UTS
UNIVERSITY OF TECHNOLOGY SYDNEY

INSEARCH

Annual Report 2016

INSEARCH Limited | 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

Emeritus Professor R D Milbourne *AO*
Professor A Brungs
Mr P Bennett
Ms A M Dwyer
Mr G A Freeland
Ms D N Hill
Mr J M Hutchison *AM*
Mr A Murphy
Professor W R Purcell
Professor M Spongberg

Directors

Emeritus Professor R D Milbourne *AO*
Mr P Bennett
Ms A M Dwyer
Mr G A Freeland
Ms D N Hill
Mr J M Hutchison *AM*
Mr A Murphy
Professor W R Purcell
Professor M Spongberg

Chair's Letter

INSEARCH has enjoyed another outstanding year.

2016 saw the very successful implementation of the first year of our ambitious five-year strategic plan for growth through to 2020.

All financial targets were exceeded and we experienced significant growth across all student cohorts, with the number of international undergraduate students transitioning to the University of Technology Sydney (UTS) showing 36% growth on the prior year.

This is a tremendous achievement in terms of numbers but it is the quality of the students we are preparing for university study that is the most important, and gratifying, outcome for both INSEARCH and UTS.

The INSEARCH Model of Learning, aligned with the UTS Learning Futures teaching methodology, was developed in 2016 to further evolve students' university preparedness and enhance overall learning outcomes. The Model will be fully rolled out in 2017.

We expanded our already excellent campus facilities with the opening of new premises at 645 Harris St, a short walk from the other INSEARCH buildings and the UTS campus. The 130-year old building has been completely refurbished throughout and now features state-of-the-art teaching equipment, collaborative study and social spaces, and a flexible function area that can accommodate several hundred guests.

As part of our commitment to further developing our offshore presence, we established a Liaison Office in New Delhi, India, in the same building where UTS staff are located; our AE6 English program is now running in both Indonesia and Vietnam; and delivery of our Diploma of Business in Jakarta commenced, with Engineering to follow next year.

We finalised a first-of-its-kind agreement between INSEARCH, the Department of Foreign Affairs & Trade (DFAT) and the Republic of Korea's Ministry of Unification (MoU) to offer five fully-funded scholarships per year for three years to former North Korean college students wanting to study English in Australia.

We continued our support for youth-focused bilateral conferences and forums, including the Conference of Australian and Indonesian Youth (CAUSINDY) and the Australia-India Youth Dialogue (AIYD), and we are delighted to be involved in the development of an Australia-Vietnam Young Leadership Dialogue (AVYLD) - instigated by our Regional Director, Vietnam Cambodia and Myanmar, Thao Nguyen - which will hold its inaugural Dialogue in 2017.

Among the many activities undertaken in partnership with UTS were the inaugural UTS Partner Day in China, attended by channel partners, UTS partner universities, Chinese officials and the Australian Ambassador, and the first UTS and INSEARCH China Open Day with our in-country team and UTS faculty representatives.

Our close, collaborative relationship with UTS continues to be one of the cornerstones of our success, in particular the support and counsel of the Vice-Chancellor, Professor Attila Brungs and members of the UTS Executive.

A special thank you to the UTS Provost and Senior Vice-President, Professor Peter Booth, who will retire in 2017. Peter has been a strong supporter and advocate for INSEARCH and on behalf of the Board and Management of INSEARCH we wish him all the best in his next chapter.

We look forward to establishing a close working relationship with Peter's successor, Professor Andrew Parfitt, as well as the new UTS Chancellor, Ms Catherine Livingstone *AO*.

I would like to thank my fellow Directors on the INSEARCH Board and the Chair and members of the INSEARCH Academic Board for their invaluable input during my first 12 months as Chair of the Board.

In particular, I want to acknowledge the contribution of Ms Dianne Hill, who will retire from the Board in March 2017 after nine years as a Director and the Chair of the Audit & Risk Committee. We wish her the very best for the future.

As always, many thanks to the INSEARCH Senior Leadership Team and all the staff for another incredible year and I look forward to continuing to work with you as we build on the many achievements of year one of our strategy.

Ross Milbourne

Emeritus Professor Ross Milbourne *AO*
INSEARCH Limited

Managing Director's Review

In addition to exceeding many of our targets for year one of our ambitious five-year plan, we completed a large number of exciting projects and initiatives, which set the groundwork for future growth, diversification and the enhancement of our educational outcomes and student experience.

We expanded the Senior Leadership Team from six to seven members with the establishment of the new Chief Business Development Officer role, filled by Peter Harris, which focusses on building our network of offshore partnerships delivering our courses in-country. I would like to thank Peter for his many achievements in the role of Chief Operating Officer over the past five years at INSEARCH and to welcome Sally Chatterjee to the newly configured COO role, which oversees student admissions and services, ICT and Facilities.

As part of our investment in people and preparedness for managing ongoing growth, we rolled out a new leadership framework and program for managers across the organisation, focusing on identifying and developing the key leadership capabilities that will enhance our performance and enable us to attract and retain the best staff.

We continued our implementation of innovative and collaborative learning and teaching methodologies under our newly developed INSEARCH Model of Learning, which helps to prepare our students for the study experience at UTS.

The opening of our new premises at 645 Harris St, which will help us to accommodate our anticipated growth, is well equipped to support this greater reliance on technology and flexible learning and breakout spaces.

Throughout 2016, we undertook a host of sales and marketing activities across the globe, including alumni reunions, roadshows and open days, to showcase both INSEARCH and UTS, as well as relaunching our channel partner program and running promotional campaigns in some markets for the very first time.

We added India to our Student Ambassador Program, which is already a great success in China; expanded our scholarships for former North Korean college students; and hosted a familiarisation visit to Sydney by a group of journalists from influential education and lifestyle publications in China.

As we head into the second year of our five-year Strategic Plan in 2017, we will continue to invest heavily in growth, both in Australia and offshore, and in our people, systems, infrastructure, and learning and teaching activities to help us to achieve our goals.

A large body of work will focus on student engagement, encompassing the many touchpoints along the student lifecycle and aiming to improve both the academic and non-academic aspects of the student experience that INSEARCH provides along the pathway to UTS.

In partnership with UTS:Jumbunna, UTS:Art and UTS PhD student and artist Jonathan Jones, we will roll out the first stage of an Indigenous Art Program that will see works by South East Aboriginal artists showcased on the INSEARCH campus.

In collaboration with UTS, we will explore further potential new markets; progress several exciting new offshore partnership opportunities; and undertake a major redevelopment of our corporate website to enhance the INSEARCH and UTS brand presence to potential students and their families, education and business partners, and alumni both here and internationally.

I would like to thank our Board, Academic Board, my colleagues on the Senior Leadership Team and our wonderful teachers and professional staff for their continued dedication and enthusiasm for INSEARCH and what we do.

Through their commitment and hard work, we have been able to lay the foundation for even greater achievements ahead, providing quality education to increasing numbers of students from 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:

	Date of Appointment
Emeritus Professor R D Milbourne *AO*	1 March 2016
Mr P Bennett	25 May 2011
Ms A M Dwyer	2 March 2015
Mr G A Freeland	28 March 2017
Ms D N Hill	27 March 2008
(Retired 27 March 2017)	
Mr J M Hutchison *AM*	27 November 2008
Mr A Murphy	3 September 2007
Prof W R Purcell	21 May 2009
Prof M Spongberg	1 July 2014

Company Secretary

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

Mr N L Patrick
(appointed 21 October 2010)

Principal activities

The activities of the company during the financial year ended 31 December 2016 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 surplus of $5.6m, after the payment of a donation to the University of Technology Sydney of $7.2m (Note 6). This surplus added to the prior year accumulated surplus brings the balance of the accumulated funds to $61.8m.

Business strategies and future developments

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

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

The INSEARCH Limited Board.

Directors' Report (continued)

Directors' benefits

No Director of the company has, during and since the end of the financial year, received or become entitled to receive a benefit, other than the benefit included in the aggregate amount of Director's compensation shown in Note 19 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 $6,407 (2015: $6,297) per sections 300 (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

Emeritus Professor Ross Milbourne *AO*,
BCom, MCom (UNSW), PhD (Calif), FASSA, FAICD
Chair of the Board - March 2016
Non-Executive Director - March 2016

Emeritus Professor Milbourne became Chair of the INSEARCH Limited Board on 1 March 2016.

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

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

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

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

Emeritus Professor Milbourne holds a Masters in Commerce from the University of New South Wales and completed his PhD at the University of California, Berkeley under the supervision of Nobel laureate George Akerlof. He is a Fellow of The Australian Institute of Company Directors.

