UTS | INSEARCH

UNIVERSITY OF TECHNOLOGY, SYDNEY

Annual Report 2013

Bringing university success within reach of more people around the world.

INSEARCH Ltd | insearch.edu.au

Contents

Registered office

INSEARCH Limited
Level 9, 187 Thomas Street
Sydney NSW 2000

Auditor

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

Solicitors

Marque Lawyers
Level 4
343 George Street
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
431 Sussex Street
Sydney NSW 2000

Members

Mr M Williams
Professor R Milbourne
Mr P Bennett
Ms D N Hill
Mr J M Hutchison AM
Professor B Milthorpe
Mr A Murphy
Professor W Purcell
Mr P Woods

Directors

Mr M Williams
Mr P Bennett
Ms D N Hill
Mr J M Hutchison AM
Professor B Milthorpe
Mr A Murphy
Professor W Purcell
Mr P Woods

Chair's Letter

The 2013 year saw a welcome turnaround in several of the key trends that drive INSEARCH's business. These trends combined with student recruitment successes to take enrolments at INSEARCH to record levels by the end of the year. While the overall Australian education sector experienced accelerated growth in numbers of international higher education and English language students, INSEARCH's student numbers have risen well ahead of the average. Management, and the entire INSEARCH team, deserves great credit for this.

But the story cannot stop there! University of Technology, Sydney (UTS) has a need for a significant increase in quality students and especially for those who articulate to it from INSEARCH. As recent history has shown, once again we continue to operate in a volatile environment with multiple challenges in our pursuit of a sustainable flow of students to INSEARCH, and through us to UTS.

Since 2012, domestic demand for pathway options has been affected by the uncapping of undergraduate student places. INSEARCH has introduced a number of responses, including the decision to accept students based on average marks in a set of their Higher School Certificate subjects. This will attract students who are capable of completing our diploma programs but were disadvantaged in Australian Tertiary Admission Rank calculations.

Internationally, we need to increase the number and diversity of our students, but are ever mindful of the ongoing viability of markets and of managing our costs.

In increasing our international student numbers, we will not compromise on quality or rigorous visa checks and management. We have successfully handled the visa reforms that were introduced by the previous government in July 2012. The processes we have put in place are demanding but are recognised by the government as helping to ensure that we enrol bona fide students. We know the critical importance of this to UTS.

We continue also to be challenged in developing operations overseas, especially in finding the best locations to attract growing numbers of students and sustaining them in the rapidly changing educational environments in source markets.

The curriculum developments that are well underway are a critical part of INSEARCH maintaining its reputation as a premium provider and increasing its enrolments. These span all our program areas: a revision of the UTS Foundation Studies program, the introduction of new diploma streams that will expand students' options at UTS, longer diplomas to appeal to a sizable set of prospective students and expanded Academic English curriculum. Our moves into blended learning programs increasingly will become essential.

Because INSEARCH's primary role is to be a pathway to UTS, it is essential that our academic programs remain aligned with the University's degree programs. University academic staff moderate INSEARCH diplomas to ensure consistency with UTS curriculum. INSEARCH staff worked together with UTS staff on the review of the UTS Foundation Studies program, course changes and joint communication with the Tertiary Education Quality and Standards Agency.

The relationship between UTS and INSEARCH deepened in October when the UTS Vice-Chancellor, Professor Ross Milbourne, our Managing Director, Alex Murphy and I signed Cooperation and Trademark Agreements that mark a new phase in our engagement. We now must endeavour to build on these at the various levels of our interaction with UTS.

The University's rising standing internationally, such as its move into the top 350 in the 2013 Times Higher Education World University Ranking, gives INSEARCH's activities a great boost.

This rising reputation is testimony to the leadership of the Vice-Chancellor, whose strong personal support of INSEARCH has been invaluable. All of us at INSEARCH wish the Vice-Chancellor all the best in his retirement later in 2014. We look forward to formally welcoming and working with his successor, Professor Attila Brungs.

On behalf of the Board I would also like to thank the Chancellor, members of the UTS Executive Team, Deans and their teams for their support and collaboration. I would like to express my considerable gratitude to my fellow directors for their invaluable commitment, insights and dedication. The Board and I extend our appreciation to all the INSEARCH Senior Leadership Team and their staff for their achievements throughout the year.

Mack Williams, INSEARCH Limited

Managing Director's Review

INSEARCH ended the year well ahead of targets and budgeted profit. In the last part of the year we recruited more teachers, began to refit some of our premises as classrooms and leased additional space in our main building to meet demand and student expectations.

The growth this year testifies to the quality of our staff and their commitment to their work. Measures of staff engagement have been rising encouragingly over the past three years.

Our ability to more quickly and accurately analyse student recruitment, progression between programs, performance and articulation to UTS has been enormously improved by the results we began receiving this year from our Business Intelligence system.

Comparisons using government data show that INSEARCH has outperformed the market for international student growth in 2013. Indications for 2014 suggest continued growth in international student numbers. This growth includes early results from new international marketing initiatives that we introduced in 2013.

A highlight was the launch in July of the High Achievers Leadership Program (HALP) in China, with the NSW Deputy Premier, the Hon. Andrew Stoner MP. This program of workshops and work-experience is designed to develop leadership, critical thinking and work-readiness skills, which will reinforce the reputation of UTS for producing work-ready graduates who are sought after by employers.

To coincide with HALP's launch, INSEARCH initiated and organised an education roundtable in Chengdu, which enabled the Deputy Premier to promote the higher education credentials of NSW.

The HALP program built on the China Friendship Scholarships we offered in 2012, which were also the model for the 40th Anniversary Friendship Scholarships that we launched in Vietnam in July.

July also saw the UTS Alumni Reunion Tour of seven cities in Asia, where we were pleased to meet up again with INSEARCH alumni and hear how their careers are developing since they graduated from UTS.

Our students and alumni are more active than ever before in promoting INSEARCH, in events, social media, our marketing materials and media relations. It is deeply gratifying to see how excited they are by their experience with us.

As well as teaching international and domestic students in Sydney, we are very active offshore.

Our longest running offshore business activity, Sydney Institute of Language and Commerce (SILC) in Shanghai, will celebrate its 20th anniversary in March 2014. Teaching began at the start of 2013 in a joint venture with ELTI in south Jakarta. This provided a basis for the ELTI INSEARCH Academic English program that we then launched with the University of Multimedia Nusantara (UMN) in west Jakarta. This was quickly being used as a pathway to INSEARCH and UTS.

