

**Insearch (Shanghai) Limited**

Jing AN 310000400256739

**Annual report  
for the year ended 31 December 2019**

# **Insearch (Shanghai) Limited**

Jing An 310000400256739

## **Annual report - 31 December 2019**

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**Annual report - 31 December 2019**

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These financial statements cover Insearch (Shanghai) Limited as an individual entity. The financial statements are presented in Australian currency.

Insearch (Shanghai) Limited is a foreign enterprise limited by shares, incorporated and domiciled in People's Republic of China. Its registered office and principal place of business is:

Insearch (Shanghai) Limited  
Suite 3107, United Plaza  
1468 Nanjing Road West, Jing'an District  
Shanghai, China.

**Insearch (Shanghai) Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**

	Notes	2019 \$	2018 \$
<b>Revenue from contracts with customers</b>	5	<b>1,972,631</b>	1,477,409
Other income	6	<b>2,948</b>	778
Employee benefits expense	7	<b>(855,662)</b>	(705,389)
Travel expenses		<b>(218,424)</b>	(170,138)
Rental expenses		<b>(123,932)</b>	(237,104)
Communications		<b>(55,921)</b>	(66,942)
Printing & Stationery		<b>(16,917)</b>	(10,017)
Depreciation expense	7	<b>(222,014)</b>	(18,200)
Other expenses	7	<b>(277,032)</b>	(256,867)
Finance costs	7	<b>(8,725)</b>	-
<b>Surplus before income tax</b>		<b>196,952</b>	13,530
Income tax expense	8	<b>(9,880)</b>	(1,777)
<b>Surplus for the year</b>		<b>187,072</b>	11,753
<b>Other comprehensive (loss)/income</b>			
Currency translation differences arising during the year	15(a)	<b>(10,722)</b>	27,273
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(10,722)</b>	27,273
<b>Total comprehensive income for the year</b>		<b>176,350</b>	39,026

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

**Insearch (Shanghai) Limited**  
**Statement of financial position**  
**As at 31 December 2019**

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	619,046	470,362
Other assets	12	9,003	7,800
<b>Total current assets</b>		<u>628,049</u>	<u>478,162</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	319,678	70,146
Other assets	12	92,068	58,919
<b>Total non-current assets</b>		<u>411,746</u>	<u>129,065</u>
<b>Total assets</b>		<u>1,039,795</u>	607,227
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	39,705	52,227
Lease liabilities	11	198,096	-
<b>Total current liabilities</b>		<u>237,801</u>	<u>52,227</u>
<b>Non-current liabilities</b>			
Lease liabilities	11	70,644	-
<b>Total non-current liabilities</b>		<u>70,644</u>	-
<b>Total liabilities</b>		<u>308,445</u>	52,227
<b>Net assets</b>		<u>731,350</u>	555,000
<b>EQUITY</b>			
Share capital	14	941,737	941,737
Reserves	15(a)	(314,163)	(303,441)
Accumulated funds/(deficit)	15(b)	103,776	(83,296)
<b>Total equity</b>		<u>731,350</u>	<u>555,000</u>

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

**Insearch (Shanghai) Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	Share capital \$	Reserves \$	Accumulated (deficit)/funds \$	Total equity \$
<b>Balance at 1 January 2018</b>	941,737	(330,714)	(95,049)	515,974
Surplus for the year	-	-	11,753	11,753
Other comprehensive income	-	27,273	-	27,273
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>27,273</b>	<b>11,753</b>	<b>39,026</b>
<b>Balance at 31 December 2018</b>	<b>941,737</b>	<b>(303,441)</b>	<b>(83,296)</b>	<b>555,000</b>
<b>Balance at 1 January 2019</b>	941,737	(303,441)	(83,296)	555,000
Surplus for the year	-	-	187,072	187,072
Other comprehensive loss	-	(10,722)	-	(10,722)
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>(10,722)</b>	<b>187,072</b>	<b>176,350</b>
<b>Balance at 31 December 2019</b>	<b>941,737</b>	<b>(314,163)</b>	<b>103,776</b>	<b>731,350</b>