Mr Jonathan Hutchison *AM*, BCom, CPA
Interim Chair of the Board - November 2015 to February 2016
Member of the Remuneration and Nominations Committee
Non-Executive Director

Mr Hutchison was elected Interim Chair of the Board in November 2015, following the retirement of Mr Mack Williams, who had held the position of Chair for seven years.

Mr Hutchison was senior advisor to Lend Lease for the successful bid to redevelop Darling Harbour in 2012/13 and facilitated the inclusion of UTS in the proposed high tech IQ centre as part of that bid.

He was the Chief Executive Officer of Business Events Sydney from 1998 to 2011. Prior to that appointment, Mr Hutchison was the Managing Director of the Australian Tourist Commission, now known as Tourism Australia, following roles as NSW State Manager for Ansett and Chief Executive of Ansett Express Airlines.

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

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

Directors' Report (continued)

Ms Dianne Hill, **BA Accounting, FCA, FAICD**
Deputy Chair of the Board - November 2015 to March 2017
Chair of the Audit and Risk Committee - to March 2017
Non-Executive Director - to March 2017

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

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. She is also a member of the Australian Institute of Internal Auditors.

Ms Hill is a Director of CoAct Limited and Chair of its Audit and Risk Committee (ARC), Director of Scope Global Limited and Chair of its ARC, Director of accessUTS Pty Ltd, and of her management consulting company, Sector Research Pty Ltd. She is a member of the ARC of the NSW Department of Finance Services and Innovation, NSW Property Group, Service NSW, Land and Housing Corporation, and she is the Chair of the ARC and the Remuneration Committee for the Audit Office of New South Wales and for the Sydney Children's Hospital Network. She is also a facilitator for Company Directors.

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

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

Mr Murphy is Managing Director of INSEARCH Limited. He has 25 years' experience with INSEARCH in education, marketing and senior management roles. Since assuming the MD role in late 2007, INSEARCH has more than doubled in size, extended its range of offshore partnerships delivering INSEARCH programs in the region and expanded its sponsorship of UTS initiatives, including UTS's Indigenous strategy, alumni events and international student scholarships.

Mr Murphy has had a long interest in higher education, intercultural business and ethics, and has lived and worked in Indonesia. He studied linguistics, philosophy and Indonesia and Malayan studies at the University of Sydney, and undertook research at the University of Sydney and Macquarie University where he also lectured in linguistics.

Mr Murphy ensures that learning and development of staff is fully supported by INSEARCH and he accesses executive training programs and coaching regularly to support his own learning and development.

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

Mr Peter Bennett, **BEc, DipEd (Monash), MBA (Melb), FCPA, GAICD, SA Fin**
Member of the Audit and Risk Committee
Member of the Remuneration and Nominations Committee
Non-Executive Director

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

He is also a member of the UTS Council and a Board member and Chair of the Audit and Risk Committee of Campbell Page.

Ms Anne Dwyer, **BBus (CSU), MAICD**
Member of the Audit and Risk Committee
Member of the Remuneration and Nominations Committee
Non-Executive Director

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

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

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

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

Professor Purcell is a Director of Sydney Educational Broadcasting Ltd, UTS Global Ltd, UTS Beijing Ltd and a Trustee of the Mitsui Education Foundation. He is a board member of the Art Gallery of New South Wales VisAsia Board and Study Overseas Foundation.

Directors’ Report (continued)

Professor Purcell’s other corporate board positions have included: Chairman and CEO of UON Singapore Pte Ltd, IDP Education Australia Ltd and AHIEA Ltd. Professor Purcell has also served as a consultant and advisor to business and government across Australia and Asia in the area of business internationalisation and joint venturing. Professor Purcell’s academic specialisation includes Asian business and management systems, international joint venturing, and subsidiary location decision-making and start-up.

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

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

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

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

Mr Guy Freeland, BCom, CA, GAICD
Chair of the Audit and Risk Committee – from March 2017
Non-Executive Director – from March 2017

Mr Freeland has held senior executive financial and general management positions in the infrastructure construction, ICT, industrial products and non-profit international development sectors for more than two decades. Working predominantly for large global companies, including a period under private equity ownership, he has extensive experience in finance and business systems, financial control and risk management, and development of strategic and business operational plans. Prior to this, Mr Freeland spent ten years with PwC in its audit and corporate services groups.

Mr Freeland is currently a Non-Executive Director of Thomas Holt, a residential and home-based aged care provider, and Chair of its Finance, Audit and Risk Management Committee. He is also an external Risk Committee member for Habitat for Humanity, an international NGO working across Australia and the Asia Pacific region to address housing poverty.

Mr Freeland has been a Chartered Accountant for more than 35 years and is a Graduate Member of the AICD.

Information on Company Secretary

Mr Nathan Patrick, BBus, GradDipACG, FCA, FGIA, FCIS, FAICD
Chief Financial Officer and Company Secretary

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

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

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

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

Mr Patrick is a Director of INSEARCH (Shanghai) Limited. He is on the management committee of the NSW Federation of Community Language Schools and is a member of the Audit & Risk Committee of the Australian Orthopaedic Association and of the Corporate and Legal Issues Committee of The Governance Institute of Australia.

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

Directors' Report (continued)

Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board Committee held during the year ended 31 December 2016, and the numbers of meetings attended by each Director were:

	INSEARCH Board Meetings (8)		Audit and Risk Committee Meetings (4)		Remuneration and Nominations Committee Meetings (3)	
Director	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ross Milbourne *AO*	7	7	-	4	-	-
Dianne Hill	8	8	4	4	-	-
Jonathan Hutchison *AM*	8	8	-	4	3	3
William Purcell	8	8	-	1	3	3
Anne Dwyer	8	8	4	4	3	3
Mary Spongberg	8	6	-	-	-	-
Alex Murphy	8	8	-	3	-	-
Peter Bennett	8	8	4	4	3	3

Note:

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

Rounding of amounts

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

Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 57 of this report.

For and on behalf of the Directors signed at Sydney this 23 March 2017.

Ross Milbourne

Emeritus Professor R D Milbourne *AO*
Director

Mr A Murphy
Director

Corporate Governance Statement

At INSEARCH, the Board of Directors is committed to the highest standards of corporate governance and business conduct. As a public company limited by guarantee, INSEARCH is not required to report against the Corporate Governance Principles and Recommendations (CGPR) established by the Australian Stock Exchange (ASX Limited), 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 Provost & Senior Vice-President oversees the academic and commercial relationship between UTS and INSEARCH.

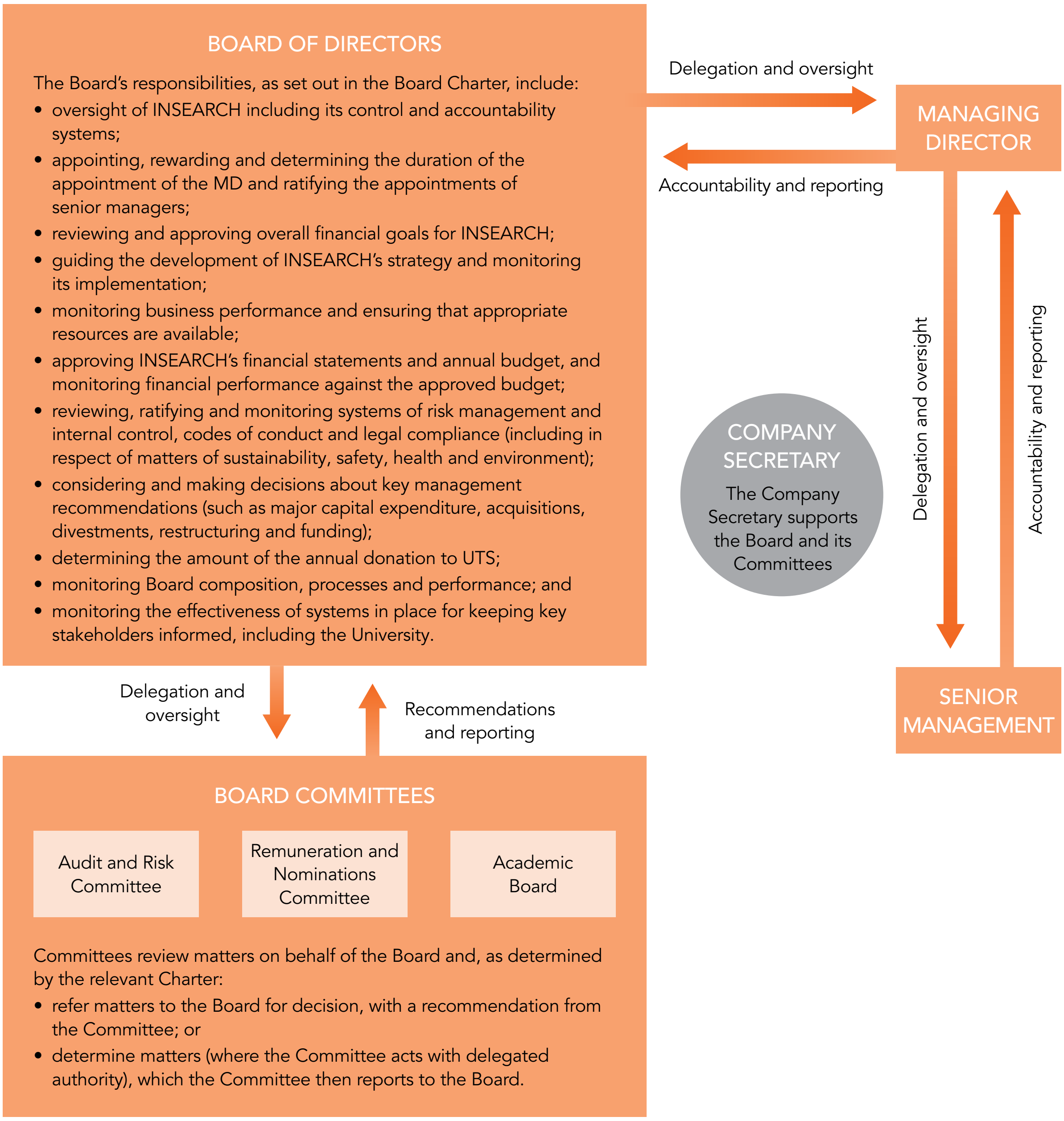
Principle 1: Lay solid foundations for management and oversight