In Vietnam we started the year implementing our Academic English curriculum in the Australian Centre for Education and Training (ACET). We have also launched a site in Ho Chi Minh City.

We have entered a new partnership with IEN Institute Inc. to deliver Academic English in Seoul and are pursuing opportunities to expand in China.

2014 starts for INSEARCH with our strategies, high quality of staff, support from UTS and wider market trends coming together to propel us forward strongly.

I would like to thank my colleagues on the Senior Leadership Team for their drive and contribution to our success in 2013, our teachers for the wonderful job they do with our students and everyone in the INSEARCH team for their skills, energy and commitment to our vision to bring university success within the reach of more people around the world.

Alex Murphy, INSEARCH Limited

Directors' Report

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

Directors

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

	Note 22 **Date of Appointment**
Mr M Williams *(Chair from 23 Nov 08)*	26 Jun 08
Mr P Bennett	25 May 11
Ms D N Hill	27 Mar 08
Mr J M Hutchison *AM*	27 Nov 08
Prof B Milthorpe	1 Aug 09
Mr A Murphy	3 Sep 07
Prof W Purcell	21 May 09
Mr P Woods	25 May 07

Company Secretary

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

Mr N L Patrick
(appointed 21 October 2010)

Activities

The activities of the company during the financial year ended 31 December 2013 were the provision of English language, foundation and academic courses that are designed as pathways to university studies.

Review and results of operations

In addition to the Chair's Letter on page 2, INSEARCH also reported a profit of $2.9m, after the payment of a donation to the University of Technology, Sydney of $2.6m (Note 6). This profit added to the prior year accumulated profits brings the balance of the accumulated funds to $43.2m.

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.

The INSEARCH Limited Board

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 directors' compensation shown on Note 22 of the financial report.

Insurance of directors and officers

During the financial year a premium to insure directors and officers of the company was paid by the University of Technology, Sydney to the amount of $5,363 as per S300 (1)(g), 300(8) and 300(9) of the Corporations Act, 2001. The liabilities insured include costs and expenses that may be brought against the directors and officers in their capacity as directors and officers of the company.

Information on directors

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

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

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

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

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

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

He is also a member of the University of Technology, Sydney (UTS) Council and a board member of Campbell Page.

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

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

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

Ms Hill is a director of Job Futures Limited (Chair of the Audit and Risk Committee), Austraining International Limited, accessUTS Pty Ltd, and her management consulting company, Sector Research Pty Ltd. She is a member of the Audit and Risk Committee of the Audit Office of New South Wales and Services NSW.

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

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

Mr Hutchison was the Chief Executive Officer of Business Events Sydney from 1998 to 2011.

Prior to that appointment, and after a long career as a senior executive in the aviation industry, Mr Hutchison was appointed Managing Director of the Australian Tourist Commission, now known as Tourism Australia.

Mr Hutchison is an Adjunct Professor at UTS and Chair of UTS's Australian Centre for Event Management Advisory Board.

He is also a director of Tasman Cargo Airlines and Presdyn Pty Ltd, and is a tourism and business events consultant.

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

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

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

Directors' Report (continued)

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

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

Mr Murphy is Managing Director of INSEARCH. He has 22 years' experience with INSEARCH in education, marketing and senior management roles.

Mr Murphy has had a long interest in education, intercultural communication and ethics, having studied linguistics, Indonesian and Malayan studies and philosophy at the University of Sydney. He lived in Indonesia for several years before returning to Australia and joining INSEARCH.

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

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

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

Professor Purcell is a Director of Sydney Educational Broadcasting Ltd, International Education Association of Australia Ltd and UTS Global Ltd, and a Trustee of the Mitsui Education Foundation. He is a board member of the Universities Australia DVC International Committee and a member of the Art Gallery of New South Wales VisAsia Board.

Professor Purcell's other corporate board positions have included Chairman and CEO of UON Singapore Pte Ltd, IDP Education Australia Ltd and AHIEA Ltd.

Over the past 25 years, Professor Purcell has served as a corporate consultant in internationalisation and international joint venturing. Professor Purcell has also served as a business and government advisor and consultant in Australia and across Asia.

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

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

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

Information on Company Secretary

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

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

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

Rounding of amounts

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

Auditor

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

For and on behalf of the directors signed at Sydney this 31 March 2014.

Mack Williams
Director

Alex Murphy
Director

Meeting of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2013, and the numbers of meetings attended by each director were:

	INSEARCH Board Meetings (8)		Audit & Risk Management Committee Meetings (4)		Remuneration Committee Meetings (3)	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mack Williams	8	8	-	-	3	3
Dianne Hill	8	8	4	4	-	-
Jonathan Hutchison	8	8	-	2	3	3
William Purcell	8	7	-	1	3	2
Bruce Milthorpe	8	8	-	-	-	-
Alex Murphy	8	7	-	4	-	-
Patrick Woods	8	7	4	4	-	-
Peter Bennett	8	7	4	3	-	-

Note: Directors have an open invitation to attend any Audit and Risk Management Committee meeting.

Corporate Governance Statement

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

Introduction

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

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

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

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

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

Principle 1: Lay solid foundations for management and oversight

Role and composition of the Board

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

The Board holds regular meetings. It is expected to meet at least six times per calendar year and as may otherwise be required to deal with urgent matters that arise between the scheduled meetings.

The Board is committed to INSEARCH's compliance with all of its contractual, statutory, ethical and any other legal obligations, including the requirements of its regulatory bodies.

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

- Audit and Risk Management Committee; and
- Remuneration Committee.

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

Principle 2: Structure the Board to add value

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

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

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

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

Principle 3: Promote ethical and responsible decision-making

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

Ethics and conduct

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

The Code sets out INSEARCH's commitment to being an international, commercial provider of premium higher

Corporate Governance Statement (continued)

education and operating with integrity, honesty, courage, compassion, respect and imagination.

The Code of Ethics is included in key relevant external and internal publications for students, staff, channel partners and other stakeholders.

INSEARCH also has a Staff Code of Conduct which outlines the behaviour that it expects of its employees whilst at work and when representing INSEARCH in the course of work or at related events. This is communicated to every new employee and reinforced by managers and team leaders. It is also available on both the staff intranet site and the company website.

The Board, senior executives, management and all employees of INSEARCH are committed to implementing the Code of Conduct and each Director, senior executive, manager and employee is accountable for compliance with the Code of Conduct.

