policy-oriented committees and reviews. He received the Centenary Medal in 2001 for service to Australian society through economics and university administration. In 2015, he was made an Officer of the Order of Australia (AO) for his distinguished service to higher education.

Emeritus Vice-Chancellor Milbourne holds a Master of Commerce from the University of New South Wales. He completed his PhD at the University of California, Berkeley, under the supervision of Nobel laureate George Akerlof. He is a Fellow of the Australian Institute of Company Directors.

**Ms Nell Anderson,**  
**BSc (Hons), GradDipAdmin, GAICD**  
**Non-Executive Director**  
**Chair of the Remuneration and Nominations Committee**

Ms Anderson has over 30 years of executive experience in strategy, marketing, sales and business development in the pharmaceuticals and tourism sectors. She spent a significant part of that time working in the Asia Pacific region.

Ms Anderson is currently Chair of Ascham School and a non-executive director with Campbell Page and MedicAlert Foundation.

Ms Anderson holds an Honours (Class I) Degree in Science from the University of Sydney, a Graduate Diploma in Administration from UTS and is a Graduate Member of the Australian Institute of Company Directors.

**Dr Anne Dwyer,**  
**BBus (CSU), MAICD**  
**Non-Executive Director**  
**– reappointed from 25 November 2019**  
**Member of the Audit and Risk Committee**  
**– reappointed from 25 November 2019**  
**Member of the Remuneration and Nominations Committee – reappointed from 25 November 2019**

Dr Dwyer was re-appointed to the Insearch Limited Board as the UTS Council-appointed Director, effective 25 November 2019. She was previously a Director for a four-year period between March 2015 and September 2019.

Dr Dwyer was formerly Deputy Vice-Chancellor and Vice-President (Corporate Services) at UTS from 2004 until 2019, where she oversaw Human Resources, Information Technology, Student Administration, Marketing and Communication, Governance Support and Legal Services.

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

Dr Dwyer completed a Bachelor of Business at Charles Sturt University and is a Member of the Australian Institute of Company Directors.



# Directors' Report (continued)

## **Professor Chris Earley,**

Doctor of Philosophy (Psychology)

**Non-Executive Director**

**Member of the Remuneration and Nominations Committee**

Professor Chris Earley has over 25 years of teaching and research experience at top business schools around the globe and over 12 years of administrative experience as a dean across three continents. He has been Dean of UTS Business School since November 2017 after serving as the Dean of the Tasmanian School of Business and Economics.

Previously, he was the James Brooke Henderson Chair of Management at Krannert School of Management at Purdue University. Before arriving at Purdue, Chris was Dean and Auran J. Fox Chair in Business at the University of Connecticut as well as the Dean and Cycle and Carriage Chair at the Business School at the National University of Singapore.

Professor Earley has held chairs at London Business School and the Kelley School of Business at Indiana University. He also held professorships at Sasin Institute of Business Administration in Thailand, Hong Kong University of Science and Technology, the University of Minnesota and the Graduate School of the University of California, Irvine, among others.

## **Mr Guy Freeland,**

BCom, CA, GAICD

**Non-Executive Director**

**Chair of the Audit and Risk Committee**

Mr Freeland has held senior executive positions in the construction, information technology, industrial products and non-profit sectors for more than two decades.

Working predominantly for large global companies, including a period under private equity ownership, he has extensive experience in finance and business systems, financial control and risk management, and development of strategic and business operational plans. Prior to this, Mr Freeland spent ten years with PwC in its audit and corporate services groups.

Mr Freeland is an Advisory Board member for a privately owned facilities services company, a non-executive director of Leap NGO and a Finance, Audit and Risk Committee member for Habitat for Humanity.

Mr Freeland holds a Bachelor of Commerce at the University of New South Wales, has been a Chartered Accountant for more than 35 years and is a Graduate Member of the Australian Institute of Company Directors.

## **Mr Mark Leigh**

BEcon, CPA, GAICD

**Non-Executive Director – from 1 October 2019**

**Member of the Audit and Risk Committee – from 1 October 2019**

Mr Leigh is the Chief Financial Officer (CFO) for UTS. With a large organisation reporting directly to him, he is responsible for supporting the UTS strategy of excellence in Teaching & Learning, Research and Engagement. He is directly responsible for all Finance functions including long-term strategic planning, University performance, debt and capital management, Shared Services operations, procurement, compliance and other Finance functions.

Mr Leigh is a transformational CFO with experience in leading Australian and US multinational companies. He has worked for leading companies and institutions including five years at Qantas, nine years at Microsoft (including two based in Singapore), six years at Hudson Global, and two years at Mylan (Alphapharm).

He has extensive experience in building and leading high performance Finance and IT functions that are focused on delivering business insight, business excellence and leadership.

## **Mr Alex Murphy,**

BA (Hons), MAICD

**Managing Director**

Mr Murphy has been with 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 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 a 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 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.

# Directors' Report (continued)

## **Mr Iain Watt,**

**BSc (ANU)**

### ***Non-Executive Director***

Mr Watt joined UTS in June 2018 as Deputy Vice-Chancellor and Vice-President (International) and is responsible for envisioning and driving the implementation of UTS's next stage of internationalisation.

Mr Watt is a Director of Insearch (Shanghai) Limited.

Prior to joining UTS, he was Pro Vice-Chancellor, International at the University of Western Australia (UWA), a role he held for five years. Preceding his tenure at UWA, he was a Director of International Operations and Student Recruitment at the Australian National University (ANU). Mr Watt has extensive international experience and a record of significant and successful leadership in international education. In five years at the ANU he led international and domestic student recruitment and admissions and was responsible for international strategic alliances and partnerships.

Mr Watt also spent eight years with the Australian Embassy in Beijing. While at the Embassy he held positions of Counsellor (Education) for four years and later, Minister-Counsellor (Education). In both positions he was the Australian Government's senior education representative in China. Mr Watt also lived and worked for six years in Taipei and is fluent in Mandarin.

Mr Watt holds a Bachelor of Science degree (in mathematics and statistics) from the ANU and also undertook his postgraduate studies in Chinese language, economy and culture at the ANU.

## **Mr Peter Bennett**

**BEc, DipEd (Monash), MBA (Melb), FCPA, GAICD, SA Fin**

### ***Non-Executive Director – to 24 May 2019***

***Member of the Audit and Risk Committee***

***– to 24 May 2019***

***Member of the Remuneration and***

***Nominations Committee – to 24 May 2019***

Mr Bennett has 30 years' 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.

Mr Bennett completed a Bachelor of Economics and a Diploma of Education at Monash University, and a Master of Business Administration at the University of Melbourne. He is a fellow of CPA Australia, a Graduate Member of the Australian Institute of Company Directors and Senior Associate of FINSIA.

## **Professor Elizabeth Mossop**

***Non-Executive Director***

***– from 25 May 2019 to 24 November 2019***

Professor Elizabeth Mossop is Dean of the UTS School of Design, Architecture and Building and a landscape architect and urbanist with wide-ranging experience in both landscape design and urban planning.

Professor Mossop is a founding principal of Spackman Mossop & Michaels landscape architects based in Sydney and New Orleans. Her professional practice concentrates on urban infrastructure and open space projects such as the multiple award-winning Bowen Place Crossing in Canberra, Press Street Gardens in New Orleans, and Sydney's Cook and Phillip Park. She has also been involved in many aspects of the post-hurricane reconstruction of New Orleans and the Gulf Coast and the ongoing revitalisation of Detroit.

With an academic career spanning 25 years, Professor Mossop has held key roles at universities in both the United States and Australia. Before joining UTS, she was Professor of Landscape Architecture and Director of the Robert Reich School of Landscape Architecture at Louisiana State University, one of the highest ranked landscape architecture programs in the US. Previously, she was the Director of the Master of Landscape Architecture program at the Harvard Graduate School of Design.

Her research and teaching focuses on landscape and urbanism, through investigation of contemporary landscape design both at the urban scale and at the site scale. Her publications include Contemporary Landscape Design in Australia (2006), Hong Kong: Defining the Edge (2001), and City Spaces: Art and Design (2001).

## **Information on Company Secretary**

### **Mr Nathan Patrick,**

**BBus, GradDipACG, FCA, FGIA, FCIS, FAICD**

### ***Chief Financial Officer and Company Secretary***

Mr Patrick was appointed Chief Financial Officer (CFO) and Company Secretary of Insearch Limited in 2010.

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 & 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.

# Directors' Report (continued)

## Meetings 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 2019, and the numbers of meetings attended by each Director were:

Director	Insearch Board Meetings (7)		Audit and Risk Committee Meetings (4)		Remuneration and Nominations Committee Meetings (3)		Academic Board Meetings (4)	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ross Milbourne AO	7	7	4**	4	3**	-	4**	2
Nell Anderson	7	7	-	1	3	3	-	1
Peter Bennett	3	3	2	2	1	1	-	-
Anne Dwyer	6	6	4	4	2	1	-	-
Guy Freeland	7	7	4	4	-	-	-	-
Alex Murphy	7	7	-	4	-	3	-	4
Iain Watt	7	5	-	-	-	-	-	-
Chris Earley	7	6	-	1	2	2	-	-
Elizabeth Mossop	3	3***	-	-	-	-	-	-
Mark Leigh	2	2	1	1	-	-	-	-

### Note:

\* Directors have an open invitation to attend any Audit and Risk Committee meeting.

\*\* Ex-officio member of all Board Committees

\*\*\* Attended one additional Board meeting as an observer on 23 May


### Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 74 of this report.

For and on behalf of the Directors signed at Sydney this 25 March 2020.



Emeritus Vice-Chancellor  
R D Milbourne AO  
Director



Mr A Murphy  
Director

# Corporate Governance Statement

At Insearch Limited (Insearch), the Board of Directors is committed to high 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 Corporate Governance Council but has chosen to adopt the principles that are appropriate to Insearch and use them as a guide to best practice in corporate governance and as a framework for its reporting. This Corporate Governance Statement (Statement) sets out how Insearch applies the eight principles from version 3 of the CGPR and the corporate governance requirements of the *Higher Education Standards Framework (Threshold Standards) 2015* (HES Framework). Principle 9 of this Statement contains information on how Insearch applies the academic governance requirements of the HES Framework.

## Introduction

Insearch, trading as UTS Insearch, is a registered Higher Education Provider, English Language Intensive Courses for Overseas Students (ELICOS) Provider and is ELT Accreditation Scheme Limited (NEAS) accredited.

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

- provide pathways for entry to UTS; and
- 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 statements 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 Provost and Senior Vice-President oversees the academic and commercial relationship between UTS and Insearch.