Role and composition of the Board

The Board's responsibilities are set out in the Board Charter. The Board is responsible for providing leadership and setting strategic direction and has the authority to determine all matters relating to the policies, practices, management and operations of INSEARCH.

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

Corporate Governance Statement (continued)



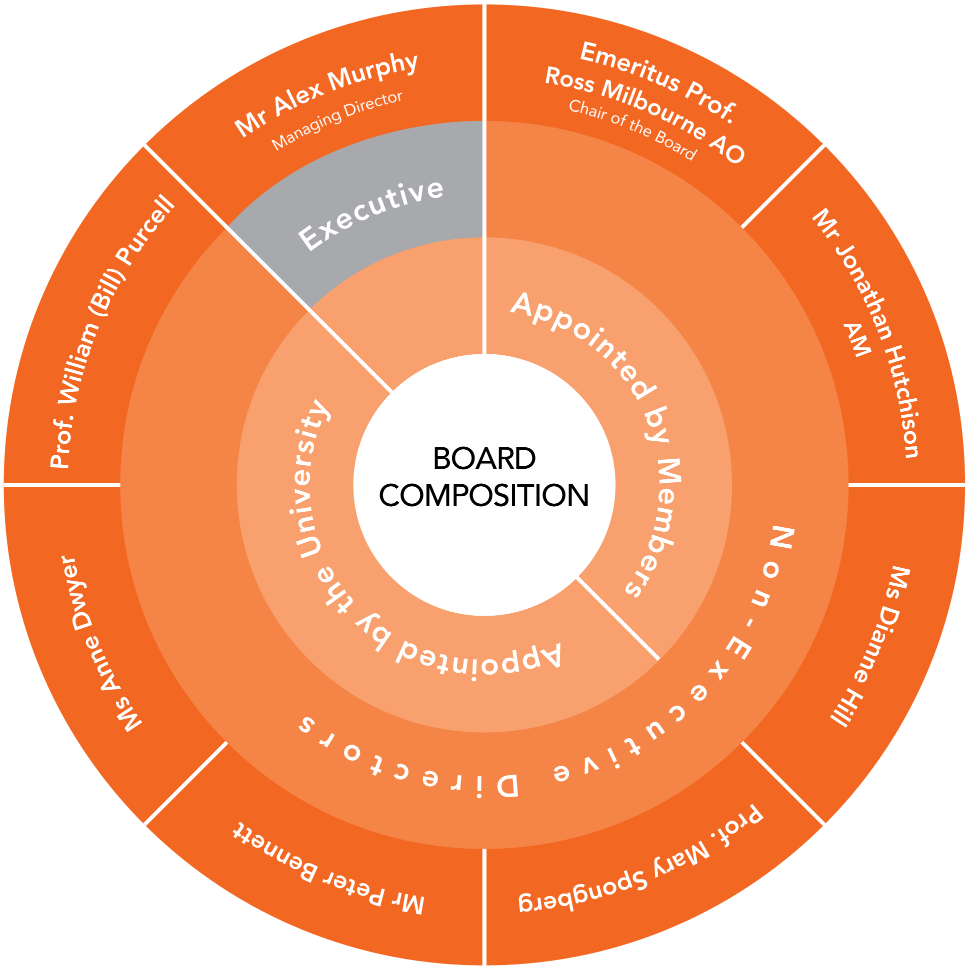
Senior Managers

The Board delegates execution to the Managing Director and the other senior managers, who are required to carry out the objectives of INSEARCH in compliance with INSEARCH's stated values, delegated limits of authority and Board-approved policies. Senior managers are responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for all the day-to-day running of INSEARCH.

Corporate Governance Statement (continued)

Principle 2: Structure the Board to add value

The accompanying diagram illustrates the composition of the Board at 31 December 2016.



INSEARCH's Constitution provides that there will be eight Directors of which four are nominated by UTS. The remaining Non-Executive Directors are nominated and approved by the Members. The Board of Directors comprises seven Non-Executive Directors (including the Chair) and one Executive Director, being the Managing Director.

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.

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

Chair's appointment and responsibilities

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

Corporate Governance Statement (continued)

Committees of the Board

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

Audit and Risk Committee (ARC)

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

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

Academic Board (AB)

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 subcommittees to assist with discharging its functions:

- Courses Advisory Committee;
- Academic Teaching and Learning Committee;
- Academic Results Ratification Committee;
- English Teaching and Learning Committee; and
- English Results Ratification Committee.

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

Remuneration and Nominations Committee (RNC)

The Remuneration and Nominations Committee (RNC) assists the Board in ensuring that it is comprised of individuals who are best able to discharge the responsibilities of Directors, having regard to the law and the highest standards of governance. It also assists the Board to review Board composition, performance and succession planning, which includes identifying, evaluating and recommending candidates for Board appointment. The RNC also has responsibility for oversight of the performance and remuneration of the Managing Director and review of the general levels of remuneration and reward structures of the senior management (refer to Principle 8).

The responsibilities of the Board Committees are set out in their respective charters approved by the Board.

Skills and diversity of the Board

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

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

Directors participate in an induction program upon appointment and ongoing professional development opportunities. This program of continuing education ensures that the Board is kept up to date with developments in the sector both locally and globally.

Conflicts of Interest

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

Corporate Governance Statement (continued)

Access to information, independent advice and indemnification

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

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

Principle 3: Promote ethical and responsible decision-making

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

Code of Ethics

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

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

The Code of Ethics is included in key relevant external and internal publications for students, staff, channel partners and other stakeholders. It is also available on both the staff intranet site and the INSEARCH website (www.insearch.edu.au).

Code of Conduct

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

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

Diversity and inclusion

INSEARCH believes a diverse and inclusive workplace will build a culture where disparate thoughts are a competitive advantage, people and their ideas are respected, innovation is fostered and superior results are delivered for staff, students, stakeholders and communities. We are creating a diverse and inclusive environment where high performing people choose to work.

Whistleblowing

The INSEARCH Whistleblowing Policy provides an avenue for our staff to report suspected unethical, illegal or improper behaviour. INSEARCH has an objective, independent and confidential process for reporting and investigating actual, suspected or anticipated improprieties. All disclosures are treated confidentially and can be made anonymously.

Leadership

INSEARCH is committed to providing a safe, rewarding and motivating environment to support our staff in reaching their potential. The INSEARCH Leadership Framework acts as the foundation for all human resources processes, including induction and onboarding programs, recruitment performance management and leadership development.

INSEARCH conducts leadership programs to support the development of our leaders and to help them realise their potential. INSEARCH is also committed to improving the people management skills of our managers through structured training across all levels of the organisation, from senior managers to frontline management, based on the INSEARCH Leadership Framework.

Corporate Governance Statement (continued)

Academic governance

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

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee (ARC)

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

- Reliability and integrity of financial information;
- Internal control environment; and
- External audit, accounting and financial reporting obligations.