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

**Insearch (Shanghai) Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2019**

	2019	2018
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,972,526	1,477,322
Payments to suppliers and employees	<u>(1,594,657)</u>	<u>(1,172,523)</u>
	377,869	304,799
Interest received	2,948	778
Income taxes (paid)	<u>(9,880)</u>	<u>(1,777)</u>
<b>Net cash inflow from operating activities</b>	22 <u>370,937</u>	303,800
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	10 <u>(12,667)</u>	<u>(20,441)</u>
<b>Net cash outflow from investing activities</b>	<u>(12,667)</u>	<u>(20,441)</u>
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	<u>(189,621)</u>	-
Interest elements of lease payments	<u>(8,725)</u>	-
<b>Net cash outflow from financing activities</b>	<u>(198,346)</u>	-
<b>Net increase in cash and cash equivalents</b>	159,924	283,359
Cash and cash equivalents at the beginning of the financial year	470,362	162,836
Effects of exchange rate changes on cash and cash equivalents	<u>(11,240)</u>	<u>24,167</u>
<b>Cash and cash equivalents at end of year</b>	9 <u>619,046</u>	<u>470,362</u>
Non-cash investing and financing activities	22(b)	

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

## **1 Company profile**

Insearch (Shanghai) Limited was formed in the People's Republic of China in 2001 and is the wholly owned entity of Insearch Limited, which is incorporated and domiciled in Australia.

The company provides consulting, marketing support and other services to Insearch Limited.

## **2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board [AASB] and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements were authorised for issue by the Directors on 23 March 2020.

#### *(i) Statement of Compliance*

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

Generally accepted accounting principles, authoritative pronouncements of the AASB, including Interpretations, the *Public Finance & Audit Act 1983* and *Public Finance and Audit Regulation 2015* have been used to prepare the company's financial statements.

#### *(ii) Historical cost convention*

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

#### *(iii) Reclassifications*

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

#### *(iv) New and amended standards adopted by the company*

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

- AASB 16 *Leases*
- AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

The company had to change its accounting policies as a result of adopting AASB 16. The company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019 as allowed under modified retrospective method. This is disclosed in note 3. The other amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.



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

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

#### *(v) New standards and interpretations not yet adopted*

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

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

#### *(vi) Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates.

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

### **(b) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Insearch (Shanghai) Limited's presentation currency, however its functional currency is Chinese Yuan. The average of opening and closing year-end exchanges rates were used for this presentation purposes. All resulting exchange differences is recognised in other comprehensive income.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

### **(c) Revenue recognition**

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

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

#### *(i) Fees and charges*

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

#### *(ii) Other income*

Other income includes interest income, 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.

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

### **(d) Expense recognition**

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

### **(e) Income tax**

The income tax rate of the entity in 2019 ratified by the taxation administration in the People's Republic of China is 10% (2018: 10%), net of local government economic incentive tax exemption of 15% (2018: 15%).

### **(f) Impairment of assets**

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

### **(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank and fixed term deposits with financial institutions.

Cash at bank is interest bearing with an interest rate of 0.30% (2018: 0.30%)

### **(h) Trade and other receivables**

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

The collectability of trade receivables is reviewed based on expected credit losses on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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

### **(i) Property, plant and equipment**

#### *(i) Acquisitions*

All plant and equipment is initially stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance of the assets are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequently all plant and equipment is stated at its recoverable amount, as the carrying amounts of the assets are reviewed annually to determine whether they are in excess of their recoverable amount at reporting date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

### **(i) Property, plant and equipment (continued)**

#### *(ii) Depreciation*

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. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives of all asset groups are 5 years.