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

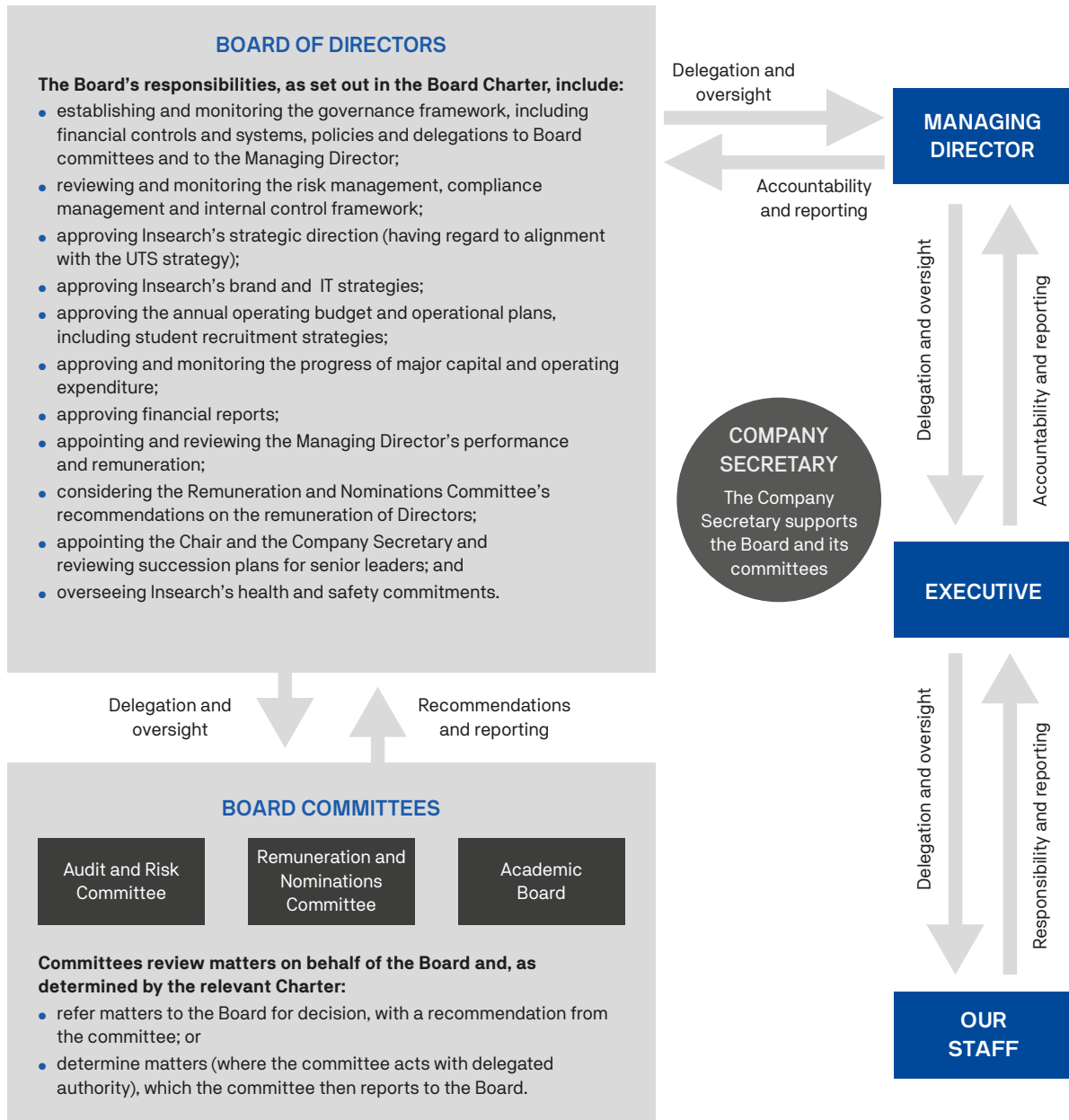
### Role and composition of the Board

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. For the purposes of the HES Framework, the Board is the formally constituted governing body which is accountable for all of Insearch's operations in or from Australia, including accountability for the award of higher education qualifications and for continuing to meet the requirement of the HES Framework.

The Board holds regular meetings and 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.

# Corporate Governance Statement

(continued)



# Corporate Governance Statement

(continued)

## The Executive

The Board delegates authority to the Managing Director and the other members of the Executive to carry out the objectives of Insearch in compliance with Insearch's stated values, delegated limits of authority and Board-approved policies. Members of the Executive are responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for the day-to-day running of Insearch.

## Appointment of Directors

UTS nominates four Non-Executive Directors for appointment to the Board. Prior to the appointment of other candidates for directorship, the Remuneration and Nominations Committee (RNC) conducts appropriate due diligence before final interviews by the Board. Given the qualifications and experience of the UTS nominees and the due diligence conducted by the RNC in regard to other candidates for directorship, the members of the Board are considered to be fit and proper persons (as required by the HES Framework).

Currently, all Directors of the Board are ordinarily resident in Australia (noting that the HES Framework requires at least two Directors to be ordinarily resident in Australia).

## Company Secretary

The Company Secretary, Nathan Patrick, is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. This includes advising the Board and its committees on governance matters, coordinating Board business and providing a point of reference for dealings between the Board and members of the Executive. Further information about the Company Secretary is available in the Directors' Report.

## Diversity and inclusion

Insearch's staff and student bodies reflect the diversity of contemporary, multi-ethnic Australia. With a long-held commitment to diversity, Insearch knows that different opinions, viewpoints, experiences and backgrounds create more robust and inspired work and study environments that deliver better outcomes for all. Insearch encourages this diversity, celebrating it as our greatest asset.

Insearch's most recent report to the Workplace Gender Equality Agency (WGEA), current to 31 March 2019, contained the following gender diversity data:

Since the WGEA report was lodged, the size of the Executive has been decreased from 7 to 6 (including the MD). As at

	Total number of directors/staff	Number of female directors/staff	% of female staff
Insearch Board (including MD)	8	2	25%
The Executive (excluding MD)	5	2	40%
Managers	35	21	60%
Non-Managers	666	381	43%

the date of this Statement, the percentage of female Executives is 33%. During 2019, a female Director was appointed to the Board for a six-month period. During that period, the percentage of female Directors on the Board was 38%.

## Executive performance management

The RNC is responsible for:

- assisting the Board in reviewing the performance of the Managing Director; and
- overseeing the performance review process for members of the Executive, which is conducted by the Managing Director.

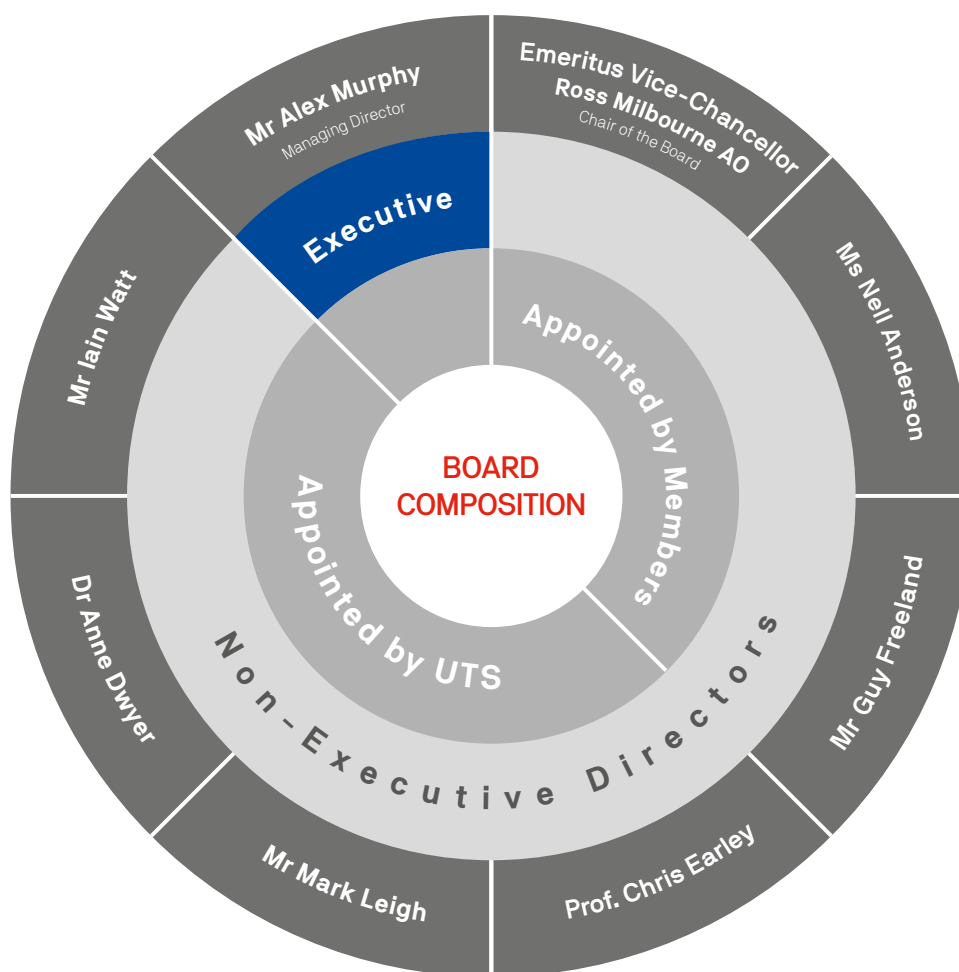


# Corporate Governance Statement

(continued)

## Principle 2: Structure the Board to add value

The diagram below illustrates the composition of the Board at the date of this Statement.



Insearch's Constitution provides that there will be eight Directors of which four are nominated by UTS. The remaining Directors are nominated and approved by the Members. The Board of Directors comprises seven Non-Executive Directors (including the Chair) and one Executive Director, being the Managing Director. None of the Non-Executive Directors have served on the Board for longer than 10 years; their dates of appointment are set out in the Directors' Report.

### Director independence

As a controlled entity of UTS, Insearch has a material business relationship with UTS. Insearch assists and promotes UTS by providing pathway courses for undergraduate entry to UTS and making donations to UTS. UTS supplies a number of services to Insearch including library and laboratory services, for the fees set out in Note 21 (Related party transactions). Although the four Non-Executive Directors nominated by UTS are senior staff of UTS or UTS Council members, the Board considers that all of the Non-Executive Directors bring an independent judgment to bear in Board deliberations.

In accordance with Insearch's Constitution and the *Corporations Act 2001 (Cth)* (Corporations Act), Directors are required to declare to the Board the nature of any business interests they have. Except as permitted by the Corporations Act, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

# Corporate Governance Statement

## (continued)

The Non-Executive Directors meet on a regular basis without management present in a forum intended to allow for open discussion, including in relation to Board and management performance.