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

The ARC consists of three Non-Executive Directors who, as at 31 December 2016, were:

- Ms Dianne Hill (Chair);
- Ms Anne Dwyer; and
- Mr Peter Bennett.

Managing Director and Chief Financial Officer Declaration

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

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

External audit

As a NSW public authority, INSEARCH's external auditor is the NSW Auditor General, who has engaged KPMG to conduct the audit field work since 2014.

Auditors are also appointed in offshore jurisdictions to accommodate local reporting and where material is incorporated into the year-end consolidated audit process. The INSEARCH external auditors visit major offshore operations on a three-year rotation basis.

At each Annual General Meeting (AGM), Members are given the opportunity to ask the lead auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by INSEARCH in relation to the preparation of the financial statements, and the independence of the auditors in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

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

Corporate Governance Statement (continued)

Principle 6: Respect the rights of Members

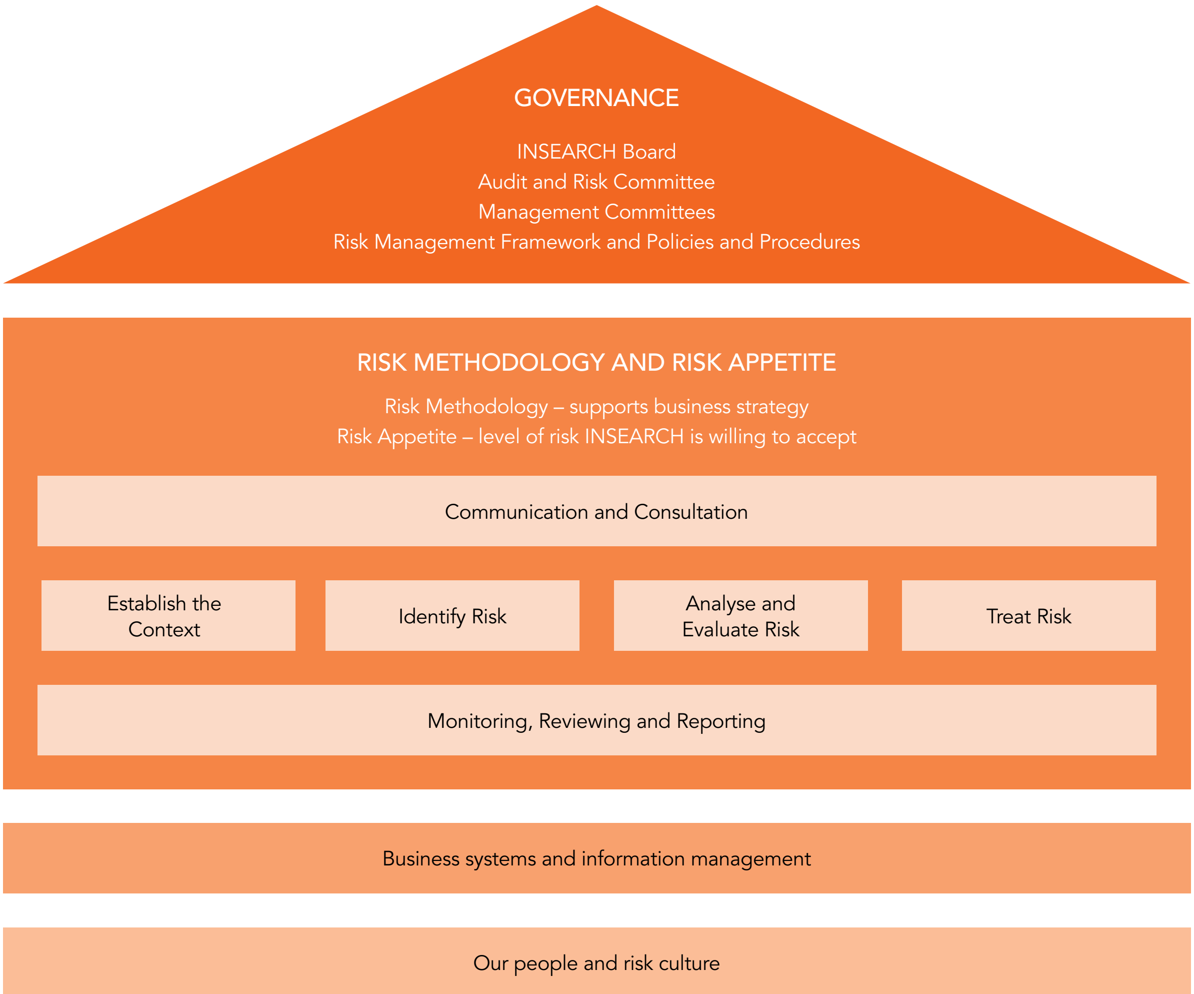
INSEARCH communicates relevant and important information regularly to its Members by:

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

Principle 7: Recognise and manage risk

The Board has overall responsibility for the Risk Management Framework including approval of INSEARCH's strategic plan, risk management strategy and risk appetite. The Audit and Risk Committee assists the Board in relation to its oversight and annual review of the Risk Management Framework and compliance with applicable laws and regulations.

Risk Management Framework



Corporate Governance Statement (continued)

Internal audit

The Audit and Risk Committee has engaged EY to perform internal audits in accordance with an annual plan. EY reports directly to the Audit and Risk Committee and has opportunities to discuss matters without management present.

The Audit and Risk Committee conducts an annual evaluation of the performance of the internal audits and also undertakes a tender process for the appointment of the internal auditors every three years.

Principle 8: Remunerate fairly and responsibly

Remuneration and Nominations Committee (RNC)

The Remuneration and Nominations Committee (RNC) is comprised of Non-Executive Directors (the majority of whom are appointed by UTS) who, as at 31 December 2016, were:

- Professor William (Bill) Purcell (Chair);
- Mr Jonathan Hutchison AM;
- Ms Anne Dwyer; and
- Mr Peter Bennett.

Remuneration of Non-Executive Directors

Changes to remuneration of Non-Executive Directors is subject to an independent review, Directors' resolution and, in accordance with INSEARCH's Constitution, approval by Members' special resolution at a general meeting.

The remuneration of the Non-Executive Directors is fixed and they do not receive any risk remuneration or other performance-related incentive. The remuneration arrangements for Non-Executive Directors are distinct from the arrangements for senior managers.

Approved by the Board 17 February 2017

Financial Statements

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

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

INSEARCH Limited
Level 9, 187 Thomas Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 4 to 8, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 22 March 2017. The Directors have the power to amend and reissue the financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	Consolidated		Parent entity	
		2016 $000	2015 $000	2016 $000	2015 $000
Revenue from continuing operations	4	109,022	92,627	109,575	93,444
Other income	5	275	826	275	826
Employee benefits expenses	6	(43,655)	(37,880)	(43,323)	(37,610)
Depreciation and amortisation expense	6	(4,954)	(4,054)	(4,943)	(4,039)
Other expenses	6	(55,480)	(47,967)	(55,834)	(48,236)
Finance costs		(51)	(32)	(51)	(32)
Share of net profit of associate and joint venture accounted for using the equity method	9	460	751	-	-
Surplus for the year attributable to Members		5,617	4,271	5,699	4,353
Other comprehensive (loss)/income *Items that may be reclassified to profit or loss*					
Exchange differences on translation of foreign operations	18 [a]	(34)	85	-	-
Other comprehensive (loss)/income for the year		(34)	85	-	-
Total comprehensive income for the year attributable to Members		5,583	4,356	5,699	4,353

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

Statement of Financial Position

As at 31 December 2016

	Note	Consolidated 2016 $000	Consolidated 2015 $000	Parent entity 2016 $000	Parent entity 2015 $000
Assets					
Current assets					
Cash and cash equivalents	7	72,889	71,582	72,328	71,079
Trade and other receivables	8	9,862	9,607	10,074	9,759
Total current assets		82,751	81,189	82,402	80,838
Non-current assets					
Investments accounted for using the equity method	9	687	722	-	-
Property, plant and equipment	10	18,140	10,667	18,067	10,649
Intangible assets	11	3,527	4,175	3,527	4,175
Other non-current assets	12	93	59	574	440
Total non-current assets		22,447	15,623	22,168	15,264
Total assets		105,198	96,812	104,570	96,102
Liabilities					
Current liabilities					
Trade and other payables	13	1,395	1,938	1,292	1,869
Finance lease liability	14	-	10	-	10
Provisions	15	68	61	68	61
Employee benefit obligations	16	3,680	3,183	3,680	3,183
Other current liabilities	17	32,468	32,941	32,468	32,941
Total current liabilities		37,611	38,133	37,508	38,064
Non-current liabilities					
Provisions	15	3,594	1,278	3,594	1,278
Employee benefit obligations	16	2,918	1,909	2,918	1,909
Total non-current liabilities		6,512	3,187	6,512	3,187
Total liabilities		44,123	41,320	44,020	41,251
Net assets		61,075	55,492	60,550	54,851
Equity					
Reserves	18 [a]	(686)	(652)	-	-
Retained surplus	18 [b]	61,761	56,144	60,550	54,851
Total equity		61,075	55,492	60,550	54,851