#### *(iii) Disposal*

Gains and losses on disposal of assets are determined by comparing the proceeds received with the carrying amount of the asset. The net gain or loss on disposal is included in the statement of comprehensive income.

### **(j) Leases**

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

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company leases various office space. Rental contracts are typically made for fixed years of 12 months to 3 years, but may have extension options as described below.

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

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

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

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

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

To determine the incremental borrowing rate, the company:

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

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

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

### **(j) Leases (continued)**

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

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

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

#### *Extension and termination options*

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

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(l) 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) Social Insurance*

This amount represents social insurance provided for in compliance with Chinese *Labour Contract Law 2007*.

#### *(iii) Housing Superannuation*

Housing superannuation is provided for in compliance with Chinese *Labour Contract Law 2007*.

### **(m) Financial instruments**

Financial instruments generate financial assets or liabilities for Insearch (Shanghai) Limited. These include cash and cash equivalents, receivables, payables and other financial assets. Note 4 discloses the risks and management of those risks of the financial instruments.

## **3 Changes in accounting policies**

This note explains the impact of the adoption of AASB 16 *Leases* on the company's financial statements.

As indicated in note 2(a) above, the company has adopted AASB 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2(j).

### 3 Changes in accounting policies (continued)

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

There were no impact on retained earnings on 1 January 2019.

(i) *Practical expedients applied*

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

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

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

(ii) *Measurement of lease liabilities*

	2019
	\$
Operating lease commitments disclosed as at 31 December 2018	334,669
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(7,643)
(Less): Short-term leases recognised on a straight-line basis as an expense	(54,894)
(Less): other	(10,669)
<b>Lease liability recognised as at 1 January 2019</b>	<b><u>261,463</u></b>
Of which are:	
Current lease liabilities	175,950
Non-current lease liabilities	85,513
	<u>261,463</u>

### 4 Financial risk management

Insearch (Shanghai) Limited's principal financial instruments are outlined below. These financial instruments arise directly from the company's operations or are required to finance the company's operation. Insearch (Shanghai) Limited does not enter into or trade in financial instruments.

Insearch (Shanghai) Limited's risks arising from financial instruments are outlined below, together with the company's objectives and policies for measuring and managing risk.

Insearch (Shanghai) Limited's Board has overall responsibility for the establishment and oversight of risk management. Risk management policies are established to identify and analyse the risk limits and controls, and to monitor risks.

#### 4 Financial risk management (continued)

	Financial assets at amortised cost \$
<b>Financial assets</b>	
<b>2019</b>	
Cash and cash equivalents	619,046
Other assets - non-current	92,068
	711,114
<b>2018</b>	
Cash and cash equivalents	470,362
Other assets - non-current	58,919
	529,281
 <b>Liabilities at amortised cost \$</b>	
<b>Financial liabilities</b>	
<b>2019</b>	
Payables	39,705
<b>2018</b>	
Payables	52,227

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

##### (a) Market risk

The primary area of market risk that Insearch (Shanghai) Limited is exposed to is foreign exchange risk.

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

Insearch (Shanghai) Limited operates in the People's Republic of China (PRC) and is affected by movements in exchange rates. The impact of these movements can affect both the operating surplus expressed in Australian dollars, and the carrying values of the operations on the statement of financial position of the company.

Insearch (Shanghai) Limited views these exposures to movements in exchange rates as insignificant and therefore does not hedge against foreign exchange movements.

###### (ii) Interest rate risk

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

Cash and cash equivalents comprise of cash on hand and bank balances. The cash at bank is bearing interest rates of 0.30% (2018: 0.30%).

##### (b) Credit risk

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

#### 4 Financial risk management (continued)

##### (c) Liquidity risk

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

Insearch (Shanghai) Limited maintains adequate cash balances to ensure that it has sufficient funds to meet future operating expenditure and capital expenditure.