### Chair's appointment and responsibilities

The Board selects the Chair from the Non-Executive Directors. The Chair leads the Board and is responsible for its efficient organisation and effective functioning. The Chair ensures that Directors have the opportunity to contribute to Board deliberations, regularly communicates with the Managing Director to review key issues and performance trends, and also represents Insearch in the wider community.

### Board committees

To assist the Board to discharge its duties, the following committees have been established:

#### Audit and Risk Committee (ARC)

The ARC was established to assist the Board in safeguarding the integrity of financial reporting and the management of risk (refer to principles 4 and 7).

The ARC 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 ARC and the Chair of the Board.

#### Academic Board

The Academic Board offers leadership to the organisation's academic community and oversees its educational quality system. The Academic Board provides oversight of academic matters, ensures the quality of the student experience and programs of study, and is committed to ensuring that teaching staff are actively engaged in scholarship.

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

- Academic Standards Committee; and
- Learning and Teaching Committee.

The roles of these committees are set out in separate charters approved by the Academic Board. Further information about the Academic Board's role in academic governance is set out in principle 9 of this Statement.

The Chair of the Academic Board is invited to attend all Board meetings.

#### Remuneration and Nominations Committee (RNC)

The RNC assists the Board in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors, having regard to the law and the highest standards of governance. It also assists the Board to review Board composition, performance and succession planning, which includes identifying, evaluating and recommending candidates for Board appointment. The RNC also has responsibility for oversight of the performance and remuneration of the Managing Director and review of the general levels of remuneration and reward structures of members of the Executive. The membership and further details about the RNC are set out in principle 8.

The responsibilities of the Board and its committees are set out in their respective charters approved by the Board and available at [www.insearch.edu.au/about/who-we-are/board-of-directors](http://www.insearch.edu.au/about/who-we-are/board-of-directors). The Directors' Report contains details of Directors' relevant qualifications and experience, and attendance at Board and committee meetings.

### Skills and diversity of the Board

The Board actively seeks to ensure that it has diversity (including gender diversity) and the appropriate mix of skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well equipped to assist Insearch to navigate the range of opportunities and challenges it faces.

To assist in identifying areas of focus and maintaining this membership mix, the Board utilises a capabilities matrix which it reviews on a regular basis. The Board benefits from the combination of each Director's individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

# Corporate Governance Statement

## (continued)

The Board identified certain skills and areas of knowledge and experience as 'essential', 'important' and 'desirable'. Directors are scored on a scale of 1 (no experience) to 5 (superior experience) for each attribute. As at the date of the Statement, the Board has the following mix of skills and diversity in its membership:

Essential skills, knowledge and experience	Percentage of maximum total score
Strategic thinking	93
Executive leadership	90
Business growth	90
Risk management	85
Commercial	93
Important skills, knowledge and experience	Percentage of maximum total score
International	85
Marketing	70
Financial performance	85
Higher education sector	83
Governance	88
HR and structural reviews	80
Desirable skills, knowledge and experience	Percentage of maximum total score
Government/public sector policy networking	68
Information and communication technology	68
Legal	70
Campus planning	63

Directors participate in an induction program upon appointment and in ongoing professional development opportunities. During 2019, the Directors received briefings on risk management and the international student market. This program of continuing education ensures that the Board is kept up to date with developments in the sector both locally and globally.

### Access to information, independent advice and indemnification

After consultation with the Chair, Directors may seek independent professional advice in furtherance of their duties, at Insearch's expense. Directors also have access to members of the Executive at any time to request relevant information.

Under Insearch's Constitution, and to the extent permitted by law, Insearch indemnifies Directors and Officers against liabilities to third parties incurred in their capacity as Officers of Insearch and against certain legal costs incurred in defending an action for such a liability.

### Board and committees performance review

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. An independent review is conducted on a triennial basis, with the last one being undertaken in 2017. The results of an independent review are considered by the Board and the Managing Director and other members of the Executive. Once action items are agreed, these are monitored at each Board meeting until fully implemented. The Board will consider the introduction of individual Director assessment prior to the next independent Board review in 2020.

# Corporate Governance Statement

## (continued)

### Principle 3: Act ethically and responsibly

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

#### Code of Ethics

Insearch has a Code of Ethics, available at [www.insearch.edu.au/about/who-we-are/vision,-purpose-and-ethics](http://www.insearch.edu.au/about/who-we-are/vision,-purpose-and-ethics). Insearch's vision is "to actualise potential and enhance lives through the power of learning, our actions and our people". Our purpose is to provide the best available opportunity for students to develop the knowledge, skills and attitudes they need to attain their goals. The Code sets out the core values under 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 higher education and to 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.

#### Code of Conduct

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

Every Director, senior manager, manager and all staff of Insearch are committed to implementing the Code of Conduct and are accountable for compliance with the Code. In addition, Insearch Directors and staff re-confirm their compliance with the Code of Conduct annually.

During 2018, the Board approved a Compliance Management Framework that sets out Insearch's commitment to maintaining a culture of integrity and compliance by:

- fulfilling its obligations under applicable laws, regulations and industry codes; and
- upholding its own organisational standards (including the Code of Ethics, Code of Conduct and other Insearch policies and procedures).

#### Whistleblowing

Insearch's Whistleblower and Public Interest Disclosure policies provide an avenue for our staff to report suspected unlawful, unethical or irresponsible behaviour. During 2019, the Whistleblower Policy was updated to reflect the enhanced protections for whistleblowers under the *Corporations Act 2001* (Cth). Insearch has an objective, independent and confidential process for reporting and investigating suspected wrongdoing. All disclosures are treated with confidentiality and can be made anonymously.

#### Wellbeing of staff and students

The Board monitors the wellbeing of staff and students through engagement and satisfaction surveys, and through workplace health and safety reports, which include sections on student incidents. During 2019, Insearch expanded its student welfare team and improved its student support services. Further details are available at [www.insearch.edu.au/student-life/student-support](http://www.insearch.edu.au/student-life/student-support)

### Principle 4: Safeguard integrity in corporate reporting

#### Audit and Risk Committee (ARC)

The ARC assists the Board in relation to its oversight and review of the:

- reliability and integrity of financial information;
- internal control environment; and
- external audit, accounting and financial reporting obligations.

Before the Board approves Insearch's financial statements, they are first reviewed and endorsed by the ARC.

# Corporate Governance Statement

## (continued)

The ARC is comprised of Non-Executive Directors. The following ARC members served from 1 January 2019 up to the date of this Statement, unless otherwise indicated:

- Mr Guy Freeland (Chair);
- Dr Anne Dwyer (retired on 30 September 2019 and rejoined on 25 November 2019);
- Mr Mark Leigh (joined on 1 October 2019);
- Mr Peter Bennett (retired on 24 May 2019); and
- Emeritus Vice-Chancellor Ross Milbourne AO (ex officio member).

### Managing Director and Chief Financial Officer Declaration

The Managing Director and Chief Financial Officer provide the Board with an annual declaration that, in their opinion:

- the financial records have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Insearch; and
- this opinion has been formed on the basis of a sound, effectively operating system of risk management and internal controls.

To support the Managing Director and Chief Financial Officer in making their annual declaration, all managers and members of the Executive at Insearch are asked to complete twice yearly compliance certifications.

### External audit

As a NSW public authority, Insearch's external auditor is the NSW Auditor General, who has engaged PricewaterhouseCoopers to conduct the audit field work.

Auditors are also appointed in offshore jurisdictions to accommodate local reporting. Where material, results of offshore operations are incorporated into the year-end consolidated audit process. The Insearch external auditors visit major offshore operations over the course of a three-year period.

### Minutes of the Board and committee meetings

Minutes of meetings of the Board and committees are taken by the Company Secretary or his delegate and circulated to the Board or committee for approval.

### Principle 5: Make timely and balanced disclosure

Insearch reports to its Members and stakeholders and has reporting requirements that include presenting audited financial statements at its Annual General Meeting (AGM) and lodging these statements with the Australian Charities and Not-for-profits Commission (ACNC), the Tertiary Education Quality and Standards Agency (TEQSA), the Department of Education and Training and the NSW Ombudsman. UTS incorporates the Insearch annual results into the UTS annual report.

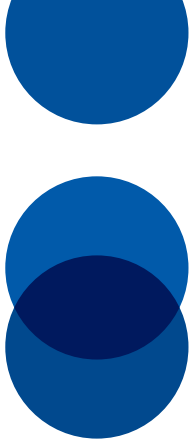
### Principle 6: Respect the rights of Members

The names of the Members of Insearch are listed on the Contents page of this Annual Report. Annual General Meetings are generally scheduled at least six months in advance and are regularly attended by all Members. Insearch communicates relevant and important information regularly to its Members by:

- circulating the annual report and full financial information;
- providing information about the last four years' annual reports and financial data at [www.insearch.edu.au/au/about/publications](http://www.insearch.edu.au/au/about/publications); and
- providing access to information and updates through electronic communications, the Insearch website, media communications and access to a secure, online portal.

# Corporate Governance Statement

(continued)



**Principle 7: Recognise and manage risk**

The Board has overall responsibility for the risk management framework including approval of Insearch’s strategic plan, risk management methodology and risk appetite. The ARC assists the Board in relation to its oversight and annual review of the risk management framework, the Insearch insurance program and compliance with applicable laws and regulations. The ARC and Board approved a new risk management framework during 2018. The membership and further details about the ARC are set out in principle 4.