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 2016

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Consolidated				
Balance at 1 January 2015		(737)	51,873	51,136
Surplus for the year	18 [b]	-	4,271	4,271
Exchange differences on translation of foreign operations	18 [a]	85	-	85
Total comprehensive income for the year		85	4,271	4,356
Balance at 31 December 2015		(652)	56,144	55,492

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Consolidated				
Balance at 1 January 2016		(652)	56,144	55,492
Surplus for the year	18 [b]	-	5,617	5,617
Exchange differences on translation of foreign operations		(34)	-	(34)
Total comprehensive income for the year		(34)	5,617	5,583
Balance at 31 December 2016		(686)	61,761	61,075

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 2016

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Parent				
Balance at 1 January 2015		-	50,498	50,498
Surplus for the year	18 [b]	-	4,353	4,353
Total comprehensive income for the year		-	4,353	4,353
Balance at 31 December 2015		-	54,851	54,851

	Note	Reserves	Retained surplus	Total equity
		$000	$000	$000
Parent				
Balance at 1 January 2016		-	54,851	54,851
Surplus for the year	18 [b]	-	5,699	5,699
Total comprehensive income for the year		-	5,699	5,699
Balance at 31 December 2016		-	60,550	60,550

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 2016

	Note	Consolidated		Parent entity	
		2016 $000	2015 $000	2016 $000	2015 $000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		113,657	90,912	112,818	90,920
Donation paid to the University of Technology Sydney		(7,165)	(7,154)	(7,165)	(7,154)
Payment to suppliers and employees (inclusive of goods and services tax)		(100,137)	(75,221)	(99,433)	(75,242)
		6,355	8,537	6,220	8,524
Net interest received		1,979	1,901	1,977	1,899
Interest paid		-	(2)	-	(2)
Joint venture partnership distribution received		819	-	819	-
Input tax credit refund from Australian Taxation Office		2,199	1,365	2,199	1,365
Net cash inflow from operating activities	26	11,352	11,801	11,215	11,786
Cash flows from investing activities					
Payments for property and equipment and intangible assets		(9,960)	(5,993)	(9,891)	(5,977)
Loans to joint venture		(63)	-	(63)	-
Proceeds from sale of property, plant and equipment		-	66	-	66
Net cash (outflow) from investing activities		(10,023)	(5,927)	(9,954)	(5,911)
Cash flows from financing activities					
Finance lease payments		(12)	(35)	(12)	(35)
Net cash (outflow) from financing activities		(12)	(35)	(12)	(35)
Net increase in cash and cash equivalents		1,317	5,839	1,249	5,840
Cash and cash equivalents at the beginning of the financial year		71,582	65,723	71,079	65,239
Effects of exchange rate changes on cash and cash equivalents		(10)	20	-	-
Cash and cash equivalents at the end of the financial year	7	72,889	71,582	72,328	71,079

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

Notes to the Financial Statements

For the year ended 31 December 2016

1. The company

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

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

The company has the wholly owned entities, INSEARCH Education International Pty Limited and INSEARCH (Shanghai) Limited. INSEARCH Education International Pty Limited is a private company, incorporated in Australia and formed in 1995. INSEARCH (Shanghai) Limited provides consulting, marketing support and other services to INSEARCH Limited. INSEARCH (Shanghai) Limited was formed in 2001 in the People's Republic of China.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. INSEARCH Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 22 March 2017.

(i) Statement of compliance

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

Generally accepted accounting principles, authoritative pronouncements of the AASB, including Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the *Corporations Act 2001* have been used to prepare the subsidiaries' financial statements.

(ii) Historical cost convention

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

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in its annual reporting period commencing 1 January 2016:

- *AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations;*
- *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation;*
- *AASB 2015-1 Amendments to Australian Accounting Standards - Annual improvements to Australian Accounting Standards 2012-2014 cycle; and*
- *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101.*

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group also elected to adopt the following amendments early:

- *AASB 2016-2 Amendments to Australian Accounting Standard - Disclosure Initiative: Amendments to AASB 107.*

This amendment requires disclosure of changes in liabilities arising from financing activities.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 9 Financial Instruments	*AASB 9* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under *AASB 139*. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under *AASB 15 Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	Must be applied for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 January 2018.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace *AASB 118*, which covers revenue arising from the sale of goods and the rendering of services and *AASB 111*, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected: • accounting for certain costs incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under *AASB 15*; and • rights of return - *AASB 15* requires separate presentation on the statement of financial position of the right to recover the goods from the customer and the refund obligation. At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next 12 months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the Group: 1 January 2018.
AASB 16 Leases	*AASB 16* was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $26,464,895, see Note 23. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under *AASB 16*.	Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. At this stage, the Group does not intend to adopt the standard before its effective date.

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

(v) Critical accounting estimates

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of INSEARCH Limited ('company' or 'parent entity') as at 31 December 2016 and the results of all subsidiaries for the year then ended. INSEARCH Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

(ii) Associates

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

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

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

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

(iii) Joint ventures

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is INSEARCH Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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.

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

(iii) Group companies

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

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

(iv) Foreign currency translation reserve

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

(d) Revenue recognition

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.

The Group recognises revenue 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 Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(i) Fees

Education fees are recognised as revenue in advance upon student enrolment and are then disbursed to revenue 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 net gain or loss on disposal of non-current assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

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

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

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 0.90% (2015: 0.10% and 1.40%). Deposits at Call are bearing a floating interest rate at 1.40% (2015: 1.90%). Fixed Term Deposits are bearing interest rates between 1.95% and 2.70% (2015: 2.70% and 2.85%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

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) Investments and other financial assets

Classification

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 acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(m) Property, plant and equipment

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

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

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

- Furniture and fittings	Period of the lease
- Office equipment	3-5 years
- Motor vehicles	3-4 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 the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

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

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

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

(n) Intangible assets

(i) IT development and software

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

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

(ii) Curriculum & Course Development and Validation Expenses

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

Amortisation is calculated on a straight-line basis over periods generally ranging from 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.

(o) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (Notes 10, 14, and 23). 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 23). 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 the Financial Statements (continued)

For the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

(p) Trade and other payables

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

(q) Provisions

The provisions of the Group are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The recorded liability for provision of annual leave includes annual leave entitlements accrued but not expected to be taken within one year. These entitlements are measured at the present value of expected future payments to be made, including on costs of leave accrued by employees up to the end of the reporting period. The expected future payments of this leave provision is discounted using published market yield of the two year Treasury Bond at the end of the reporting period of 1.86% (2015: 2.02%).

The provision for long service leave is recognised as a liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to on costs, expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using published market yield of the ten year Treasury Bond at the end of each reporting period of 2.76% (2015: 2.88%).

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

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

(s) Rounding of amounts

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

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

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

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

Consolidated	**Assets at FVOCI $000**	**Assets at FVPL $000**	**Derivatives used for hedging $000**	**Financial assets at amortised cost $000**	**Total $000**
Financial assets 2016					
Cash and cash equivalents	-	-	-	72,889	72,889
Trade and other receivables - current*	-	-	-	4,872	4,872
Other financial assets	-	-	-	93	93
	-	-	-	77,854	77,854
2015					
Cash and cash equivalents	-	-	-	71,582	71,582
Trade and other receivables - current *	-	-	-	5,506	5,506
Other financial assets	-	-	-	59	59
	-	-	-	77,147	77,147

Consolidated	**Liabilities at FVOCI $000**	**Derivatives at FVPL $000**	**Derivatives used for hedging $000**	**Liabilities at amortised cost $000**	**Total $000**
Financial liabilities 2016					
Trade and other payables	-	-	-	1,395	1,395
Other financial liabilities *	-	-	-	32,468	32,468
	-	-	-	33,863	33,863
2015					
Trade and other payables	-	-	-	1,938	1,938
Finance lease liability	-	-	-	10	10
Other financial liabilities *	-	-	-	32,991	32,991
	-	-	-	34,939	34,939