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

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

##### (i) Maturities of lease liabilities

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of lease liabilities	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total contractual cash flows	Less: Imputed interest	Carrying amount liabilities
at 31 December 2019	\$	\$	\$	\$	\$	\$
Lease liabilities	200,997	74,235	-	275,232	(6,492)	268,740

Refer to note 19(a) for 31 December 2018 lease commitments.

#### 5 Revenue from contracts with customers

	2019	2018
	\$	\$
Fees and charges	<u>1,972,631</u>	<u>1,477,409</u>

The company derives all revenue from Insearch Limited in Australia at a point in time.

#### 6 Other income

	2019	2018
	\$	\$
Interest income	<u>2,948</u>	<u>778</u>

## 7 Expenses

	2019	2018
	\$	\$
<b>Surplus before income tax includes the following specific expenses:</b>		
<i>(i) Employee benefit expenses</i>		
Salary & Wages	581,968	473,763
Wellbeing	273,694	231,626
Total employee benefit expenses	855,662	705,389
<i>(ii) Depreciation</i>		
Plant and equipment	6,627	4,867
Computer equipment	17,686	13,333
Right-of-use assets	197,701	-
Total depreciation	222,014	18,200
<i>(iii) Other expenses</i>		
Promotion	145,265	143,158
Accounting & audit fees	27,321	30,180
Insurance	26,186	20,402
Service & business tax	63,990	47,934
Others	14,270	15,104
Total other expenses	277,032	256,778
<i>(iv) Finance costs</i>		
Interest expense relating to lease liabilities	8,725	-
Total finance costs	8,725	-

## 8 Income tax expense

	2019	2018
	\$	\$
Current tax on profit for the year	9,880	1,777

## 9 Cash and cash equivalents

	2019	2018
	\$	\$
<b>Current assets</b>		
Cash at bank and on hand	619,046	470,362



## 10 Property, plant and equipment

Non-current assets	Plant and equipment \$	Right-of-use assets \$	Total \$
<b>At 1 January 2018</b>			
Cost	116,472	-	116,472
Accumulated depreciation	(51,673)	-	(51,673)
Carrying amount	<u>64,799</u>	<u>-</u>	<u>64,799</u>
<b>Year ended 31 December 2018</b>			
Opening net book amount	64,799	-	64,799
Exchange differences	3,106	-	3,106
Additions	20,441	-	20,441
Depreciation charge	(18,200)	-	(18,200)
Closing carrying amount	<u>70,146</u>	<u>-</u>	<u>70,146</u>
<b>At 31 December 2018</b>			
Cost	134,163	-	134,163
Accumulated depreciation	(64,017)	-	(64,017)
Carrying amount	<u>70,146</u>	<u>-</u>	<u>70,146</u>
<b>Year ended 31 December 2019</b>			
Opening net book amount	70,146	-	70,146
Transition adjustment to AASB 16 (see note 3)	-	261,463	261,463
Exchange differences	519	-	519
Additions	12,666	196,898	209,564
Depreciation charge	(24,313)	(197,701)	(222,014)
Closing carrying amount	<u>59,018</u>	<u>260,660</u>	<u>319,678</u>
<b>At 31 December 2019</b>			
Cost	146,518	458,361	604,879
Accumulated depreciation	(87,500)	(197,701)	(285,201)
Carrying amount	<u>59,018</u>	<u>260,660</u>	<u>319,678</u>

Right-of-use assets relates to building offices.

## 11 Lease liabilities

	2019			2018		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Lease liabilities	<u>198,096</u>	<u>70,644</u>	<u>268,740</u>	-	-	-

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

**11 Lease liabilities (continued)**

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

	<b>2019</b>
	<b>\$</b>
Interest expense (included in finance costs)	<b>8,725</b>
Expense relating to short-term leases (included in rental expenses)	<b>123,932</b>

The total cash outflow for leases in 2019, excluding short-term leases, was \$198,346.