The following management committees assist with risk management responsibilities:

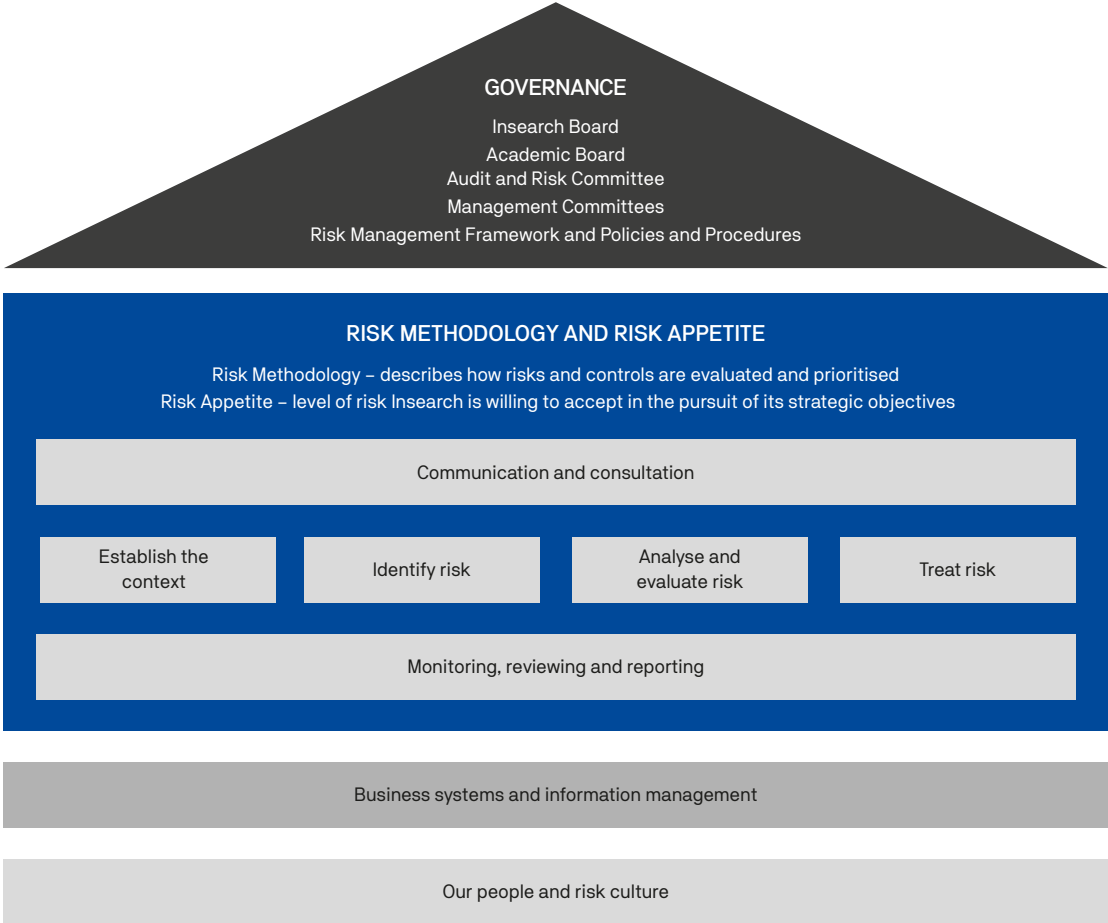
- Cyber Security Committee;
- Health and Safety Oversight Committee; and
- Crisis Management Team.

**Risk Management Framework**

The Insearch Risk Management Framework incorporates the Three Lines of Defence model:

- First Line of Defence – all Managers at Insearch are primarily responsible for managing risk within their areas of responsibility;
- Second Line of Defence – the Governance department has oversight of risk management; and
- Third Line of Defence – Internal Auditors provide advice on whether Insearch’s risk management framework is appropriate, effective and adequate.

**Risk Management Process**





# Corporate Governance Statement

## (continued)

### Risk Appetite Statement

During 2019, the Board engaged a consultant to assist with a comprehensive review of the Risk Appetite Statement. The Board reviewed and restated Insearch's key risks and set new key risk indicators and key performance indicators. These indicators include the matters required to be monitored by a governing body under the HES Framework. The Board expects the new Risk Appetite Statement and reporting on risk indicators will assist and inform its decision making.

### Internal audit

Insearch outsources its internal audit function. Following a tender process in 2017, on the endorsement of the ARC, the Board re-engaged EY as internal auditors for a three-year period, with the option of extending the engagement to 2022. EY performs internal audits in accordance with an annual plan, reports directly to the ARC, and has opportunities to discuss matters without management present. The ARC conducts an annual evaluation of the performance of the internal auditors.

### Economic, environmental and social sustainability risks

Insearch has identified and actively manages a variety of business risks, which are documented in an Enterprise Risk Register. Economic sustainability risks that have a material residual risk rating include Market, Business Model, Digital and Facilities. Each risk has a risk owner, who is an Executive. Risk owners have oversight of existing and planned risk mitigation strategies and have contingency plans in place should the risks eventuate. The Board does not consider that Insearch has any material environmental sustainability or social sustainability risks.

### Principle 8: Remunerate fairly and responsibly

#### Remuneration and Nominations Committee (RNC)

The RNC is comprised of Non-Executive Directors (the majority of whom are appointed by UTS). The following RNC members served during the period from 1 January 2019 up to the date of this Statement, unless otherwise indicated:

- Ms Nell Anderson (Chair);
- Mr Peter Bennett (retired on 24 May 2019);
- Dr Anne Dwyer (retired on 30 September 2019 and rejoined from 25 November 2019);
- Professor Chris Earley (joined on 25 May 2019); and
- Emeritus Vice-Chancellor Ross Milbourne AO (ex officio member).

#### Remuneration of Non-Executive Directors

The RNC reviews and makes recommendations to the Board on the remuneration of Non-Executive Directors, seeking external advice as considered necessary. Changes to Non-Executive Directors' remuneration are approved by Directors' resolution and, in accordance with Insearch's Constitution, by Members' special resolution.

The remuneration of the Non-Executive Directors is fixed and they do not receive any performance-related incentives.

#### Remuneration of members of the Executive

The RNC reviews and makes recommendations to the Board on the remuneration of the Managing Director. In making its recommendations, the RNC aims to motivate the Managing Director to pursue the long-term growth and success of Insearch, demonstrate a clear relationship between performance and remuneration, and to involve an appropriate balance between fixed and incentive remuneration. The RNC will ensure that the Managing Director's remuneration plan informs the establishment of remuneration plans for the whole of Insearch.

# Corporate Governance Statement

## (continued)

### Principle 9: Academic governance

Academic governance relates to the integrity of Insearch's core education activities of learning, teaching and academic 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 Academic Board.

#### Processes and structures

The Academic Board achieves effective academic oversight of the quality of teaching and learning with the support of the Academic Standards Committee (ASC) and Learning and Teaching Committee (LTC). Insearch has a well-established and appropriate organisational structure of academic leaders, from which the members of these committees are selected.

The Academic Board is responsible for providing strategic advice to the Board on academic aspects of the Insearch strategic plan. The Chair of the Academic Board attends Board meetings and presents a standing report on the Academic Board's activities. Insearch Directors and members of the Executive are invited to, and regularly attend, Academic Board meetings.

#### Quality

The Academic Board is responsible for approving academic policies and ensuring their coordination, implementation and review, with the support of the ASC and LTC. Delegations of academic authority are documented in the ASC and LTC Charters. The ASC and LTC provide standing reports on their activities to the Academic Board, including on the exercise of their academic delegations.

The Academic Board monitors and reviews academic performance, including through external qualitative benchmarking with other higher education providers. The LTC advises on key performance indicators appropriate to student performance. Actions are taken to improve performance where necessary.

#### Scholarship

The Board, through the Academic Board, is committed to ensuring that teaching staff are actively engaged in scholarship with regular professional development sessions and activities. Teaching staff can apply for financial support under the Insearch Study Assistance Scheme, Education Conference Fund and the Professional Memberships Fund. Professional staff can also access the Insearch Study Assistance Scheme for any relevant studies they wish to undertake. All staff can access Insearch's learning and development programs.

#### Student participation

Insearch has adopted a Student Charter, available at [www.insearch.edu.au/about/student-policies-procedures](http://www.insearch.edu.au/about/student-policies-procedures). The Student Charter sets out the ways in which students can expect to participate in the Insearch community, including through Student Advisory Groups. There is a Student Advisory Group for each education program, enabling students to raise program-specific issues with their Program Managers.

This Statement is current as at 26 February 2020, being the date of its approval by the Board.

# Financial Statements

## Financial statements

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These financial statements cover both the separate financial statements of Insearch Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Insearch Limited and its subsidiaries. The financial statements are presented in Australian currency.

Insearch Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Insearch Limited**  
**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 (pages 12 to 16), which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 25 March 2020. The Directors have the power to amend and reissue the financial statements.

# Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	Consolidated		Parent entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue from contracts with customers	5	108,022	115,995	108,013	115,995
Other income	6	1,544	2,487	2,042	3,196
Employee benefits expenses	7	(49,021)	(49,490)	(48,268)	(48,954)
Depreciation and amortisation expense	7	(16,175)	(5,722)	(15,769)	(5,702)
Net impairment (losses)/gains on financial assets		(41)	79	(41)	79
Other expenses	7	(38,268)	(52,810)	(39,306)	(53,397)
Finance costs		(2,268)	(91)	(2,235)	(91)
Share of net profit of associate and joint venture accounted for using the equity method	11	837	477	-	-
<b>Operating surplus before donation</b>		<b>4,630</b>	10,925	<b>4,436</b>	11,126
Donation to University of Technology Sydney		(17,194)	(17,165)	(17,194)	(17,165)
<b>Deficit for the year attributable to Members</b>		<b>(12,564)</b>	(6,240)	<b>(12,758)</b>	(6,039)
<b>Other comprehensive (loss)/income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	20(a)	(62)	69	-	-
<b>Other comprehensive (loss)/income for the year</b>		<b>(62)</b>	69	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year attributable to Members</b>		<b>(12,626)</b>	(6,171)	<b>(12,758)</b>	(6,039)

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

# Statement of Financial Position

As at 31 December 2019

	Notes	Consolidated		Parent entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	46,423	64,250	45,421	63,535
Trade receivables	9	520	89	518	89
Financial assets at amortised cost	10	1,166	1,481	1,105	1,782
Other assets	15	5,238	5,091	5,171	5,064
<b>Total current assets</b>		<b>53,347</b>	70,911	<b>52,215</b>	70,470
<b>Non-current assets</b>					
Investments accounted for using the equity method	11	746	509	-	-
Property, plant and equipment	12	75,161	16,349	71,654	16,276
Intangible assets	14	5,870	4,778	5,870	4,778
Other assets	15	323	108	2,622	663
<b>Total non-current assets</b>		<b>82,100</b>	21,744	<b>80,146</b>	21,717
<b>Total assets</b>		<b>135,447</b>	92,655	<b>132,361</b>	92,187
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	16	1,727	1,885	1,575	1,725
Lease liabilities	13	11,877	-	11,216	-
Contract liabilities	5(b)	22,217	25,502	22,214	25,502
Provisions	17	-	40	-	40
Employee benefit obligations	18	5,495	5,144	5,495	5,144
Other current liabilities	19	4,552	4,938	4,523	4,924
<b>Total current liabilities</b>		<b>45,868</b>	37,509	<b>45,023</b>	37,335
<b>Non-current liabilities</b>					
Lease liabilities	13	45,612	-	43,797	-
Provisions	17	4,429	3,078	4,429	3,078
Employee benefit obligations	18	2,719	2,663	2,719	2,663
Total non-current liabilities		<b>52,760</b>	5,741	<b>50,945</b>	5,741
<b>Total liabilities</b>		<b>98,628</b>	43,250	<b>95,968</b>	43,076
<b>Net assets</b>		<b>36,819</b>	49,405	<b>36,393</b>	49,111
<b>Equity</b>					
Reserves	20(a)	(733)	(671)	-	-
Retained surplus	20(b)	37,552	50,076	36,393	49,111
<b>Total equity</b>		<b>36,819</b>	49,405	<b>36,393</b>	49,111