Academic governance

INSEARCH formulated its academic governance practices on the Australian Universities Quality Agency Good Practice guideline for Non-self-accrediting institutions, "Academic Governance and Quality Assurance".

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

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

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

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

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

Principle 4: Safeguard integrity in financial reporting, and Principle 7: Recognise and manage risk

Audit and Risk Management

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

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

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

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

- Ms Dianne Hill (Chair);
- Mr Patrick Woods; and
- Mr Peter Bennett.

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

The Board has implemented risk management measures that include maintaining comprehensive policies, procedures and guidelines. These cover areas such as business continuity, management, training and development, finance and administration, marketing and sales, academic good practice and management of the corporate brand and reputation.

Principle 5: Make timely and balanced disclosure

The company is not publicly listed and so is not subject to ASX Listing Rules disclosure requirements. However, the company reports to its members and stakeholders and has reporting

Corporate Governance Statement (continued)

requirements. These reporting requirements include presenting audited financial statements at its Annual General Meeting and lodging these statements with the Australian Securities and Investment Commission (ASIC), the Australian Charities and Not-for-profits Commission (ACNC), and the Tertiary Education Quality and Standards Agency (TEQSA). UTS incorporates the INSEARCH annual results into the UTS annual report.

Principle 6: Respect the rights of members/shareholders

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

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

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

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

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

- Mr Mack Williams (Chair);
- Mr Jonathan Hutchison AM; and
- Prof William (Bill) Purcell.

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

Financial Statements

Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	Consolidated 2013 $000	Consolidated 2012 $000	Parent entity 2013 $000	Parent entity 2012 $000
Revenue from continuing operations	4	63,551	52,340	63,547	54,885
Other income	5	591	216	591	216
Employee benefits expenses	6	(27,393)	(23,903)	(27,237)	(23,783)
Depreciation and amortisation expense	6	(4,604)	(4,126)	(4,571)	(4,095)
Other expenses	6	(30,094)	(24,635)	(30,249)	(24,687)
Finance income / (costs)		90	111	90	118
Share of net profit / (loss) of joint venture partnership accounted for using the equity method	25	746	1,095	-	-
Surplus for the year		2,887	1,098	2,171	2,654
Other comprehensive income Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	21 [a]	177	(126)	-	-
Other comprehensive income for the year		177	(126)	-	-
Total comprehensive income for the year		3,064	972	2,171	2,654
Surplus is attributable to:					
Equity holders of INSEARCH Limited		2,887	1,098	2,171	2,654
Total comprehensive income for the year is attributable to:					
Equity holders of INSEARCH Limited		3,064	972	2,171	2,654

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

Statement of Financial Position

As at 31 December 2013

	Note	Consolidated		Parent entity	
		2013 $000	2012 $000	2013 $000	2012 $000
Assets					
Current assets					
Cash and cash equivalents	7	51,978	38,366	51,546	37,976
Trade and other receivables	8	7,091	7,520	7,160	7,571
Inventories	9	-	1	-	1
Total current assets		59,069	45,887	58,706	45,548
Non-current assets					
Receivables	10	-	1,125	-	1,125
Investments accounted for using the equity method	11	1,517	569	-	-
Property, plant and equipment	12	8,072	9,753	8,033	9,689
Intangible assets	13	3,860	4,956	3,860	4,956
Other non-current assets	14	37	31	378	313
Total non-current assets		13,486	16,434	12,271	16,083
Total assets		72,555	62,321	70,977	61,631
Liabilities					
Current liabilities					
Trade and other payables	16	232	1,555	222	1,544
Finance lease liability	15	177	305	177	305
Provisions	17	2,233	2,027	2,233	2,027
Other current liabilities	18	26,066	17,575	26,069	17,574
Total current liabilities		28,708	21,462	28,701	21,450
Non-current liabilities					
Finance lease liability	19	38	161	38	161
Provisions	20	1,802	1,755	1,802	1,755
Total non-current liabilities		1,840	1,916	1,840	1,916
Total liabilities		30,548	23,378	30,541	23,366
Net assets		42,007	38,943	40,436	38,265
Equity					
Reserves	21 [a]	(1,224)	(1,401)	-	-
Retained surplus	21 [b]	43,231	40,344	40,436	38,265
Total equity		42,007	38,943	40,436	38,265

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 2013

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Consolidated				
Balance at 1 January 2012		(1,275)	39,246	37,971
Surplus for the year	21 [b]	-	1,098	1,098
Exchange differences on translation of foreign operations	21 [a]	(126)	-	(126)
Total comprehensive income for the year		(126)	1,098	972
Balance at 31 December 2012		(1,401)	40,344	38,943

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Consolidated				
Balance at 1 January 2013		(1,401)	40,344	38,943
Surplus for the year	21 [b]	-	2,887	2,887
Exchange differences on translation of foreign operations	21 [a]	177	-	177
Total comprehensive income for the year		177	2,887	3,064
Balance at 31 December 2013		(1,224)	43,231	42,007

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 2013

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Parent				
Balance at 1 January 2012		-	35,611	35,611
Surplus for the year	21 [b]	-	2,654	2,654
Exchange differences on translation of foreign operations		-	-	-
Total comprehensive income for the year		-	2,654	2,654
Balance at 31 December 2012		-	38,265	38,265

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Parent				
Balance at 1 January 2013		-	38,265	38,265
Surplus for the year	21 [b]	-	2,171	2,171
Total comprehensive income for the year		-	2,171	2,171
Balance at 31 December 2013		-	40,436	40,436

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 2013

	Note	Consolidated		Parent entity	
		2013 $000	2012 $000	2013 $000	2012 $000
Cash Flows from Operating Activities					
Receipts from customers (inclusive of goods and services tax)		69,655	55,487	72,241	56,552
Donation paid to the University of Technology, Sydney		(2,648)	(1,098)	(2,648)	(960)
Payment to suppliers and employees (inclusive of goods and services tax)		(56,232)	(49,349)	(56,293)	(49,601)
		10,775	5,040	13,300	5,991
Net Interest received		1,500	1,555	1,498	1,554
Interest paid		(46)	(49)	(46)	(49)
Joint venture partnership distribution received		2,546	967	-	-
Input tax credit refund from Australian Taxation Office		1,037	903	1,037	903
Net cash inflow from operating activities	31	15,812	8,416	15,789	8,399
Cash Flows from Investing Activities					
Payments for property and equipment and intangible assets		(1,779)	(3,423)	(1,779)	(3,424)
Loans to Joint Venture		(40)	(60)	(40)	(60)
Proceeds from sale of property, plant and equipment		2	1	2	1
Net cash (outflow) from investing activities		(1,817)	(3,482)	(1,817)	(3,483)
Cash Flows from Financing Activities					
Finance lease payments		(402)	(237)	(402)	(237)
Net cash (outflow) from financing activities		(402)	(237)	(402)	(237)
Net Increase/(Decrease) in Cash and Cash Equivalents		13,593	4,697	13,570	4,679
Cash and cash equivalents at the beginning of the financial year		38,366	33,705	37,976	33,297
Effects of exchange rate changes on cash and cash equivalents		19	(36)	-	-
Cash and cash equivalents at the end of the financial year	7	51,978	38,366	51,546	37,976