** excluding prepayments and statutory receivables/payables*

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

3. Financial risk management (continued)

Parent entity	Assets at FVOCI $000	Assets at FVPL $000	Derivatives used for hedging $000	Financial assets at amortised cost $000	Total $000
Financial assets 2016					
Cash and cash equivalents	-	-	-	72,328	72,328
Trade and other receivables - current*	-	-	-	5,090	5,090
Other financial assets	-	-	-	574	574
	-	-	-	77,992	77,992
2015					
Cash and cash equivalents	-	-	-	71,079	71,079
Trade and other receivables - current*	-	-	-	5,664	5,664
Other financial assets	-	-	-	440	440
	-	-	-	77,183	77,183

Parent entity	Liabilities at FVOCI $000	Derivatives at FVPL $000	Derivatives used for hedging $000	Liabilities at amortised cost $000	Total $000
Financial liabilities 2016					
Trade and other payables	-	-	-	1,292	1,292
Other financial liabilities *	-	-	-	32,468	32,468
	-	-	-	33,760	33,760
2015					
Trade and other payables	-	-	-	1,869	1,869
Finance lease liability	-	-	-	10	10
Other financial liabilities *	-	-	-	32,991	32,991
	-	-	-	34,870	34,870

** excluding prepayments and statutory receivables/payables*

(a) Market risk

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

(i) Foreign exchange risk

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

3. Financial risk management (continued)

(a) Market risk (continued)

The movement in exchange rates in 2016 has contributed to the Australian dollar decrease in surplus for INSEARCH Limited.

Sensitivity

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

Consolidated	**Impact on surplus**		**Impact on other components of equity**	
	2016 $000	2015 $000	**2016 $000**	2015 $000
RMB/AUD exchange rate - increase 10%	-	-	91	86
RMB/AUD exchange rate - decrease 10%	-	-	(91)	(86)
USD/AUD exchange rate - increase 10%	-	-	(7)	-
USD/AUD exchange rate - decrease 10%	-	-	7	-
INR/AUD exchange rate - increase 10%	-	-	2	-
INR/AUD exchange rate - decrease 10%	-	-	(2)	-

(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 one to four months in order to respond to more attractive interest bearing deposits. Cash investments are reviewed monthly as part of the management reporting process.

Sensitivity

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

Consolidated	**Impact on surplus**		**Impact on other components of equity**	
	2016 $000	2015 $000	**2016 $000**	2015 $000
Interest rates - increase by 1%	731	720	-	-
Interest rates - decrease by 1%	(731)	(720)	-	-

(b) Credit risk

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

3. Financial risk management (continued)

(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	
	2016 $000	2015 $000	2016 $000	2015 $000
Revenue from continuing operations				
Fees	107,224	90,650	107,224	90,650
Interest	1,798	1,977	1,796	1,975
Distributions from interest in associate	-	-	555	819
Total revenue	109,022	92,627	109,575	93,444

5. Other income

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Net loss on sale of non-current assets	(479)	(39)	(479)	(39)
Other	754	865	754	865
Total other income	275	826	275	826

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Expenses

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Expenses from continuing operations				
(i) Employee benefits expenses				
Salaries and wages	35,771	28,715	35,439	28,446
Superannuation	3,241	2,830	3,241	2,830
Payroll tax	2,145	1,838	2,145	1,838
Other	2,498	4,497	2,498	4,496
Total employee benefits expenses	43,655	37,880	43,323	37,610
(ii) Depreciation and amortisation expense				
Depreciation				
Office equipment	199	152	198	149
Furniture and fittings	2,147	1,659	2,138	1,653
Motor vehicles	83	57	83	57
Reimbursement of motor vehicles for salary packaging	-	(11)	-	(11)
Computer equipment	1,207	884	1,206	878
Total depreciation	3,636	2,741	3,625	2,726
Amortisation				
Curriculum	628	561	628	561
Software	690	752	690	752
Total amortisation	1,318	1,313	1,318	1,313
Total depreciation and amortisation expense	4,954	4,054	4,943	4,039

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Expenses (continued)

Expenses from continuing operations (continued)

(iii) Other expenses

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Donation to the University of Technology Sydney	7,165	7,154	7,165	7,154
Occupancy	9,939	8,463	9,759	8,286
Security	639	359	639	359
Communications	716	575	674	540
Homestay and welcome	2,115	1,681	2,115	1,681
Educational expenses	4,645	3,874	4,645	3,874
Scholarships	612	623	612	623
Promotion and channel partner commissions	19,140	15,304	20,333	16,232
Travel	2,235	2,138	2,048	1,967
Staff appointments	520	551	520	551
Audit and accounting fees	246	326	244	324
Legal fees	504	409	504	409
Consultancy	1,589	1,789	1,589	1,789
Subscription and membership	211	175	210	175
Printing and stationery	591	421	582	413
Bad debt receivables write-off	183	82	183	82
Loss/(gain) on foreign exchange	82	(75)	82	(75)
Impairment losses of investments	-	-	(97)	(25)
Other	4,348	4,118	4,027	3,877
Total other expenses	55,480	47,967	55,834	48,236

Prior year expenses have been consolidated for presentation purposes.

7. Cash and cash equivalents

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Current assets				
Cash at bank and in hand	8,834	12,242	8,273	11,739
Deposits at call	4,055	4,546	4,055	4,546
Term deposits	60,000	54,794	60,000	54,794
Total cash and cash equivalents	72,889	71,582	72,328	71,079

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Trade and other receivables

	Consolidated					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Trade receivables	2,073	-	2,073	1,946	-	1,946
Provision for impairment of receivables (see Note 8 (a))	(105)	-	(105)	(62)	-	(62)
	1,968	-	1,968	1,884	-	1,884
Prepayments	4,990	-	4,990	4,151	-	4,151
Other receivables	2,730	-	2,730	3,217	-	3,217
Accrued interest	174	-	174	355	-	355
Loan to UTS:INSEARCH Gramedia (UIG)	-	-	-	-	-	-
Total trade and other receivables	9,862	-	9,862	9,607	-	9,607

	Parent entity					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Trade receivables	2,073	-	2,073	1,946	-	1,946
Provision for impairment of receivables (see Note 8 (a))	(105)	-	(105)	(62)	-	(62)
	1,968	-	1,968	1,884	-	1,884
Prepayments	4,984	-	4,984	4,145	-	4,145
Other receivables	2,760	-	2,760	3,250	-	3,250
Accrued interest	174	-	174	355	-	355
Loan to UTS:INSEARCH Gramedia (UIG)	188	-	188	125	-	125
Total trade and other receivables	10,074	-	10,074	9,759	-	9,759

(a) Impaired trade and other receivables

The current trade receivables of the Group with a nominal value of $104,515 (2015: $62,118) were impaired and they relate to individually impaired receivables for student tuition fees which were deemed potentially uncollectable.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Trade and other receivables (continued)

(a) Impaired trade and other receivables (continued)

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

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
At 1 January	62	103	62	103
Provision for impairment recognised during the year	105	62	105	62
Receivables written off during the year as uncollectable	(62)	(103)	(62)	(103)
At 31 December	105	62	105	62

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

(b) Past due but not impaired

As of 31 December 2016, the Group trade receivables of $1,968,405 (2015: $1,883,808) and the Parent trade receivables of $1,968,405 (2015: $1,883,808) were past due but not impaired. The ageing analysis of the receivables is as follows:

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Up to 3 months	135	1,805	135	1,805
3 to 6 months	1,380	79	1,380	79
Over 6 months	453	-	453	-
	1,968	1,884	1,968	1,884

9. Investments accounted for using the equity method

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Non-current assets				
Interest in associated undertaking	687	722	-	-
Total investments accounted for using the equity method	687	722	-	-

Share of profits and losses				
Associates	533	821	-	-
Joint venture	(73)	(70)	-	-
	460	751	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

9. Investments accounted for using the equity method (continued)

	Consolidated	
	2016 $000	2015 $000
Carrying amount of investment in associated entity	687	722
Share of assets and liabilities		
Current assets	469	663
Non-current assets	103	36
Total assets	572	699
Current liabilities	(115)	(23)
Non-current liabilities	-	-
Total liabilities	(115)	(23)
Net assets	687	722
Share of revenue and expenses		
Revenues	3,285	3,551
Expenses	(2,825)	(2,800)
Net profit	460	751

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

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

(b) Joint venture - UTS:INSEARCH Gramedia (UIG)

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

The company's investment in UIG was in the form of a loan amounting to $187,815. Subsequent losses of the joint venture have been recognised as an increase of the loan balance.

As at 31 December 2016, UIG's share of cumulative losses amounting to $265,073 (2015: $183,528) has been offset against the loan balance of $187,815. The remaining amount of $77,258 (2015: $58,528) is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised in 2016 were $81,545 (2015: $71,285).