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 2019

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
<b>Consolidated</b>				
<b>Balance at 1 January 2018</b>		(740)	56,316	55,576
Deficit for the year	20(b)	-	(6,240)	(6,240)
Exchange differences on translation of foreign operations	20(a)	69	-	69
<b>Total comprehensive income/(loss) for the year</b>		<b>69</b>	<b>(6,240)</b>	<b>(6,171)</b>
<b>Balance at 31 December 2018</b>		<b>(671)</b>	<b>50,076</b>	<b>49,405</b>

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
<b>Consolidated</b>				
<b>Balance at 1 January 2019</b>		(671)	50,076	49,405
Change in accounting policy	3	-	40	40
<b>Restated total equity at 1 January 2019</b>		<b>-</b>	<b>40</b>	<b>40</b>
Deficit for the year	20(b)	-	(12,564)	(12,564)
Exchange differences on translation of foreign operations	20(a)	(62)	-	(62)
<b>Total comprehensive loss for the year</b>		<b>(62)</b>	<b>(12,524)</b>	<b>(12,586)</b>
<b>Balance at 31 December 2019</b>		<b>(733)</b>	<b>37,552</b>	<b>36,819</b>

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 2019

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
<b>Parent</b>				
<b>Balance at 1 January 2018</b>		-	55,150	55,150
Deficit for the year	20(b)	-	(6,039)	(6,039)
<b>Total comprehensive loss for the year</b>		-	<b>(6,039)</b>	<b>(6,039)</b>
<b>Balance at 31 December 2018</b>		-	<b>49,111</b>	<b>49,111</b>

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
<b>Parent</b>				
<b>Balance at 1 January 2019</b>		-	49,111	49,111
Change in accounting policy	3	-	40	40
<b>Restated total equity at 1 January 2019</b>		-	40	40
Deficit for the year	20(b)	-	(12,758)	(12,758)
<b>Total comprehensive loss for the year</b>		-	<b>(12,718)</b>	<b>(12,718)</b>
<b>Balance at 31 December 2019</b>		-	<b>36,393</b>	<b>36,393</b>

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 2019

	Note	Consolidated		Parent entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of goods and services tax)		106,927	117,704	106,917	117,674
Donation paid to the University of Technology Sydney		(17,194)	(17,165)	(17,194)	(17,165)
Payment to suppliers and employees (inclusive of goods and services tax)		(91,401)	(107,142)	(91,448)	(107,486)
		(1,668)	(6,603)	(1,725)	(6,977)
Net interest received		1,188	1,607	1,254	1,606
Joint venture partnership distribution received		710	-	710	-
Input tax credit refund from Australian Taxation Office		1,506	1,269	1,506	1,269
<b>Net cash inflow/(outflow) from operating activities</b>	28	<b>1,736</b>	<b>(3,727)</b>	<b>1,745</b>	<b>(4,102)</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(5,816)	(5,073)	(4,752)	(5,049)
Payments for intangibles		(2,613)	(1,638)	(2,613)	(1,638)
Payment for establishment of subsidiary		-	-	(1,775)	-
Proceeds from sale of property, plant and equipment		45	49	45	49
<b>Net cash (outflow) from investing activities</b>		<b>(8,384)</b>	<b>(6,662)</b>	<b>(9,095)</b>	<b>(6,638)</b>
<b>Cash flows from financing activities</b>					
Interest elements of lease payments		(2,199)	-	(2,166)	-
Principal elements of lease payments		(8,920)	-	(8,598)	-
<b>Net cash (outflow) from financing activities</b>		<b>(11,119)</b>	<b>-</b>	<b>(10,764)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,767)</b>	<b>(10,389)</b>	<b>(18,114)</b>	<b>(10,740)</b>
Cash and cash equivalents at the beginning of the financial year		64,250	74,622	63,535	74,275
Effects of exchange rate changes on cash and cash equivalents		(60)	17	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>46,423</b>	<b>64,250</b>	<b>45,421</b>	<b>63,535</b>
<b>Non-cash investing and financing activities</b>	28(a)				

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

# Notes to the Financial Statements

For the year ended 31 December 2019

## 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, Sydney, 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 (Shanghai) Limited, Insearch India LLP, Insearch Global Pty Ltd and Insearch Lanka (Private) Limited. Insearch Education International Pty Limited is a private company, incorporated in Australia and formed in 1995. Insearch (Shanghai) Limited provides consulting, marketing support and other services to Insearch Limited. Insearch (Shanghai) Limited was formed in 2001 in the People's Republic of China. Insearch India LLP is a partnership between Insearch Limited (90% owned) and Insearch Education International Pty Limited (10% owned). The entity provides consulting, marketing support and other services to Insearch Limited across the Sub-Continent region. Insearch India LLP was formed in 2018 in India. Insearch Lanka (Private) Limited was formed in 2019 in Sri Lanka to provide pathway courses to university studies. In 2019, Insearch Global Pty Ltd (previously known as Educonnect Australia Pty Ltd) was created and exists as a holding company to Insearch Lanka (Private) Limited.

## 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 2015* and the *Corporations Act 2001 (Cth)*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. Insearch Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 25 March 2020.

#### (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 2015*, and the *Corporations Act 2001 (Cth)* have been used to prepare the subsidiaries' financial statements.

#### (ii) Historical cost convention

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

#### (iii) Reclassifications

Certain accounts in prior years are reclassified to be consistent with current year classifications.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

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

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

The Group has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-Profit Entities*, AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2018-4 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*
- AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities*
- AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- Interpretation 23 *Uncertainty Over Income Tax Treatments*

The Group had to change its accounting policies as a result of adopting AASB 15 and 16. This is disclosed in Note 3. The other amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

##### (v) 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)*

##### (vi) 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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (b) Principles of consolidation and equity accounting

##### (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 2019 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 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.

##### (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.

##### (iii) Joint ventures

The interest in a joint venture 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 joint venture 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 joint venture are set out in Note 11. 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 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 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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (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 Limited's functional and presentation currency.

##### (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 year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or 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* and AASB 1058 *Income of Not-for-Profit Entities*, 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 recognised as revenue over the time of course delivery. Education fees are disclosed net of refunds.

##### (ii) Other fees and charges

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

##### (iii) Other income

Other income includes net gain or loss on disposal of non-current assets, interest income and distributions from associates.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (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 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

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

#### (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, and other short-term, highly liquid investments with original maturities of four 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 0.10% and 1.20% (2018: 0.10% and 0.65%). Deposits at Call are bearing a floating interest rate between 0.65% and 1.00% (2018: 1.15% and 1.40%). Fixed Term Deposits are bearing interest rates between 1.05% and 1.42% (2018: 1.90% and 2.44%).



# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (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 on an ongoing basis and based on the expected credit losses. 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 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 the 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 and 31 December 2018, the Group only has 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	5 years
- Office equipment	3-5 years
- Motor vehicles	3-4 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, including options.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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 two to seven years.

##### (ii) Curriculum and course development

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 three to five years.

##### (iii) Website development

The costs associated with 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 three years.

#### (o) Leases

As explained in Note 2(a), the Group has changed its accounting policy for leases where the Group is the lessee. The impact of the change is described in Note 3.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 25). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, 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 one month to more than five years, but may have extension options as described below.

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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (o) Leases (continued)

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 payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- 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; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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.

#### (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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

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

#### (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) 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 are discounted using published market yield of the two-year Treasury Bond at the end of the reporting period of 0.91% (2018: 1.93%).

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% (2018: 2.36%).

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

#### (s) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 3. Changes in accounting policies

This note explains the impact of the adoption of AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* on the Group's financial statements.

#### (a) AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*

AASB 1058 introduces major changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15 *Revenue from Contracts with Customers*). Implementation guidance has been added to AASB 15 to assist with this determination.

A contract is within the scope of AASB 15 if:

- the entity has an enforceable contract with a customer; and
- the contract includes sufficiently specific promises for the NFP entity to transfer goods or services to the customer or third party beneficiaries.

Under AASB 15, income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004.

AASB 1058 also introduces new requirements for income recognition in several other types of transactions which do not fall within the scope of AASB, including:

- below-market leases;
- obligations to acquire or construct a specific asset for an entity's own use; and
- other transactions such as volunteer services, donated inventories, endowments and bequests.

If NFPs account for income under AASB 15, the relevant disclosures will also apply. In addition, AASB 1058 includes incremental disclosures for NFPs such as the disaggregation of income.

The Group has adopted AASB 1058 and AASB 15 from 1 January 2019. The Group's main sources of income are course fees and other student charges and management has determined that these income streams fall under the scope of AASB 15. The adoption of the standard did not have a major impact on the measurement and recognition of amounts disclosed in the financial report. The Group's revenue and liability presentation has been changed to reflect the adoption of AASB 15.

#### (b) AASB 16 *Leases*

As indicated in Note 2(a) above, the Group has adopted AASB 16 *Leases* retrospectively from 1 January 2019 under modified retrospective method, where the impact has been calculated from the inception date, but has not restated comparatives for the 2018 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2(o).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.8%.

The net impact on retained earnings on 1 January 2019 was an increase of \$39,676.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 3. Changes in accounting policies (continued)

(i) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- right-of-use assets - increase by \$60,197,084;
- lease liabilities - increase by \$60,197,084;
- lease incentive - decrease by \$39,676; and
- retained earnings - increase by \$39,676.

(ii) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining Whether an Arrangement Contains a Lease*.

(iii) Measurement of lease liabilities

	2019 \$'000
Operating lease commitments disclosed as at 31 December 2018	33,950
Discounted using the lessee's incremental borrowing rate at the date of initial application	(1,955)
(Less): short-term leases not recognised as a liability	(195)
Add: adjustments as a result of a different treatment of extension and termination options	31,549
(Less): adjustments relating to changes in the index or rate affecting variable payments	(98)
(Less): GST on leases	(3,054)
<b>Lease liability recognised as at 1 January 2019</b>	<b>60,197</b>
Of which are:	
Current lease liabilities	11,386
Non-current lease liabilities	48,811
	60,197

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 4. 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 operations. 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 and Risk Committee on a continuous basis.