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

Notes to and forming part of the Financial Statements

For the year ended 31 December 2013

1. The company

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

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

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

The consolidated financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

(i) Statement of compliance

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

Generally accepted accounting principles, authoritative pronouncements of the AASB, including Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the *Corporations Act 2001* have been used to prepare the subsidiaries' financial statements.

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to *AASB 101 Presentation of Financial Statements* effective 1 January 2013 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

The Group has applied the following standards and amendments for first time in its annual reporting period commencing 1 January 2013:

- *AASB 119 Employee Benefits* (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

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

For the year ended 31 December 2013

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 January 2013.

(iv) Historical cost convention

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

(v) Critical accounting estimates

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

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of INSEARCH Limited ('company' or 'parent entity') as at 31 December 2013 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 special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

(ii) Joint ventures

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Details relating to the partnership are set out in note 25. Initial investment in the joint venture in the form of a loan is recognised as a financial asset.

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

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

For the year ended 31 December 2013

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 financial statements are presented in Australian dollars, which is INSEARCH Limited's functional and presentation currency.

(ii) Transactions and balances

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

(iii) Group companies

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

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

(iv) Foreign currency translation reserve

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

(d) Revenue recognition

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

Revenue is recognised for the major business activities as follows:

(i) Fees

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

(ii) Other fees and charges

Fees are recognised as revenue when services are provided.

(iii) Other income

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

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

For the year ended 31 December 2013

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 the other overseas entities.

(g) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(h) Acquisition of assets

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

(i) Impairment of assets

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

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank is interest rate bearing with interest rates between 0.10% and 2.65% (2012: 0.10% and 2.50%). Deposits at Call are bearing a floating interest rate between 2.40% and 2.65% (2012: 2.90% and 4.15%). Fixed Term Deposits are bearing interest rates between 3.52% and 4.40% (2012: 4.25% and 5.60%).

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

For the year ended 31 December 2013

2. Summary of significant accounting policies (continued)

(k) Trade and other receivables

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

The collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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

(l) Inventories

The inventory for INSEARCH Limited represents IELTS textbooks, which are held for sale. Inventory is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Classification

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

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

(n) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life in the Group. The Capital Review Committee reviews the estimated useful lives, residual values and depreciation method of assets at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives for the parent entity are as follows:

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

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.

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

For the year ended 31 December 2013

2. Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(i)).

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

(o) 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 and validation expenses

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

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

(iii) Website development

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

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

(p) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (Note 12, 15, 19 and 28). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

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

For the year ended 31 December 2013

2. Summary of significant accounting policies (continued)

(q) 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.

(r) 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.

(s) Employee benefits

(i) Wages and salaries

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

(ii) Annual leave and long service leave

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within 1 year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two year Treasury Bond at the end of the reporting period of 2.68% (2012: 2.75%).

The provision for long service leave is recognised as a liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the ten year Treasury Bond at the end of each reporting period of 4.23% (2012: 3.39%).

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

(iii) Superannuation

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

(t) Rounding of amounts

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

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

For the year ended 31 December 2013

2. Summary of significant accounting policies (continued)

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2013 reporting periods and have not yet been applied in the financial statements. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group had no such gains in other comprehensive income.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from *AASB 139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB9.

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

(v) Comparative information

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

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

For the year ended 31 December 2013

3. Financial risk management

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

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

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

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Financial assets				
Cash and cash equivalents	51,978	38,366	51,546	37,976
Trade and other receivables - current*	3,119	4,839	3,193	4,894
Trade and other receivables - non-current	-	1,125	-	1,125
Other financial assets	37	31	378	313
Total financial assets	55,134	44,361	55,117	44,308
Financial liabilities				
Trade and other payables	232	1,555	222	1,544
Finance lease liability	215	466	215	466
Other financial liabilities*	25,517	15,444	25,517	15,443
Total financial liabilities	25,964	17,465	25,954	17,453

* excluding prepayments and statutory receivables/payables

(a) Market risk

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

(i) Foreign exchange risk

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

INSEARCH Limited has operations in China, Vietnam and Indonesia which are affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars, and the carrying values of the operations on the statement of financial position of the Group.

INSEARCH Limited also has a receivable from the United Kingdom from a sale of business in 2009. The stated balance is now expected to be fully paid in 2014 and is still subject to currency fluctuations until final payment is received.

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 2013 have contributed to the Australian dollar increase in surplus for INSEARCH Limited.

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

For the year ended 31 December 2013

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

Cash investments are maintained for between 1 to 3 months in order to respond to more attractive interest bearing deposits. Cash investments are reviewed monthly as part of the management reporting process.

(iii) Sensitivity

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

Consolicated		**Interest Rate Risk**				**Foreign Exchange Risk**			
31 December 2013		+1%		-1%		+10%		-10%	
	Carrying amount $000	Sur-plus $000	Equity $000	Sur-plus $000	Equity $000	Sur-plus $000	Equity $000	Sur-plus $000	Equity $000
Financial assets									
Cash and cash equivalents	51,978	509	-	(509)	-	-	138	-	(138)
Trade and other receivables - current	3,119	1	-	(1)	-	-	133	-	(133)
Other financial assets	37	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial assets		510	-	(510)	-	-	271	-	(271)
Financial liabilities									
Trade and other payables	232	-	-	-	-	-	(1)	-	1
Finance lease liability	215	-	-	-	-	-	-	-	-
Other financial liabilities	25,517	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial liabilities		-	-	-	-	-	(1)	-	1
31 December 2012									
Financial assets									
Cash and cash equivalents	38,366	377	-	(377)	-	-	95	-	(95)
Trade and other receivables - current	4,839	-	-	-	-	-	37	-	(37)
Trade and other receivables - non-current	1,125	-	-	-	-	-	112	-	(112)
Other financial assets	31	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial assets		377	-	(377)	-	-	244	-	(244)
Financial liabilities									
Trade and other payables	1,555	-	-	-	-	-	(1)	-	1
Finance lease liability	466	-	-	-	-	-	-	-	-
Other financial liabilities	15,444	-	-	-	-	-	-	-	-
Total increase/ (decrease) in financial liabilities		-	-	-	-	-	(1)	-	1

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

For the year ended 31 December 2013

3. Financial risk management (continued)

(b) Credit risk

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

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

The non current portion of receivables relates to a contractual obligation associated with the sale of the operations in the United Kingdom.