**12 Other assets**

	<b>2019</b>			<b>2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Prepayments	9,003	-	9,003	7,800	-
Security and accommodation deposits	-	92,068	92,068	-	58,919
	<u>9,003</u>	<u>92,068</u>	<u>101,071</u>	<u>7,800</u>	<u>58,919</u>
				7,800	66,719

**13 Payables**

	<b>2019</b>			<b>2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	12,307	-	12,307	-	-
Related party payables	13,220	-	13,220	20,886	-
Accrued expenses	-	-	-	13,389	-
Other payables	14,178	-	14,178	17,952	-
	<u>39,705</u>	<u>-</u>	<u>39,705</u>	<u>52,227</u>	<u>-</u>
				52,227	52,227

**14 Contributed equity**

**Share capital**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Fully paid	<u>941,737</u>	<u>941,737</u>

## 15 Reserves and accumulated funds

### (a) Reserves

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	<u><b>(314,163)</b></u>	<u>(303,441)</u>

#### Movements:

##### *Foreign currency translation reserve*

Balance 1 January	<b>(303,441)</b>	(330,714)
Currency translation differences arising during the financial year	<b>(10,722)</b>	27,273
Balance 31 December	<u><b>(314,163)</b></u>	<u>(303,441)</u>

### (b) Accumulated funds

Movements in accumulated funds/(deficit) were as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance 1 January	<b>(83,296)</b>	(95,049)
Net surplus for the financial year	<b>187,072</b>	11,753
Balance 31 December	<u><b>103,776</b></u>	<u>(83,296)</u>

## 16 Key management personnel disclosures

### Directors

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

A Murphy	(appointed 18 March 2019)
J Gruetzner	(resigned 9 March 2020)
N Patrick	(resigned 18 March 2019)
P Harris	
B Howell	(resigned 9 March 2020)
I Watt	

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

## 17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity:

### (a) Grant Thornton Shanghai

	2019	2018
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial reports	15,255	13,389
Total remuneration for audit and other services	15,255	13,389

The fee paid to the Audit Office of NSW for the audit of the financial statements for the year ended 31 December 2019 and 2018 was borne by the ultimate parent entity.

## 18 Contingencies

The company had no contingent assets or liabilities at 31 December 2019 (2018: nil).

## 19 Commitments

### (a) Lease commitments

#### *Non-cancellable operating leases*

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

	2019	2018
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	235,394
Later than one year but not later than five years	-	99,275
	-	334,669

## 20 Related party transactions

### (a) Parent entities

Insearch (Shanghai) Limited is a controlled entity of Insearch Limited which is incorporated and domiciled in Australia.

### (b) Transactions with related parties

Insearch (Shanghai) Limited entered into the following transactions with Insearch Limited:

	2019	2018
	\$	\$
Consulting service income	1,972,631	1,477,409

**20 Related party transactions (continued)**

**(c) Outstanding balances from related parties**

The following balances are outstanding at the end of the reporting date in relation to transactions with related parties:

	2019	2018
	\$	\$
Payables to Insearch Limited	(13,220)	(20,886)

**21 Events occurring after the reporting period**

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

**22 Cash flow information**

**(a) Reconciliation of surplus after income tax to net cash inflow from operating activities**

	2019	2018
	\$	\$
Surplus for the year	187,072	11,753
Depreciation	222,014	18,200
Interest expense classified as financing cash flows	8,725	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(34,352)	262,802
(Decrease)/increase in trade and other payables	(12,522)	11,045
Net cash inflow from operating activities	370,937	303,800

**(b) Non-cash investing and financing activities**

Non-cash investing and financing activities disclosed in other note is:

- acquisition of right-of-use assets amounting to \$196,898

**END OF AUDITED FINANCIAL STATEMENTS**

**Insearch (Shanghai) Limited  
Directors' declaration  
31 December 2019**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 19 are in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, including:
  - (i) complying with Accounting Standards, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



A Murphy  
Director

Sydney  
23 March 2020