<b>Consolidated</b>	<b>Financial assets at amortised cost \$'000</b>
<b>Financial assets 2019</b>	
Cash and cash equivalents	46,423
Trade receivables - current*	520
Other non-current assets	323
	<b>47,266</b>
2018	
Cash and cash equivalents	64,250
Trade receivables - current*	89
Other non-current assets	108
	<b>64,447</b>
<b>Consolidated</b>	
<b>Financial liabilities 2019</b>	
Trade and other payables	1,727
Contract liabilities	22,217
Other current liabilities*	4,552
	<b>28,496</b>
2018	
Trade and other payables	1,885
Contract liabilities	25,502
Other current liabilities*	4,938
	<b>32,325</b>

\* excluding prepaid student fees and statutory receivables/payables



# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 4. Financial risk management (continued)

<b>Parent entity</b>	<b>Financial assets at amortised cost \$'000</b>
<b>Financial assets 2019</b>	
Cash and cash equivalents	45,421
Trade receivables - current*	518
Other non-current assets	2,622
	<b>48,561</b>
2018	
Cash and cash equivalents	63,535
Trade receivables - current*	89
Other non-current assets	663
	<b>64,287</b>
<b>Parent entity</b>	
<b>Financial liabilities 2019</b>	
Trade and other payables	1,575
Contract liabilities	22,214
Other current liabilities*	4,523
	<b>28,312</b>
2018	
Trade and other payables	1,725
Contract liabilities	25,502
Other current liabilities*	4,924
	<b>32,151</b>

\* excluding prepaid student fees and statutory receivables/payables

#### (a) Market risk

The primary areas of market risk that Insearch Limited is exposed to are foreign exchange risk and interest rate 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, India and Sri Lanka 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 2019 has contributed to the Australian dollar decrease in deficit for Insearch Limited.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 4. Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Foreign exchange risk (continued)

###### Sensitivity

As shown in the table below, the Group is primarily exposed to changes in RMB/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from RMB denominated financial instruments and the impact on other components of equity arises from cash and cash equivalents.

Consolidated	Impact on surplus		Impact on other components of equity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
RMB/AUD exchange rate - increase 10%	-	-	119	106
RMB/AUD exchange rate - decrease 10%	-	-	(119)	(106)
USD/AUD exchange rate - increase 10%	-	-	-	(1)
USD/AUD exchange rate - decrease 10%	-	-	-	1
INR/AUD exchange rate - increase 10%	-	-	(5)	4
INR/AUD exchange rate - decrease 10%	-	-	5	(4)
LKR/AUD exchange rate - increase 10%	-	-	10	-
LKR/AUD exchange rate - decrease 10%	-	-	(10)	-

##### (ii) Interest rate risk

Cash investments are maintained for maturity dates between one and four months in order to respond to more attractive interest bearing deposits. Cash investments are reviewed monthly as part of the management reporting process.

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.

###### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents and trade and other receivables as a result of changes in interest rates.

Consolidated	Impact on surplus		Impact on other components of equity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest rates - increase by 1%	465	645	-	-
Interest rates - decrease by 1%	(465)	(645)	-	-

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 4. 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 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.

#### (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 1 January 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.

#### Consolidated entity

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 (on adoption of AASB 9) was determined as follows for both trade receivables.

Consolidated entity	Current (less than 90 days past due) \$'000	90-180 days past due \$'000	More than 180 days past due \$'000	Total \$'000
<b>31 December 2019</b>				
Expected loss rate	2.99%	100%	100%	
Gross carrying amount – trade receivables	535	19	-	554
<b>Loss allowance</b>	<b>16</b>	<b>19</b>	<b>-</b>	<b>35</b>
<b>31 December 2018</b>				
Expected loss rate	6.32%	100%	100%	
Gross carrying amount – trade receivables	95	11	1	107
<b>Loss allowance</b>	<b>6</b>	<b>11</b>	<b>1</b>	<b>18</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 4. Financial risk management (continued)

Consolidated entity (continued)

Parent entity	Current (less than 90 days past due) \$'000	90-180 days past due \$'000	More than 180 days past due \$'000	Total \$'000
<b>31 December 2019</b>				
Expected loss rate	3.00%	100%	100%	
Gross carrying amount – trade receivables	533	19	-	552
<b>Loss allowance</b>	<b>16</b>	<b>19</b>	<b>-</b>	<b>35</b>
<b>31 December 2018</b>				
Expected loss rate	6.32%	100%	100%	
Gross carrying amount – trade receivables	95	11	1	107
<b>Loss allowance</b>	<b>6</b>	<b>11</b>	<b>1</b>	<b>18</b>

#### (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.

##### (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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of lease liabilities	Less than 1 year \$'000	Between 1 and 5 years \$'000	Later than 5 years \$'000	Total contractual cash flows \$'000	Less: Imputed interest \$'000	Carrying amount liabilities \$'000
<b>Consolidated entity - At 31 December 2019</b>						
Lease liabilities	12,086	40,693	11,217	63,996	(6,507)	57,489
<b>Contractual maturities of lease liabilities Parent entity - At 31 December 2019</b>						
Lease liabilities	11,414	38,677	11,217	61,308	(6,295)	55,013

#### (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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 5. Revenue from contracts with customers

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Revenue from continuing operations</b>				
Fees	108,022	115,995	108,013	115,995

#### (a) Disaggregation of revenue from students and contracts with customers

The Group derives revenue from contracts with customers over time and at a point in time as follows:

Consolidated 2019	Australia \$'000	Sub-Continent \$'000	Total \$'000
Timing of revenue recognition			
At a point in time - Other fees	1,863	-	1,863
Over time - Education course fees	106,150	9	106,159
	108,013	9	108,022

Consolidated 2018	Australia \$'000	Sub-Continent \$'000	Total \$'000
Timing of revenue recognition			
At a point in time - Other fees	3,705	-	3,705
Over time - Education course fees	112,290	-	112,290
	115,995	-	115,995

Parent entity 2019	Australia \$'000
Timing of revenue recognition	
At a point in time - Other fees	1,863
Over time - Education course fees	106,150
	108,013

Parent entity 2018	Australia \$'000
Timing of revenue recognition	
At a point in time - Other fees	3,705
Over time - Education course fees	112,290
	115,995

#### (b) Liabilities related to contracts with customers

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total prepaid course fees	22,217	25,502	22,214	25,502

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 6. Other income

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net gain/(loss) on disposal of non-current assets	64	(20)	64	(20)
Interest	1,081	1,699	1,078	1,698
Distributions from interest in associate	-	-	622	710
Other	399	808	278	808
<b>Total other income</b>	<b>1,544</b>	<b>2,487</b>	<b>2,042</b>	<b>3,196</b>

### 7. Expenses

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Expenses from continuing operations</b>				
<i>(i) Employee benefits expenses</i>				
Salaries and wages	41,091	41,470	40,361	40,934
Superannuation	3,846	3,786	3,835	3,786
Payroll tax	2,469	2,506	2,468	2,506
Other	1,615	1,728	1,604	1,728
<b>Total employee benefits expenses</b>	<b>49,021</b>	<b>49,490</b>	<b>48,268</b>	<b>48,954</b>

#### *(ii) Depreciation and amortisation expense*

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Depreciation</i>				
Office equipment	411	397	397	392
Furniture and fittings	2,271	2,978	2,267	2,977
Motor vehicles	74	77	74	77
Computer equipment	952	996	916	982
Right-of-use assets	10,946	-	10,594	-
<b>Total depreciation</b>	<b>14,654</b>	<b>4,448</b>	<b>14,248</b>	<b>4,428</b>
<i>Amortisation</i>				
Curriculum	156	303	156	303
Software	1,365	971	1,365	971
<b>Total amortisation</b>	<b>1,521</b>	<b>1,274</b>	<b>1,521</b>	<b>1,274</b>
<b>Total depreciation and amortisation expense</b>	<b>16,175</b>	<b>5,722</b>	<b>15,769</b>	<b>5,702</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 7. Expenses (continued)

(iii) Other expenses

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Occupancy	2,262	12,373	1,890	11,970
Security	593	535	586	535
Communications	487	710	407	639
Homestay and welcome	688	2,449	688	2,449
Educational expenses	3,385	4,065	3,385	4,065
Scholarships	221	619	221	619
Promotion and channel partner commissions	20,015	21,021	22,432	22,834
Travel	1,625	1,507	1,349	1,323
Staff appointments	406	399	406	399
IT costs	2,460	1,497	2,457	1,497
Staff wellbeing	431	380	40	37
Sponsorships	290	414	287	414
Audit and accounting fees	584	466	455	414
Legal fees	322	365	321	365
Consultancy	1,389	1,997	1,362	1,980
Subscription and membership	267	264	267	264
Printing and stationery	369	456	346	444
Loss/(gain) on foreign exchange	87	42	87	42
Impairment losses of investments	-	-	63	(39)
Other	2,387	3,251	2,257	3,146
<b>Total other expenses</b>	<b>38,268</b>	<b>52,810</b>	<b>39,306</b>	<b>53,397</b>



# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 8. Cash and cash equivalents

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and in hand	6,643	5,899	5,641	5,184
Deposits at call	5,780	2,351	5,780	2,351
Term deposits	34,000	56,000	34,000	56,000
<b>Total cash and cash equivalents</b>	<b>46,423</b>	<b>64,250</b>	<b>45,421</b>	<b>63,535</b>

### 9. Trade receivables

	Consolidated					
	2019			2018		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade receivables	555	-	555	107	-	107
Loss allowance (see Note 9(a))	(35)	-	(35)	(18)	-	(18)
	<b>520</b>	<b>-</b>	<b>520</b>	<b>89</b>	<b>-</b>	<b>89</b>

	Parent entity					
	2019			2018		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade receivables	553	-	553	107	-	107
Loss allowance (see Note 9(a))	(35)	-	(35)	(18)	-	(18)
	<b>518</b>	<b>-</b>	<b>518</b>	<b>89</b>	<b>-</b>	<b>89</b>

#### (a) Loss allowance

The current trade receivables of the Group with a nominal value of \$35,338 (2018: \$17,919) were impaired and they relate to individually impaired receivables for student tuition fees which were deemed potentially uncollectable.