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

(c) Liquidity risk

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

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

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

(d) Fair value measurements

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

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

4. Revenue

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Revenue from continuing operations				
Fees	61,995	50,767	61,995	50,767
Interest	1,519	1,522	1,517	1,521
Other fees and charges	37	51	35	51
Distribution from interest in joint venture partnerships	-	-	-	2,546
Total revenue	63,551	52,340	63,547	54,885

5. Other income

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Net loss on sale of non-current assets	(1)	(81)	(1)	(81)
Other	592	297	592	297
Total other income	591	216	591	216

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

For the year ended 31 December 2013

6. Expenses

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Expenses from continuing operations				
[a] Employee benefits expense				
Superannuation	2,064	1,702	2,064	1,702
Salaries and wages	21,596	18,627	21,440	18,507
Payroll tax	1,308	1,172	1,308	1,172
Other	2,425	2,402	2,425	2,402
Total employee benefits expenses	27,393	23,903	27,237	23,783
[b] Depreciation and amortisation expense				
Depreciation				
Office equipment	87	80	86	80
Furniture and fittings	2,153	2,233	2,126	2,208
Motor vehicles	49	47	49	47
Reimbursement of motor vehicles for salary packaging	(23)	(23)	(23)	(23)
Computer equipment	759	679	754	673
Total depreciation	3,025	3,016	2,992	2,985
Amortisation				
Curriculum	412	-	412	-
Software	1,167	1,110	1,167	1,110
Total amortisation	1,579	1,110	1,579	1,110
Total depreciation and amortisation expense	4,604	4,126	4,571	4,095

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

For the year ended 31 December 2013

6. Expenses (continued)

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
[c] Other expenses				
Donation to the University of Technology, Sydney	2,648	1,098	2,648	960
Occupancy	6,537	6,840	6,407	6,728
Security	335	308	335	308
Communications	552	580	522	548
Channel partner commissions	8,457	5,821	8,457	5,821
Homestay & welcome	972	655	972	655
Educational expenses	1,669	1,584	1,669	1,584
Registration & accreditation	129	46	129	46
Scholarships	209	285	209	285
Library fees	853	818	853	818
Promotion	2,087	1,582	2,086	1,562
Overseas travel	792	579	792	579
Local travel	289	248	203	165
Staff appointments	248	244	248	244
Audit & accounting fees	325	406	323	404
Legal fees	176	184	176	184
Consultancy	1,004	427	1,004	427
Subscription and membership	107	232	107	232
Printing & stationery	324	312	316	306
Bad debt receivables and inventory write-offs	(10)	62	(10)	62
Loss / (Gain) on foreign exchange	(360)	(9)	(344)	21
Impairment losses of investments	-	-	(63)	(18)
Exhibition and interview program	204	230	204	230
Offshore representation expenses	141	110	742	673
Other	2,406	1,993	2,264	1,863
Total other expenses	30,094	24,635	30,249	24,687

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

For the year ended 31 December 2013

7. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Cash and cash equivalents				
Cash at bank and in hand	18,408	8,955	17,976	8,565
Deposits at call	4,534	911	4,534	911
Term deposits	29,036	28,500	29,036	28,500
Total cash and cash equivalents	51,978	38,366	51,546	37,976

8. Current assets - Trade and other recievables

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Trade and other recievables				
Trade receivables	558	548	558	548
Provision for impairment of receivables (a)	(24)	(41)	(24)	(41)
	534	507	534	507
Prepayments	3,972	2,681	3,967	2,677
Other receivables	2,404	4,152	2,420	4,207
Accrued interest	139	120	139	120
Loan to ELTI	42	60	100	60
Total trade and other receivables	7,091	7,520	7,160	7,571

(a) Impaired trade and other receivables

As at 31 December 2013, current trade receivables of the Group with a nominal value of $23,608 were impaired and they relate to individually impaired receivables for student tuition fees which were deemed potentially uncollectable. The remaining balance $23,608 was deemed adequate to cover impaired receivables for 2013.

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

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
At 1 January	41	201	41	41
Receivables written off during the year as uncollectable	-	(160)	-	-
Unused amounts reversed	(17)	-	(17)	-
At 31 December	24	41	24	41

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

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

For the year ended 31 December 2013

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

(b) Past due but not impaired

As of 31 December 2013, the Group trade and other receivables of $533,111 (2012: $333,167) and the Parent trade and other receivables of $533,111 (2012: $333,167) were past due but not impaired. The ageing analysis of the receivables is as follows:

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Up to 3 months	525	252	525	252
3 to 6 months	8	74	8	74
Over 6 months	-	7	-	7
	533	333	533	333

9. Current assets - Inventories

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Finished goods - at cost	-	1	-	1
Total inventories	-	1	-	1

10. Non-current assets - Receivables

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Other receivables	-	1,125	-	1,125
Total other receivables	-	1,125	-	1,125

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

For the year ended 31 December 2013

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

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Interest in joint venture partnership (note 25)	1,517	569	-	-
Total investments accounted for using the equity method	1,517	569	-	-

(a) Australia Centres for Education and Training (ACETs)

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

(b) Lembaga ELTI Gramedia (ELTI)

In 2012, the company entered into a joint venture with Lembaga ELTI Gramedia Limited to deliver general English programs in Indonesia. This investment represents a 50% share in the net profit of the joint venture.

The company's initial investment in ELTI was in the form of loan amounting to $100,000 therefore the company initially recognised its investments accounted for using the equity method at nil. If the joint venture makes losses, the share of losses will be recognised against the equity investment until it is reduced to nil and then recognised against the loan balance until it is reduced to nil. The company will continue to recognise losses, and recognise a corresponding liability, after both the equity investment and loan balance have been reduced to nil, because it has an obligation to fund further losses of the joint venture. As at 31 December 2013, the joint venture incurred a $58,000 loss which was applied against the loan balance.