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

10. Property, plant and equipment

Consolidated	Office equipment $000	Motor vehicles $000	Furniture & fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
At 1 January 2015						
Cost	801	265	15,000	4,172	75	20,313
Accumulated depreciation	(368)	(181)	(8,950)	(2,169)	-	(11,668)
Net book amount	433	84	6,050	2,003	75	8,645
Year ended 31 December 2015						
Opening net book amount	433	84	6,050	2,003	75	8,645
Exchange differences	1	-	(5)	-	-	(4)
Additions *	-	-	15	1	4,763	4,779
Disposals	-	-	-	(1)	-	(1)
Transfers	21	160	325	1,264	(1,770)	-
Depreciation charge	(152)	(57)	(1,659)	(884)	-	(2,752)
Closing net book amount	303	187	4,726	2,383	3,068	10,667
At 31 December 2015						
Cost	823	254	15,241	5,090	3,068	24,476
Accumulated depreciation	(520)	(67)	(10,515)	(2,707)	-	(13,809)
Net book amount	303	187	4,726	2,383	3,068	10,667

Consolidated	Office equipment $000	Motor vehicles $000	Furniture & fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
Year ended 31 December 2016						
Opening net book amount	303	187	4,726	2,383	3,068	10,667
Exchange differences	(1)	-	(1)	(1)	-	(3)
Additions *	20	-	2,301	49	9,091	11,461
Disposals	-	-	(296)	(53)	-	(349)
Transfers	1,276	29	9,243	1,418	(11,966)	-
Depreciation charge	(199)	(83)	(2,147)	(1,207)	-	(3,636)
Closing net book amount	1,399	133	13,826	2,589	193	18,140
At 31 December 2016						
Cost	2,118	283	25,482	6,257	193	34,333
Accumulated depreciation	(719)	(150)	(11,656)	(3,668)	-	(16,193)
Net book amount	1,399	133	13,826	2,589	193	18,140

** The addition of property, plant and equipment included non-cash acquisition of make good assets of $2,301,212 (2015: $nil).*

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

10. Property, plant and equipment (continued)

Parent entity	Office equipment $000	Motor vehicles $000	Furniture & fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
At 1 January 2015						
Cost	790	265	14,881	4,141	75	20,152
Accumulated depreciation	(363)	(181)	(8,840)	(2,144)	-	(11,528)
Net book amount	427	84	6,041	1,997	75	8,624
Year ended 31 December 2015						
Opening net book amount	427	84	6,041	1,997	75	8,624
Additions *	-	-	-	-	4,763	4,763
Disposals	-	-	-	(1)	-	(1)
Transfers	21	160	325	1,264	(1,770)	-
Depreciation charge	(149)	(57)	(1,653)	(878)	-	(2,737)
Closing net book amount	299	187	4,713	2,382	3,068	10,649
At 31 December 2015						
Cost	811	254	15,205	5,057	3,068	24,395
Accumulated depreciation	(512)	(67)	(10,492)	(2,675)	-	(13,746)
Net book amount	299	187	4,713	2,382	3,068	10,649

Parent entity	Office equipment $000	Motor vehicles $000	Furniture & fittings $000	Computer equipment $000	Capital work-in-progress $000	Total $000
Year ended 31 December 2016						
Opening net book amount	299	187	4,713	2,382	3,068	10,649
Additions *	-	-	2,301	-	9,091	11,392
Disposals	-	-	(296)	(53)	-	(349)
Transfers	1,276	29	9,243	1,418	(11,966)	-
Depreciation charge	(198)	(83)	(2,138)	(1,206)	-	(3,625)
Closing net book amount	1,377	133	13,823	2,541	193	18,067
At 31 December 2016						
Cost	2,087	283	25,449	6,176	193	34,188
Accumulated depreciation	(710)	(150)	(11,626)	(3,635)	-	(16,121)
Net book amount	1,377	133	13,823	2,541	193	18,067

** The addition of property, plant and equipment included non-cash acquisition of make good assets of $2,301,212 (2015: $nil).*

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

11. Intangible assets

Consolidated and parent entity	Curriculum $000	Computer software $000	Capital work-in-progress $000	Total $000
At 1 January 2015				
Cost	2,459	9,085	1,110	12,654
Accumulated amortisation and impairment	(904)	(7,372)	-	(8,276)
Net book amount	1,555	1,713	1,110	4,378
Year ended 31 December 2015				
Opening net book amount	1,555	1,713	1,110	4,378
Additions	-	-	1,214	1,214
Disposals	-	(104)	-	(104)
Transfers	684	478	(1,162)	-
Amortisation charge	(561)	(752)	-	(1,313)
Closing net book amount	1,678	1,335	1,162	4,175
At 31 December 2015				
Cost	3,143	9,192	1,162	13,497
Accumulated amortisation and impairment	(1,465)	(7,857)	-	(9,322)
Net book amount	1,678	1,335	1,162	4,175
Year ended 31 December 2016				
Opening net book amount	1,678	1,335	1,162	4,175
Additions	-	-	800	800
Disposals	-	(130)	-	(130)
Transfers	-	1,229	(1,229)	-
Amortisation charge	(628)	(690)	-	(1,318)
Closing net book amount	1,050	1,744	733	3,527
At 31 December 2016				
Cost	3,143	10,141	733	14,017
Accumulated amortisation and impairment	(2,093)	(8,397)	-	(10,490)
Net book amount	1,050	1,744	733	3,527

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

12. Other non-current assets

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Non-current assets				
Security deposits	93	59	49	14
Interest in associate and joint venture	-	-	81	81
INSEARCH (Shanghai) Limited	-	-	444	345
Total other non-current assets	93	59	574	440

13. Trade and other payables

	Consolidated					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Trade and other payables	1,009	-	1,009	1,796	-	1,796
Amounts due to joint venture	77	-	77	59	-	59
University of Technology Sydney	283	-	283	73	-	73
Other creditors	26	-	26	10	-	10
	1,395	-	1,395	1,938	-	1,938

	Parent entity					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Trade and other payables	1,009	-	1,009	1,796	-	1,796
Amounts due to joint venture	-	-	-	-	-	-
University of Technology Sydney	283	-	283	73	-	73
Other creditors	-	-	-	-	-	-
	1,292	-	1,292	1,869	-	1,869

14. Finance lease liability

	Consolidated					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Lease liabilities (Note 23)	-	-	-	10	-	10
	-	-	-	10	-	10

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Finance lease liability (continued)

	Parent entity					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Lease liabilities (Note 23)	-	-	-	10	-	10
	-	-	-	10	-	10

The Group leases computer equipment with a carrying amount of $nil (2015: $9,241) 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.

15. Provisions

	Consolidated					
	2016			**2015**		
	Current $000	**Non-current $000**	**Total $000**	**Current $000**	**Non-current $000**	**Total $000**
Make good provisions	-	3,486	3,486	-	1,134	1,134
Lease incentives	68	108	176	61	144	205
	68	3,594	3,662	61	1,278	1,339

	Parent entity					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Make good provisions	-	3,486	3,486	-	1,134	1,134
Lease incentives	68	108	176	61	144	205
	68	3,594	3,662	61	1,278	1,339

(a) Information about individual provisions and significant estimates

Make good provision

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

15. Provisions (continued)

(b) Movements in provisions

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

Consolidated 2016	**Make good $000**	**Lease incentives $000**	**Total $000**
Current and non-current			
Carrying amount at start of year	1,134	205	1,339
Charged/(credited) to the profit or loss	51	(29)	22
Adjustment in Statement of Financial Position to reflect an updated assessment to both existing and new leased properties	2,301	-	2,301
Carrying amount at end of year	3,486	176	3,662

Parent entity 2016	**Make good $000**	**Lease incentives $000**	**Total $000**
Current and non-current			
Carrying amount at start of year	1,134	205	1,339
Charged/(credited) to the profit or loss	51	(29)	22
Adjustment in Statement of Financial Position to reflect an updated assessment to both existing and new leased properties	2,301	-	2,301
Carrying amount at end of year	3,486	176	3,662

16. Employee benefit obligations

	Consolidated					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Leave obligations - annual leave (a)	2,086	-	2,086	1,820	-	1,820
Leave obligations - long service leave (a)	1,594	2,918	4,512	1,363	1,909	3,272
Total employee benefit obligations	3,680	2,918	6,598	3,183	1,909	5,092

	Parent entity					
	2016			2015		
	Current $000	Non-current $000	Total $000	Current $000	Non-current $000	Total $000
Leave obligations - annual leave (a)	2,086	-	2,086	1,820	-	1,820
Leave obligations - long service leave (a)	1,594	2,918	4,512	1,363	1,909	3,272
Total employee benefit obligations	3,680	2,918	6,598	3,183	1,909	5,092