Movements in the loss allowance of trade receivables that are assessed for impairment collectively are as follows:

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	18	131	18	131
Increase/(decrease) in loss allowance recognised in profit or loss during the year	41	(85)	41	(85)
Receivables written off during the year as uncollectable	(24)	(28)	(24)	(28)
<b>At 31 December</b>	<b>35</b>	<b>18</b>	<b>35</b>	<b>18</b>

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

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 10. Financial assets at amortised cost

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Loan to UTS Insearch Gramedia (UIG)	-	-	-	-	-	-
Accrued interest	66	-	66	242	-	242
Other receivables	1,100	-	1,100	1,239	-	1,239
	<b>1,166</b>	<b>-</b>	<b>1,166</b>	<b>1,481</b>	<b>-</b>	<b>1,481</b>

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Loan to UTS Insearch Gramedia (UIG)	-	-	-	248	-	248
Accrued interest	66	-	66	242	-	242
Other receivables	1,039	-	1,039	1,292	-	1,292
	<b>1,105</b>	<b>-</b>	<b>1,105</b>	<b>1,782</b>	<b>-</b>	<b>1,782</b>

### 11. Investments accounted for using the equity method

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest in associated undertaking	746	509	-	-
<b>Total investments accounted for using the equity method</b>	<b>746</b>	<b>509</b>	<b>-</b>	<b>-</b>
<b>Share of profits and losses</b>				
Associate	837	504	-	-
Joint venture	-	(27)	-	-
	<b>837</b>	<b>477</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 11. Investments accounted for using the equity method (continued)

	Consolidated	
	2019 \$'000	2018 \$'000
Carrying amount of investment in associated entity	746	509
<b>Share of assets and liabilities</b>		
Current assets	1,390	1,005
Non-current assets	1,095	57
Total assets	2,485	1,062
Current liabilities	1,703	553
Non-current liabilities	36	-
Total liabilities	1,739	553
Net assets	746	509
<b>Share of revenue and expenses</b>		
Revenues	3,940	3,308
Expenses	(3,103)	(2,831)
Net profit	837	477

#### (a) Associate - Australian Centre for Education and Training (ACET)

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

#### (b) Joint venture - UTS Insearch Gramedia (UIG)

In 2012, the company entered into a joint venture with Lembaga ELTI Gramedia Limited to deliver academic English programs in Indonesia. The name of the joint venture was changed from Lembaga ELTI Gramedia (ELTI) to UTS Insearch Gramedia (UIG) in 2016.

The company's investment in UIG was in the form of a loan amounting to \$247,521. Subsequent losses of the joint venture have been recognised as an increase of the loan balance.

As at 31 December 2018, UIG's share of cumulative losses amounting to \$370,371 has been offset against the loan balance of \$247,521. The excess amount of \$122,850 is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised were \$39,469. In 2019, the outstanding liability was written off and recognised as an income in the profit or loss.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 12. Property, plant and equipment

	Office equipment \$'000	Motor vehicles \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Capital work-in-progress \$'000	Right-of-use assets* \$'000	Total \$'000
<b>Consolidated</b>							
<b>At 1 January 2018</b>							
Cost	2,298	281	26,169	5,950	326	-	35,024
Accumulated depreciation	(896)	(175)	(14,151)	(4,012)	-	-	(19,234)
Net book amount	1,402	106	12,018	1,938	326	-	15,790
<b>Year ended 31 December 2018</b>							
Opening net book amount	1,402	106	12,018	1,938	326	-	15,790
Exchange differences	1	-	-	2	-	-	3
Additions	-	-	37	21	5,015	-	5,073
Disposals	-	-	(69)	-	-	-	(69)
Transfers	75	132	555	720	(1,482)	-	-
Depreciation charge	(397)	(77)	(2,978)	(996)	-	-	(4,448)
Closing net book amount	1,081	161	9,563	1,685	3,859	-	16,349
<b>At 31 December 2018</b>							
Cost	2,374	322	26,310	6,686	3,859	-	39,551
Accumulated depreciation	(1,293)	(161)	(16,747)	(5,001)	-	-	(23,202)
Net book amount	1,081	161	9,563	1,685	3,859	-	16,349

	Office equipment \$'000	Motor vehicles \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Capital work-in-progress \$'000	Right-of-use assets* \$'000	Total \$'000
<b>Consolidated</b>							
<b>At 1 January 2019</b>							
Cost	2,374	322	26,310	6,686	3,859	-	39,551
Accumulated depreciation	(1,293)	(161)	(16,747)	(5,001)	-	-	(23,202)
Net book amount	1,081	161	9,563	1,685	3,859	-	16,349
<b>Year ended 31 December 2019</b>							
Opening net book amount	1,081	161	9,563	1,685	3,859	-	16,349
Transition adjustment to AASB 16 (see Note 3)	-	-	-	-	-	60,197	60,197
Exchange differences	(5)	-	-	(17)	-	-	(22)
Additions	80	-	1,322	173	5,262	6,473	13,310
Disposals	-	-	-	(19)	-	-	(19)
Transfers	448	52	6,104	1,330	(7,934)	-	-
Depreciation charge	(411)	(74)	(2,271)	(952)	-	(10,946)	(14,654)
Closing net book amount	1,193	139	14,718	2,200	1,187	55,724	75,161
<b>At 31 December 2019</b>							
Cost	2,900	304	33,736	8,146	1,187	66,670	112,943
Accumulated depreciation	(1,707)	(165)	(19,018)	(5,946)	-	(10,946)	(37,782)
Net book amount	1,193	139	14,718	2,200	1,187	55,724	75,161

\* Right-of-use assets relates to leased office space

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 12. Property, plant and equipment (continued)

	Office equipment \$'000	Motor vehicles \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Capital work-in-progress \$'000	Right-of-use assets* \$'000	Total \$'000
<b>Parent entity</b>							
<b>At 1 January 2018</b>							
Cost	2,274	281	26,136	5,890	326	-	34,907
Accumulated depreciation	(889)	(175)	(14,118)	(4,001)	-	-	(19,183)
Net book amount	1,385	106	12,018	1,889	326	-	15,724
<b>Year ended 31 December 2018</b>							
Opening net book amount	1,385	106	12,018	1,889	326	-	15,724
Additions	-	-	34	-	5,015	-	5,049
Disposals	-	-	(69)	-	-	-	(69)
Transfers	75	132	555	720	(1,482)	-	-
Depreciation charge	(392)	(77)	(2,977)	(982)	-	-	(4,428)
Closing net book amount	1,068	161	9,561	1,627	3,859	-	16,276
<b>At 31 December 2018</b>							
Cost	2,349	322	26,281	6,603	3,859	-	39,414
Accumulated depreciation	(1,281)	(161)	(16,720)	(4,976)	-	-	(23,138)
Net book amount	1,068	161	9,561	1,627	3,859	-	16,276

	Office equipment \$'000	Motor vehicles \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Capital work-in-progress \$'000	Right-of-use assets* \$'000	Total \$'000
<b>Parent entity</b>							
<b>At 1 January 2019</b>							
Cost	2,349	322	26,281	6,603	3,859	-	39,414
Accumulated depreciation	(1,281)	(161)	(16,720)	(4,976)	-	-	(23,138)
Net book amount	1,068	161	9,561	1,627	3,859	-	16,276
<b>Year ended 31 December 2019</b>							
Opening net book amount	1,068	161	9,561	1,627	3,859	-	16,276
Transition adjustment to AASB 16 (see Note 3)	-	-	-	-	-	59,936	59,936
Additions	-	-	1,282	-	4,752	3,675	9,709
Disposals	-	-	-	(19)	-	-	(19)
Transfers	448	52	6,104	1,330	(7,934)	-	-
Depreciation charge	(397)	(74)	(2,267)	(916)	-	(10,594)	14,248
Closing net book amount	1,119	139	14,680	2,022	677	53,017	71,654
<b>At 31 December 2019</b>							
Cost	2,797	304	33,666	7,894	677	63,611	108,949
Accumulated depreciation	(1,678)	(165)	(18,986)	(5,872)	-	(10,594)	(37,295)
Net book amount	1,119	139	14,680	2,022	677	53,017	71,654

\* Right-of-use assets relates to leased office space

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 13. Lease liabilities

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Lease liabilities	11,877	45,612	57,489	-	-	-

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Lease liabilities	11,216	43,797	55,013	-	-	-

The Group has entered into various non-cancellable lease agreements for teaching and office premises. These leases have lease periods expiring between 2021 and 2027. 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		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest expense (included in finance cost)	2,199	-	2,166	-
Expense relating to short-term leases (included in occupancy cost)	495	-	99	-

The total cash outflow for leases in 2019, excluding short-term leases, was \$11,381,346 for the Group and \$10,764,285 for the parent entity.



# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 14. 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 2018</b>				
Cost	3,143	10,917	1,787	15,847
Accumulated depreciation	(2,722)	(8,711)	-	(11,433)
Net book amount	421	2,206	1,787	4,414
<b>Year ended 31 December 2018</b>				
Opening net book amount	421	2,206	1,787	4,414
Additions	-	-	1,638	1,638
Transfers	209	2,511	(2,720)	-
Amortisation charge	(303)	(971)	-	(1,274)
Closing net book amount	327	3,746	705	4,778
<b>At 31 December 2018</b>				
Cost	3,352	13,428	705	17,485
Accumulated amortisation and impairment	(3,025)	(9,682)	-	(12,707)
Net book amount	327	3,746	705	4,778
<b>Year ended 31 December 2019</b>				
Opening net book amount	327	3,746	705	4,778
Additions	-	-	2,613	2,613
Transfers	-	426	(426)	-
Amortisation charge	(156)	(1,365)	-	(1,521)
Closing net book amount	171	2,807	2,892	5,870
<b>At 31 December 2019</b>				
Cost	3,352	13,855	2,892	20,099
Accumulated amortisation and impairment	(3,181)	(11,048)	-	(14,229)
Net book amount	171	2,807	2,892	5,870

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 15. Other assets

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Prepayments	5,238	-	5,238	5,091	-	5,091
Security deposits	-	323	323	-	108	108
Interest in associate and joint venture	-	-	-	-	-	-
Insearch (Shanghai) Limited	-	-	-	-	-	-
Insearch India LLP	-	-	-	-	-	-
Insearch Global Pty Ltd	-	-	-	-	-	-
	<b>5,238</b>	<b>323</b>	<b>5,561</b>	<b>5,091</b>	<b>108</b>	<b>5,199</b>

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Prepayments	5,171	-	5,171	5,064	-	5,064
Security deposits	-	25	25	-	25	25
Interest in associate and joint venture	-	81	81	-	81	81
Insearch (Shanghai) Limited	-	739	739	-	555	555
Insearch India LLP	-	2	2	-	2	2
Insearch Global Pty Ltd	-	1,775	1,775	-	-	-
	<b>5,171</b>	<b>2,622</b>	<b>7,793</b>	<b>5,064</b>	<b>663</b>	<b>5,727</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 16. Trade and other payables

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade and other payables	1,681	-	1,681	1,709	-	1,709
Amounts due to joint venture	-	-	-	123	-	123
University of Technology Sydney	-	-	-	10	-	10
Other creditors	46	-	46	43	-	43
	<b>1,727</b>	-	<b>1,727</b>	<b>1,885</b>	-	<b>1,885</b>

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade and other payables	1,575	-	1,575	1,715	-	1,715
Amounts due to joint venture	-	-	-	-	-	-
University of Technology Sydney	-	-	-	10	-	10
Other creditors	-	-	-	-	-	-
	<b>1,575</b>	-	<b>1,575</b>	<b>1,725</b>	-	<b>1,725</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 17. Provisions