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

For the year ended 31 December 2013

12. Non-current assets - Property, plant and equipment

Consolidated	Office Equipment $000	Motor vehicles $000	Furniture and fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
At 1 January 2012						
Cost	958	198	14,974	3,540	2,709	22,379
Accumulated depreciation	(769)	(51)	(5,882)	(2,328)	-	(9,030)
Net book amount	189	147	9,092	1,212	2,709	13,349
Year ended 31 December 2012						
Opening net book amount	189	147	9,092	1,212	2,709	13,349
Additions	71	-	1,217	937	-	2,225
Disposals	(42)	-	(12)	(19)	-	(73)
Transfer to intangible assets	-	-	-	-	(2,709)	(2,709)
Depreciation charge	(80)	(47)	(2,233)	(679)	-	(3,039)
Closing net book amount	138	100	8,064	1,451	-	9,753
At 31 December 2012						
Cost	450	198	13,305	3,609	-	17,562
Accumulated depreciation	(312)	(98)	(5,241)	(2,158)	-	(7,809)
Net book amount	138	100	8,064	1,451	-	9,753
Year ended 31 December 2013						
Opening net book amount	138	100	8,064	1,451	-	9,753
Exchange differences	-	-	6	2	-	8
Additions	204	61	210	838	49	1,362
Transfer to intangible assets	-	-	-	-	-	-
Disposals	(3)	-	-	-	-	(3)
Depreciation charge	(87)	(49)	(2,153)	(759)	-	(3,048)
Closing net book amount	252	112	6,127	1,532	49	8,072
At 31 December 2013						
Cost	618	259	13,476	4,101	49	18,503
Accumulated depreciation	(366)	(147)	(7,349)	(2,569)	-	(10,431)
Net book amount	252	112	6,127	1,532	49	8,072

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

For the year ended 31 December 2013

12. Non-current assets - Property, plant and equipment

Parent entity	Office Equipment $000	Motor vehicles $000	Furniture and fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
At 1 January 2012						
Cost	953	198	14,879	3,516	2,709	22,255
Accumulated depreciation	(768)	(51)	(5,859)	(2,324)	-	(9,002)
Net book amount	185	147	9,020	1,192	2,709	13,253
Year ended 31 December 2012						
Opening net book amount	185	147	9,020	1,192	2,709	13,253
Additions	72	-	1,217	937	-	2,226
Disposals	(42)	-	(12)	(19)	-	(73)
Transfer to intangible assets	-	-	-	-	(2,709)	(2,709)
Depreciation charge	(80)	(47)	(2,208)	(673)	-	(3,008)
Closing net book amount	135	100	8,017	1,437	-	9,689
At 31 December 2012						
Cost	445	198	13,211	3,585	-	17,439
Accumulated depreciation	(310)	(98)	(5,194)	(2,148)	-	(7,750)
Net book amount	135	100	8,017	1,437	-	9,689
Year ended 31 December 2013						
Opening net book amount	135	100	8,017	1,437	-	9,689
Additions	203	61	211	838	49	1,362
Disposals	(3)	-	-	-	-	(3)
Transfer to intangible assets	-	-	-	-	-	-
Depreciation charge	(86)	(49)	(2,126)	(754)	-	(3,015)
Closing net book amount	249	112	6,102	1,521	49	8,033
At 31 December 2013						
Cost	612	259	13,364	4,072	49	18,356
Accumulated depreciation	(363)	(147)	(7,262)	(2,551)	-	(10,323)
Net book amount	249	112	6,102	1,521	49	8,033

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

For the year ended 31 December 2013

13. Non-current assets - Intangible assets

Consolidated	Curriculum $000	Computer software $000	Capital work-in-progress $000	Total $000
At 1 January 2012				
Cost	-	6,805	-	6,805
Accumulated amortisation and impairment	-	(4,852)	-	(4,852)
Net book amount	-	1,953	-	1,953
Year ended 31 December 2012				
Opening net book amount	-	1,953	-	1,953
Additions	-	788	625	1,413
Disposals	-	(9)	-	(9)
Transfers from plant and equipment	-	-	2,709	2,709
Amortisation charge	-	(1,110)	-	(1,110)
Closing net book amount	-	1,622	3,334	4,956
At 31 December 2012				
Cost	-	7,139	3,334	10,473
Accumulation amortisation and impairment	-	(5,517)	-	(5,517)
Net book amount	-	1,622	3,334	4,956
Year ended 31 December 2013				
Opening net book amount	-	1,622	3,334	4,956
Additions/transfers	2,459	1,094	-	3,553
Disposals/transfers	-	-	(3,070)	(3,070)
Amortisation charge	(412)	(1,167)	-	(1,579)
Closing net book amount	2,047	1,549	264	3,860
At 31 December 2013				
Cost	2,459	8,233	264	10,956
Accumulated amortisation and impairment	(412)	(6,684)	-	(7,096)
Net book amount	2,047	1,549	264	3,860

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

For the year ended 31 December 2013

13. Non-current assets - Intangible assets

Parent entity	Curriculum $000	Computer software $000	Capital work-in-progress $000	Total $000
At 1 January 2012				
Cost	-	6,805	264	7,069
Accumulated amortisation and impairment	-	(4,852)	-	(4,852)
Net book amount	-	1,953	264	2,217
Year ended 31 December 2012				
Opening net book amount	-	1,953	-	1,953
Additions	-	788	625	1,413
Disposals	-	(9)	-	(9)
Transfers from plant and equipment	-	-	2,709	2,709
Amortisation charge	-	(1,110)	-	(1,110)
Closing net book amount	-	1,622	3,334	4,956
At 31 December 2012				
Cost	-	7,139	3,334	10,473
Accumulation amortisation and impairment	-	(5,517)	-	(5,517)
Net book amount	-	1,622	3,334	4,956
Year ended 31 December 2013				
Opening net book amount	-	1,622	3,334	4,956
Additions/transfers	2,459	1,094	-	3,553
Disposals/transfers	-	-	(3,070)	(3,070)
Amortisation charge	(412)	(1,167)	-	(1,579)
Closing net book amount	2,047	1,549	264	3,860
At 31 December 2013				
Cost	2,459	8,233	264	10,956
Accumulated amortisation and impairment	(412)	(6,684)	-	(7,096)
Net book amount	2,047	1,549	264	3,860

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

For the year ended 31 December 2013

14. Non-current assets - Other non-current assets

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Other	37	31	-	-
Interest in joint venture partnerships	-	-	81	81
INSEARCH (Shanghai) Limited	-	-	297	232
Total other non-current assets	37	31	378	313