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

16. Employee benefit obligations (continued)

(a) Leave obligations

The leave obligations cover the Group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $3,679,970 (2015: $3,183,222) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Current annual leave obligations expected to be settled after 12 months	370	384	370	384
Current long service leave obligations expected to be settled after 12 months	627	574	627	574

17. Other current liabilities

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Current liabilities				
Accrued expenses	4,143	7,816	4,143	7,816
Prepaid course fees	26,635	22,665	26,635	22,665
Others	1,690	2,460	1,690	2,460
Total other current liabilities	32,468	32,941	32,468	32,941

18. Reserves and retained surplus

(a) Reserves

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Foreign currency translation reserve	(686)	(652)	-	-
Movements:				
Foreign currency translation reserve				
Balance 1 January	(652)	(737)	-	-
Currency translation difference arising during the year	(34)	85	-	-
Balance 31 December	(686)	(652)	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

18. Reserves and retained surplus (continued)

(b) Retained surplus

Movements in retained surplus were as follows:

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Balance 1 January	56,144	51,873	54,851	50,498
Surplus for the year	5,617	4,271	5,699	4,353
Balance 31 December	61,761	56,144	60,550	54,851

19. Key management personnel disclosures

(a) Directors

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

(i) Non-Executive Chair

R D Milbourne *AO* (Appointed 01/03/2016)
J M Hutchison *AM* (Interim Chair from 01/11/2015 to 29/02/2016 and Non-Executive Director afterwards)

(ii) Executive Director

A Murphy

(iii) Non-Executive Directors

P Bennett
A M Dwyer
D N Hill
W R Purcell
M Spongberg

(b) Other key management personnel

A Brungs

(c) Key management personnel compensation

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

	Consolidated		Parent entity	
	2016	2015	2016	2015
Remuneration of Directors				
$0 to $49,999	-	-	-	-
$50,000 to $99,999	4	4	4	4
$100,000 to $149,999	-	-	-	-
$150,000 to $199,999	-	-	-	-
$200,000 to $249,999	-	-	-	-
$250,000 to $299,999	-	-	-	-
$300,000 to $349,999	-	-	-	-
$350,000 to $399,999	-	-	-	-
$400,000 to $449,999	1	1	1	1
$450,000+	-	-	-	-
	5	5	5	5

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

	Consolidated		Parent entity	
	2016 $	2015 $	2016 $	2015 $
Short-term employee benefits	668,154	640,269	668,154	640,269
Post-employment benefits	63,025	60,374	63,025	60,374
	731,179	700,643	731,179	700,643

20. 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 21.

(c) Transactions with related parties

The following transactions occurred with related parties:

- Donation to the University of Technology Sydney $7,165,000 (2015: $7,154,375), this includes $165,000 (2015: $154,375) in respect of UTS staff acting as Directors on the INSEARCH Board.
- Sales of Services and Fees to the University of Technology Sydney $182,384 (2015: $3,116).
- Services rendered by the University of Technology Sydney to INSEARCH Limited $5,947,887 (2015: $4,445,619).
- Consulting service income between INSEARCH (Shanghai) Limited and INSEARCH Limited $1,292,893 (2015: $1,019,305).
- Consulting service expense between INSEARCH Limited and INSEARCH (Shanghai) Limited $1,292,893 (2015: $1,019,305).

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

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

	Consolidated		Parent entity	
	2016 $	2015 $	2016 $	2015 $
Current receivables (sales of goods and services) INSEARCH (Shanghai) Limited	-	-	29,771	33,778

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

21. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2016 %	2015 %
INSEARCH (Shanghai) Limited	China	Ordinary	100	100
INSEARCH Education International Pty Limited	Australia	Ordinary	100	100

22. 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:

(a) The Audit Office of New South Wales

(i) Audit and other assurance services

	Consolidated		Parent entity	
	2016 $	2015 $	2016 $	2015 $
Audit and review of financial reports	99,703	97,271	99,703	97,271
Total auditor's remuneration	99,703	97,271	99,703	97,271

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

23. 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	
	2016 $000	2015 $000	2016 $000	2015 $000
Property, plant and equipment	-	5,699	-	5,699
Input tax recoverable from the Australian Taxation Office	-	518	-	518

(b) Lease commitments

(i) Non-cancellable operating leases

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $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	9,149	7,772	9,061	7,603
Later than one year but not later than five years	16,591	12,199	16,591	12,106
Later than five years	725	-	725	-
	26,465	19,971	26,377	19,709
Input tax recoverable from the Australian Taxation Office	2,392	1,790	2,392	1,790

(ii) Finance leases

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Commitments in relation to finance leases are payable as follows:				
Within one year	-	11	-	11
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Minimum lease payments	-	11	-	11
Future finance charges	-	-	-	-
Present value of minimum lease payments inclusive of GST	-	11	-	11
Input tax recoverable from the Australian Taxation Office	-	1	-	1

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

24. 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.

25. Events occurring after the reporting period

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

26. Cash flow information

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

	Consolidated		Parent entity	
	2016 $000	2015 $000	2016 $000	2015 $000
Surplus for the year	5,617	4,271	5,699	4,353
Depreciation and amortisation	4,954	4,065	4,943	4,050
Non-cash movement in finance lease liability	2	7	2	7
Net loss on sale of non-current assets	479	39	479	39
Share of loss of joint venture	73	70	-	-
Share of profit of associates	(533)	(821)	-	-
Bad debt provisions	105	62	105	62
Non-cash adjustment on make good provision	(2,301)	-	(2,301)	-
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	177	(2,377)	(357)	(3,129)
(Increase) in other non-current assets	(34)	(12)	(134)	(35)
(Decrease)/increase in trade and other payables	(543)	1,601	(577)	1,543
Increase/(decrease) in provisions	2,323	(3)	2,323	(3)
Increase in employee benefit obligations	1,506	1,348	1,506	1,348
(Decrease)/increase in other liabilities	(473)	3,551	(473)	3,551
Net cash inflow from operating activities	11,352	11,801	11,215	11,786

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

For the year ended 31 December 2016

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 18 to 52 are in accordance with the *Corporations Act 2001*, and:

(i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, as stated in accounting policy Note 2 to the financial statements; and

(ii) give a true and fair view of the financial position as at 31 December 2016 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

Emeritus Professor Ross Milbourne *AO*
Director

Date: 23 March 2017

Mr Alex Murphy
Director

Date: 23 March 2017

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

Insearch Limited

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

Opinion

I have audited the accompanying financial statements of Insearch Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

I am independent of the Company in accordance with the requirements of the:

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

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

The PF&A Act further promotes independence by ensuring the Auditor–General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor–General
- mandating the Auditor–General as auditor of public sector agencies, but precluding the provision of non-audit services.

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Independent Auditor's report

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Insearch Limited on 22 March 2017, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Other Information

The directors of the Company are responsible for the Other Information, which comprises the information in the Company's annual report for the year ended 31 December 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or appears to be materially misstated.

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

I have nothing to report in this regard.

Directors' Responsibility for the Financial Statements

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

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf

The description forms part of my auditor's report.

Independent Auditor's report

My opinion does *not* provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

24 March 2017
SYDNEY

Auditor’s Independence Declaration

To the Directors
Insearch Limited

Auditor’s Independence Declaration

As auditor for the audit of the financial statements of Insearch Limited for the year ended 31 December 2016, 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

22 March 2017
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 Limited has a Public Interest Disclosure Policy (PID Policy) in place. The current policy came into effect on 28 November 2012 and is available on the staff intranet.

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

- Including a link to the PID Policy in the weekly electronic staff newsletter once a year; and
- Including the PID Policy in the Fraud and Corruption Awareness online module undertaken by new staff.

Information required under the Public Interest Disclosures	January 2016 – December 2016
Number of public officials who made PIDs to INSEARCH Limited	0
Number of PIDs received in total	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contraventions	0
Local government pecuniary interest contraventions	0
Number of PIDs (received since 1 Jan 2012) that INSEARCH has finalised in this reporting period	0

Copies of the 2016 subsidiary accounts, INSEARCH Education International and INSEARCH (Shanghai) Limited, can be found at www.insearch.edu.au

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insearch.edu.au

INSEARCH CRICOS provider code: 00859D I UTS CRICOS provider code: 00099F
INSEARCH Limited is a controlled entity of the University of Technology Sydney (UTS), and a registered private higher education provider of pathways to UTS.
Photo credit: Andy Roberts
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