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Make good provision	-	4,429	4,429	-	3,078	3,078
Lease incentives	-	-	-	40	-	40
	-	4,429	4,429	40	3,078	3,118

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Make good provision	-	4,429	4,429	-	3,078	3,078
Lease incentives	-	-	-	40	-	40
	-	4,429	4,429	40	3,078	3,118

#### (a) Information about individual provisions and significant estimates

##### *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 137 *Provisions, Contingent Liabilities and Contingent Assets*. The make good obligations are expected to be settled within the next five to nine 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 2019	Make good \$'000	Lease incentives \$'000	Total \$'000
<b>Current and non-current</b>			
Carrying amount at start of year	3,078	40	3,118
Additional provision charged to plant and equipment	1,286	-	1,286
Charged/(credited) to the profit or loss	65	(40)	25
Carrying amount at end of year	4,429	-	4,429

Parent entity 2019	Make good \$'000	Lease incentives \$'000	Total \$'000
<b>Current and non-current</b>			
Carrying amount at start of year	3,078	40	3,118
Additional provision charged to plant and equipment	1,286	-	1,286
Charged/(credited) to the profit or loss	65	(40)	25
Carrying amount at end of year	4,429	-	4,429

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 18. Employee benefit obligations

	Consolidated					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations - annual leave (a)	2,520	-	2,520	2,611	-	2,611
Leave obligations - long service leave (a)	2,975	2,719	5,694	2,533	2,663	5,196
Total employee benefit obligations	5,495	2,719	8,214	5,144	2,663	7,807

	Parent entity					
	2019			2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations - annual leave (a)	2,520	-	2,520	2,611	-	2,611
Leave obligations - long service leave (a)	2,975	2,719	5,694	2,533	2,663	5,196
Total employee benefit obligations	5,495	2,719	8,214	5,144	2,663	7,807

#### (a) Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in Note 2(r).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$5,495,042 (2018: \$5,144,527) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current annual leave obligations expected to be settled after 12 months	589	542	589	542
Current long service leave obligations expected to be settled after 12 months	911	789	911	789

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 19. Other liabilities

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current liabilities</b>				
Accrued expenses	3,815	4,438	3,786	4,424
Others	737	500	737	500
<b>Total other current liabilities</b>	<b>4,552</b>	<b>4,938</b>	<b>4,523</b>	<b>4,924</b>

### 20. Reserves and retained surplus

#### (a) Reserves

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Foreign currency translation reserve	(733)	(671)	-	-
<b>Movements:</b>				
<i>Foreign currency translation reserve</i>				
Balance 1 January	(671)	(740)	-	-
Currency translation differences arising during the year	(62)	69	-	-
Balance 31 December	(733)	(671)	-	-

#### (b) Retained surplus

Movements in retained surplus were as follows:

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance 1 January	50,076	56,316	49,111	55,150
Deficit for the year	(12,564)	(6,240)	(12,758)	(6,039)
Changes in accounting policies	40	-	40	-
Balance 31 December	<b>37,552</b>	<b>50,076</b>	<b>36,393</b>	<b>49,111</b>



# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 21. Key management personnel disclosures

#### (a) Directors

The following persons were Directors of Insearch Limited during the financial year:

##### (i) Non-Executive Chair

Emeritus Vice-Chancellor R D Milbourne AO

##### (ii) Executive Director

Mr A Murphy

##### (iii) Non-Executive Directors

Mr I H Watt

Prof P C Earley

Dr A M Dwyer (Resigned 30 September 2019; Reappointed 25 November 2019)

Prof E Mossop (Interim from 25 May 2019 to 24 November 2019)

Mr P Bennett (Resigned 24 May 2019)

Mr M A Leigh (Appointed 1 October 2019)

Mr G A Freeland

Ms J N Anderson

#### (b) Other key management personnel

Prof A Brungs

#### (c) Key management personnel compensation

Insearch Limited has three Directors that are staff of UTS. These Directors do not receive any remuneration in respect of their work on the Insearch Board.

	Consolidated		Parent entity	
	2019	2018	2019	2018
<b>Remuneration of Directors</b>				
\$0 to \$49,999	6	6	6	6
\$50,000 to \$99,999	2	3	2	3
\$100,000 to \$149,999	1	1	1	1
\$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 +	1	1	1	1
	<b>10</b>	<b>11</b>	<b>10</b>	<b>11</b>

	Consolidated		Parent entity	
	2019 \$	2018 \$	2019 \$	2018 \$
Short-term employee benefits	735,743	770,784	735,743	770,784
Post-employment benefits	47,413	59,552	47,413	59,552
	<b>783,156</b>	<b>830,336</b>	<b>783,156</b>	<b>830,336</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 22. Related party transactions

#### (a) Parent entities

The parent entity of 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 23.

#### (c) Transactions with related parties

The following transactions occurred with related parties:

- Donation to the University of Technology Sydney \$17,193,789 (2018: \$17,164,502), this includes \$193,789 (2018: \$164,502) in respect of UTS staff acting as Directors on the Insearch Board.
- Sales of services and fees to the University of Technology Sydney \$109,260 (2018: \$67,716).
- Services rendered by the University of Technology Sydney to Insearch Limited \$4,361,993 (2018: \$5,880,268).
- Consulting service income between Insearch (Shanghai) Limited and Insearch Limited \$1,972,631 (2018: \$1,477,409).
- Consulting service expense between Insearch Limited and Insearch (Shanghai) Limited \$1,972,631 (2018: \$1,477,409).
- Consulting service income between Insearch India LLP and Insearch Limited \$980,012 (2018: \$495,161).
- Consulting service expense between Insearch Limited and Insearch India LLP \$980,012 (2018: \$495,161).

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

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

	Consolidated		Parent entity	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>Current receivables (sales of goods and services)</b>				
Insearch (Shanghai) Limited	-	-	13,219	20,886
Insearch India LLP	-	-	29,744	54,839

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 23. 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	
			2019 %	2018 %
Insearch (Shanghai) Limited	China	Ordinary	100	100
Insearch Global Pty Ltd	Australia	Ordinary	100	-
Insearch Education International Pty Limited	Australia	Ordinary	100	100
Insearch India LLP *	India	Ordinary	90	90
Insearch Lanka (Private) Limited	Sri Lanka	Ordinary	100	-

\* 10% of Insearch India LLP is owned by Insearch Education International Pty Limited.

### 24. Remuneration of auditors

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

#### (a) The Audit Office of New South Wales

(i) Audit and other assurance services

	Consolidated		Parent entity	
	2019 \$	2018 \$	2019 \$	2018 \$
Audit and review of financial reports	175,973	102,695	96,435	102,695
<b>Total auditor's remuneration</b>	<b>175,973</b>	<b>102,695</b>	<b>96,435</b>	<b>102,695</b>

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 25. Commitments

#### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2019* \$'000	2018 \$'000	2019* \$'000	2018 \$'000
Building works	-	2,400	-	2,400
Input tax recoverable from the Australian Taxation Office	-	218	-	218

\* As at 31 December 2019, there are no capital commitments.

#### (b) Lease commitments

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

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 3 for further information.

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'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	-	12,349	-	11,981
Later than one year but not later than five years	-	21,601	-	21,502
	-	33,950	-	33,483
Input tax recoverable from the Australian Taxation Office	-	3,043	-	3,043

### 26. Members' Guarantee

Insearch Limited is incorporated under the *Corporations Act 2001 (Cth)* 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.

### 27. Events occurring after the reporting period

The COVID-19 pandemic is anticipated to have an impact on the Insearch's international student revenue in 2020 mainly in relation to students from the People's Republic of China. The financial impact from the pandemic is not yet known.

No other 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.

# Notes to the Financial Statements

## (continued)

For the year ended 31 December 2019

### 28. Cash flow information

Reconciliation of deficit for the year to net cash inflow/(outflow) from operating activities

	Consolidated		Parent entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deficit for the year	(12,564)	(6,240)	(12,758)	(6,039)
Depreciation and amortisation	16,175	5,722	15,769	5,702
Impairment losses on investments	-	-	63	-
Gain on debt write-off	(121)	-	-	-
Interest expense classified as financing cash flows	2,199	-	2,166	-
Non-cash adjustment on make good provision	-	(610)	-	(610)
Net loss/(gain) on sale of non-current assets	(26)	20	(26)	20
Share of loss of joint venture	-	27	-	-
Share of profit of associates	(837)	(504)	-	-
Bad debt provisions	41	(85)	41	(85)
Change in operating assets and liabilities:				
(Increase)/decrease in trade receivables	(472)	727	(470)	57
Decrease in financial assets at amortised cost	139	569	253	539
Decrease/(increase) in other current assets	29	(337)	69	(316)
Decrease in other non-current assets	407	34	-	28
(Decrease)/increase in trade and other payables	(39)	921	(149)	587
Decrease in contract liabilities	(3,285)	(2,242)	(3,288)	(2,242)
Increase in provisions	69	57	69	57
Increase in employee benefit obligations	407	608	407	608
Decrease in other liabilities	(386)	(2,394)	(401)	(2,408)
Net cash inflow/(outflow) from operating activities	1,736	(3,727)	1,745	(4,102)

#### (a) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets amounting to \$6,473,000 for the Group and \$3,675,000 for the parent entity - Note 12

**END OF AUDITED FINANCIAL STATEMENTS**

# Directors' Declaration

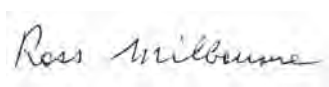
## For the year ended 31 December 2019

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 28 to 69 are in accordance with the *Corporations Act 2001 (Cth)*, 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 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 (Cth)*.

Signed on behalf of the Board of Directors



Emeritus Vice-Chancellor Ross Milbourne AO  
Director

Date: 25 March 2020



Mr Alex Murphy  
Director

Date: 25 March 2020



# Independent Auditor's report



## INDEPENDENT AUDITOR'S REPORT

### Insearch Limited

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

#### Opinion

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the Statement of Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the Company and the consolidated entity (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 and consolidated entity's financial position as at 31 December 2019 and of their 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 2015.

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

#### Basis for Opinion

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

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

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

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

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

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

# Independent Auditor's report

## (continued)

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 25 March 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

### Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Report and Directors' declaration.

My opinion on the financial statements does not cover the other Information. Accordingly, I do not express any form of assurance conclusion on the other Information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the ability of the Company and the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate or cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

# Independent Auditor's report

(continued)

My opinion does not provide assurance:

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



Caroline Karakatsanis  
Director Financial Audit Services

Delegate of the Auditor-General for New South Wales

26 March 2020  
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 2019, 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

Delegate of the Auditor-General for New South Wales

25 March 2020  
SYDNEY

# Contacts

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