15. Current liabilities - Finance lease liability

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Lease liabilities (note 28)	177	305	177	305
Total current finance lease liability	177	305	177	305

16. Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Trade and other payables	84	1,081	82	1,079
University of Technology, Sydney	61	223	61	223
Other creditors	87	251	79	242
Total trade and other payables	232	1,555	222	1,544

17. Current liabilities - Provisions

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Employee benefits - annual leave (a)	1,312	1,147	1,312	1,147
Employee benefits - long service leave (a)	901	860	901	860
Lease incentives	20	20	20	20
Total current provisions	2,233	2,027	2,233	2,027
(a) Amounts not expected to be settled within 12 months				
Annual leave obligations expected to be settled after 12 months	274	285	274	285
Long service leave obligations expected to be settled after 12 months	825	775	825	775

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

For the year ended 31 December 2013

18. Current liabilities - Other current liabilities

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Student fees received in advance	549	2,131	552	2,131
Accrued expenses	4,653	3,028	4,653	3,028
Prepaid courses fees	18,517	11,349	18,517	11,349
Others	2,347	1,067	2,347	1,066
Total other current liabilities	26,066	17,575	26,069	17,574

19. Non-current liabilities - Finance lease liability

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Lease liabilities (note 28)	38	161	38	161
Total non-current finance lease liability	38	161	38	161

The Group lease computer equipment with a carrying amount of $197,374 (2012: $493,977) under finance leases expiring within three years. Under the terms of the leases, the Group has the option to acquire the leased assets on expiry of the leases by paying the difference amount between the value of the goods financed under the relevant lease schedule and the present value of the lease instalments.

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

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

For the year ended 31 December 2013

20. Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Employee benefits - long service leave	704	638	704	638
Make good	1,073	1,071	1,073	1,071
Lease incentives	25	46	25	46
Total non-current provisions	1,802	1,755	1,802	1,755

(a) Make good provision

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

(b) Movements in provisions

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

	Consolidated	Parent entity
	2013 $000	2013 $000
Current and non-current		
Carrying amount at start of year	1,071	1,071
Charged/(credited) to the profit or loss	2	2
Make good expenses charged against provision	-	-
Carrying amount at end of year	1,073	1,073

21. Reserves and retained surplus

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
(a) Reserves				
Foreign currency translation reserve	(1,224)	(1,401)	-	-
Movements:				
Foreign currency translation reserve				
Opening balance	(1,401)	(1,275)	-	-
Currency translation differences arising during the year	177	(126)	-	-
Balance 31 December	(1,224)	(1,401)		
(b) Retained surplus				
Movements in retained surplus were as follows:				
Balance 1 January	40,344	39,246	38,265	35,611
Surplus for the year	2,887	1,098	2,171	2,654
Balance 31 December	43,231	40,344	40,436	38,265

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

For the year ended 31 December 2013

22. Key management personnel disclosures

(a) Directors

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

(i) Non-Executive Chair

M Williams

(ii) Executive Director

A Murphy

(iii) Non-executive Directors

D Hill

J Hutchison AM

P Woods

W Purcell

B Milthorpe

P Bennett

(b) Other key management personnel

R D Milbourne

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2013 $	2012 $	2013 $	2012 $
Short-term employee benefits	606,436	537,475	606,436	537,475
Post-employment benefits	84,222	36,110	84,222	36,110
	690,658	573,585	690,658	573,585

23. Related party transactions

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

(c) Transactions with related parties

The following transactions occurred with related parties:

- Donation to the University of Technology, Sydney $2,648,000 (2012: $1,097,500)
- Sales of Services and Fees to the University of Technology, Sydney $2,616,052 (2012: $4,193,423).
- Services rendered by the University of Technology, Sydney to INSEARCH Limited $3,294,009 (2012: $3,288,131).
- Consulting service income between INSEARCH (Shanghai) Limited and INSEARCH Limited $601,141 (2012: $563,494).
- Consulting service expense between INSEARCH Limited and INSEARCH (Shanghai) Limited $601,141 (2012: $563,494).

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

For the year ended 31 December 2013

23. Related party transactions (continued)

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

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

	Consolidated		Parent entity	
	2013 $	2012 $	2013 $	2012 $
Current recievables (sales of goods and services)				
INSEARCH (Shanghai) Limited	-	-	46,122	95,291

24. 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).

	Country of incorporation	Class of shares	Equity holding	
Name of entity			2013 %	2012 %
INSEARCH (Shanghai) Limited	China	Ordinary	100	100
INSEARCH Education	United Kingdom	Ordinary	100	100
INSEARCH Education International Pty Limited	Australia	Ordinary	100	100

25. Interests in joint ventures

Joint venture partnership

The company has joint ventures in Vietnam and Indonesia, for which investments are accounted for using the equity method per *AASB 131 Interests in Joint Ventures.*

Australia Centres for Education and Training (ACETs) is a joint venture between INSEARCH Limited and IDP Education Australia (Vietnam) Limited to deliver general English classes in Vietnam. INSEARCH Limited has a 50% ownership interest in the ACETs and is entitled to a 40% share of its retained earnings.

Lembaga ELTI Gramedia (ELTI) is a joint venture between INSEARCH Limited and Lembaga ELTI Gramedia Limited to deliver General English programs in Indonesia. INSEARCH Limited has a 50% ownership interest in the ELTI and is entitled to a 50% share of its retained earnings.

	Consolidated	
	2013 $000	2012 $000
Carrying amount of investment in partnership	1,517	569
Share of partnership's assets and liabilities		
Current assets	1,503	1,059
Non-current assets	134	88
Total assets	1,637	1,147

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

For the year ended 31 December 2013

25. Interests in joint ventures (continued)

Joint venture partnership (continued)

	Consolidated	
	2013 $000	2012 $000
Current liabilities	120	578
Non-current liabilities	-	-
Total liabilities	120	578
Net assets*	1,517	569
Share of partnership's revenue, expenses and results		
Revenues	3,246	3,288
Expenses	(2,500)	(2,193)
Net profit	746	1,095

* ELTI share of net assets is $nil during the year as the share of loss amounting to $58,000 is offset against the joint venture's loan balance (see note 11(b)).

26. Remuneration of auditors

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

	Consolidated		Parent entity	
	2013 $	2012 $	2013 $	2012 $
The Audit Office of New South Wales				
Audit and other assurance services				
Audit and review of financial reports	168,500	168,401	168,500	168,401
Total auditor's remuneration	168,500	168,401	168,500	168,401

27. Contingencies

Contingent liabilities

INSEARCH Limited has in place bank guarantees with a financial institution with a face value of $1,159,926 (2012: $879,553) in respect of the leasing of premises in the Sydney CBD.

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

For the year ended 31 December 2013

28. Commitments

(a) Capital commitments

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

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Property, plant and equipment	301	-	301	-
Input tax recoverable from the Australian Taxation Office	27	-	27	-

(b) Lease commitments

(i) Non-cancellable operating leases

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $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	5,557	5,404	5,476	5,288
Later than one year but not later than five years	11,125	16,211	11,125	16,143
	16,682	21,615	16,601	21,431
Input tax recoverable from the Australian Taxation Office	1,509	1,948	1,509	1,948

(ii) Finance leases

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Commitments in relation to finance leases are payable as follows:				
Within one year	204	368	204	368
Later than one year but not later than five years	44	185	44	185
Minimum lease payments	248	553	248	553
Future finance charges	(11)	(40)	(11)	(40)
Present value of minimum lease payments inclusive of GST	237	513	237	513
Input tax recoverable from the Australian Taxation Office	22	47	22	47

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

For the year ended 31 December 2013

28. Commitments (Continued)

(c) Other expenditure commitments

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Commitments for trade creditors contracted for at the end of the reporting period but not recognised as liabilities, payable with the input tax recoverable from the Australian Taxation Office.				
Within one year	1,194	401	1,194	401
Later than one year but not later than five years	34	181	34	181
	1,228	582	1,228	582
Input tax recoverable from the Australian Taxation Office	98	53	98	53

(d) Remuneration commitments

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Commitments for the payment for salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable.				
Within one year	1,424	536	1,424	536
Later than one year but not later than five years	126	41	126	41
	1,550	577	1,550	577

29. Members' Guarantee

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

30. Events occurring after the reporting period

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

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

For the year ended 31 December 2013

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

	Consolidated		Parent entity	
	2013 $000	2012 $000	2013 $000	2012 $000
Surplus for the year	2,887	1,098	2,171	2,654
Depreciation and amortisation	4,627	4,149	4,594	4,118
Non-cash movement in finance lease liability	131	(68)	131	(68)
Net loss on sale of non-current assets	1	81	1	81
Foreign currency exchange difference	2	-	2	-
Share of loss of associates and joint venture partnership	60	-	-	-
Share of profit of associates and joint venture partnership	(806)	1,450	-	-
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	1,494	(2,481)	1,530	(2,555)
Decrease in inventories	1	92	1	92
(Increase)/decrease in other non-current assets	(6)	102	(65)	80
(Decrease)/increase in trade and other payables	(1,323)	438	(1,322)	439
Increase/(decrease) in provisions	253	(331)	253	(329)
Increase in other liabilities	8,491	3,886	8,493	3,887
Net cash inflow from operating activities	15,812	8,416	15,789	8,399

END OF AUDITED FINANCIAL REPORT

Directors' Declaration

For the year ended 31 December 2013

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 12 to 45 are in accordance with the Corporations Act 2001, and:

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

(ii) give a true and fair view of the financial position as at 31 December 2013 and of its performance for the year ended on that date of the consolidated group.

(b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors pursuant to section 295(5) of the Corporations Act 2001.

Signed on behalf of the Board of Directors

Mack Williams
Director

Date: 31 March 2014

Alex Murphy
Director

Date: 31 March 2014

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

Insearch Limited

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

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, 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 comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2013 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 the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Independent Auditor's report

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, the *Corporations Act 2001* and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Insearch Limited on 31 March 2014, would be in the same terms if provided to the directors as at the time of this auditor's report.

Caroline Karakatsanis
Director, Financial Audit Services

3 April 2014
SYDNEY

Auditor's Independence Declaration

AUDITOR-GENERAL
NEW SOUTH WALES

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 2013, 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.

Caroline Karakatsanis
Director, Financial Audit Services

31 March 2014
SYDNEY

Appendix

Public interest disclosure policy

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

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

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

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

Information required under the Public Interest Disclosures	January 2013 – December 2013
Number of public officials who made PIDs to INSEARCH Ltd	0
Number of PIDs received in total	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste of public money or local government money (as appropriate)	0
Government information contraventions	0
Local government pecuniary interest contraventions	0
Number of PIDs finalised by INSEARCH Ltd	0

Copies of the 2013 subsidiary accounts, INSEARCH Education, INSEARCH Education International and INSEARCH (Shanghai) Limited can be found at www.insearch.edu.au

Contacts

INSEARCH (Shanghai) Limited, PRC

Finance and Administration Manager

Alex Yuan

T +862 1 6248 7576

E alex.yuan@insearch.com.cn

Australian Centre for Education and Training, Ho Chi Minh City, Vietnam

Training Centres Manager

Tuyen Nguyen Trong

T +84 8 3932 6202

E tuyen-nt@acet.edu.vn

Australian Centre for Education and Training, Hanoi, Vietnam

Training Centres Manager

Giang Ho Thi Thuy

T +84 4 3732 5303

E giang-htt@acet.edu.vn

INSEARCH Limited

Level 9, 187 Thomas Street
Sydney NSW 2000 Australia

PO Box K1085
Haymarket NSW 1240 Australia

T + 61 2 9218 8600

F + 61 2 9514 2109

insearch.edu.au

Managing Director

Alex Murphy

E alex.murphy@insearch.edu.au

Chief Financial Officer / Company Secretary

Nathan Patrick

E nathan.patrick@insearch.edu.au

Chief Operating Officer

Peter Harris

E peter.harris@insearch.edu.au

Dean of Studies

Tim Laurence

E tim.laurence@insearch.edu.au

General Manager Human Resources

Carol Churches

E carol.churches@insearch.edu.au

General Manager Market Development

Belinda Howell

E belinda.howell@insearch.edu.au

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Contact Details

Head Office

INSEARCH Limited
PO Box K1085 Haymarket NSW 1240 Australia

Street Address

INSEARCH Limited
Level 9, 187 Thomas Street Sydney NSW 2000 Australia
T +61 2 9218 8600
E studentcentre@insearch.edu.au

INSEARCH Limited ABN 39 001 425 065

insearch.edu.au

INSEARCH CRICOS provider code: 00859D I UTS CRICOS provider code: 00099F
INSEARCH Limited is a controlled entity of and pathway provider to the University of Technology, Sydney (UTS).