

Annual Report 2017



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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
Ms J N Anderson
Mr P Bennett
Mr J P Chalmers
Ms A M Dwyer
Mr G A Freeland
Mr A Murphy
Professor M Spongberg

Directors

Emeritus Professor R D Milbourne AO
Ms J N Anderson
Mr P Bennett
Mr J P Chalmers
Ms A M Dwyer
Mr G A Freeland
Mr A Murphy
Professor M Spongberg

Chair's Letter



Despite some slowing of growth in the international education market, Insearch was still able to exceed its target for the number of international undergraduate students to the University of Technology Sydney (UTS) in 2017.

What is most gratifying about this is the quality of these students, who perform at around the same level as those students who secure direct entry to the University.

This is a credit to Insearch's supportive and innovative teaching methodologies, the dedication of our teaching staff, as well as an expanded suite of early intervention and student engagement activities that have seen our retention and student satisfaction rates increase significantly in the past 12 months.

As we do every year, Insearch completed a range of key projects and initiatives in both education and non-education areas. While too numerous to mention them all, of particular note was the Smart Cities Symposium in Jakarta, a partnership with UTS and the Indonesian and Australian Governments; the signing of two Memoranda of Understanding for exciting potential offshore partnerships to commence in 2018; the launch of a number of important systems and programs including an HRIS; and the lease of additional campus space in the Haymarket/Ultimo precinct to help us accommodate our growing student and staff numbers now and into the early 2020s.

In recognition of the close working relationship between Insearch and UTS, and to create even greater alignment between the two brands, both locally and in our many overseas markets, Insearch implemented a brand refresh in 2017 based on the new UTS visual identity, including a relaunch of our corporate website.

Our ongoing collaboration with UTS, in particular its senior leadership under the direction of Vice-Chancellor Professor Attila Brungs, remains critical to the continued success of Insearch. We thank all our UTS colleagues for their support and counsel across academic and non-academic areas.

It was a year of significant change for the Board itself, with several of our longest-serving Directors retiring: Ms Dianne Hill in March and Mr Jonathan Hutchison AM in November, both after nine years, and Professor William (Bill) Purcell after eight and a half years. Ms Hill and Professor Purcell also served as Chairs of Board committees, the Audit and Risk Committee (ARC) and Remuneration and Nominations Committee (RNC), respectively; while Mr Hutchison served as Interim Chair of the Board for several months prior to my appointment. Their input and expertise during their tenure was invaluable and we wish them all the very best for the future.

In their stead, we welcomed new Directors Mr Guy Freeland, now also Chair of the ARC, Ms Nell Anderson, now also Chair of the RNC, and Mr John Chalmers. I am looking forward to continuing to work with them, and the rest of the Board, as we move into the next phase of our Strategic Plan rollout.

Lastly, thank you to the management and staff of Insearch. Our many fantastic achievements are a testament to their hard work and commitment over the past 12 months.

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

Emeritus Professor Ross Milbourne AO
Insearch Limited

Managing Director's Review



2017 was full of excellent achievements, exciting and innovative teaching and activities, and other projects and initiatives aimed at building a solid foundation for growth, diversification and quality and strengthening our engagement with UTS.

We achieved record numbers of students transferring from Insearch to UTS and our student retention and student satisfaction results were particularly pleasing, a clear indication that the work we have already been doing in the areas of student engagement and learning and teaching is on the right track.

The Insearch brand has been brought into closer alignment with UTS, supporting the development of a greater understanding in overseas markets of the association between our two organisations.

We continued to expand our offshore presence, including welcoming our first cohort of Diploma of Business students in South Korea mid-year, and progressing promising new partnerships with a view to launch in 2018.

Our second cohort of five Former North Korean college students completed 30 weeks of English language training with us in early 2018 and returned to South Korea, with much-improved language skills and a wonderful collection of memories created here in Sydney. This program will continue to run on an annual basis.

We look forward to a busy year ahead with plans to launch new partnerships overseas and open another innovative teaching space in Harris St, Ultimo following a state-of-the-art fitout that will provide flexible learning and networking spaces for our growing number of students and staff.

We will continue to undertake a suite of key projects focused on student engagement, enhancing the student experience at every point along the student lifecycle, from communications to accommodation packages to course offerings, technology improvements and early intervention strategies for students who are not reaching their full potential.

As always, our ongoing collaboration with UTS will be key to the success of the third year of our five-year Strategic Plan. In 2017, this included a number of alumni events around the world and support for youth forums such as the Australia-India Youth Dialogue, CAUSINDY (Conference of Australian and Indonesian Youth), and the inaugural Australia-Vietnam Young Leadership Dialogue; the Smart Cities event in Indonesia; as well as a range of projects, working groups and systems where we worked closely together and strengthened the alignment of our strategies, goals and processes.

Thank you to the Insearch Board and its committees, my colleagues on the Senior Leadership Team, and the wonderful and dedicated Insearch staff whose contributions help us to deliver quality education programs and support to thousands of students from around the world each and every year.

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

Alex Murphy
Insearch Limited

UTS Insearch at a glance

A proud history

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

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

Students at UTS Insearch

Around 5,000 students from 75 different countries study at UTS Insearch in Sydney each year with the largest cohorts from China, the Sub-Continent, Indonesia, Vietnam and Australia. We have around 3,000 new academic enrolments and more than 2,000 new English language enrolments each year.

Courses and Programs

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

Academic English

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

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

UTS Foundation Studies

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

Diploma programs

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

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

Global Offices

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

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

Offshore partnerships

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

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



Insearch English courses are delivered in the following countries:

China

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

Vietnam

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

Indonesia

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

South Korea

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

Myanmar

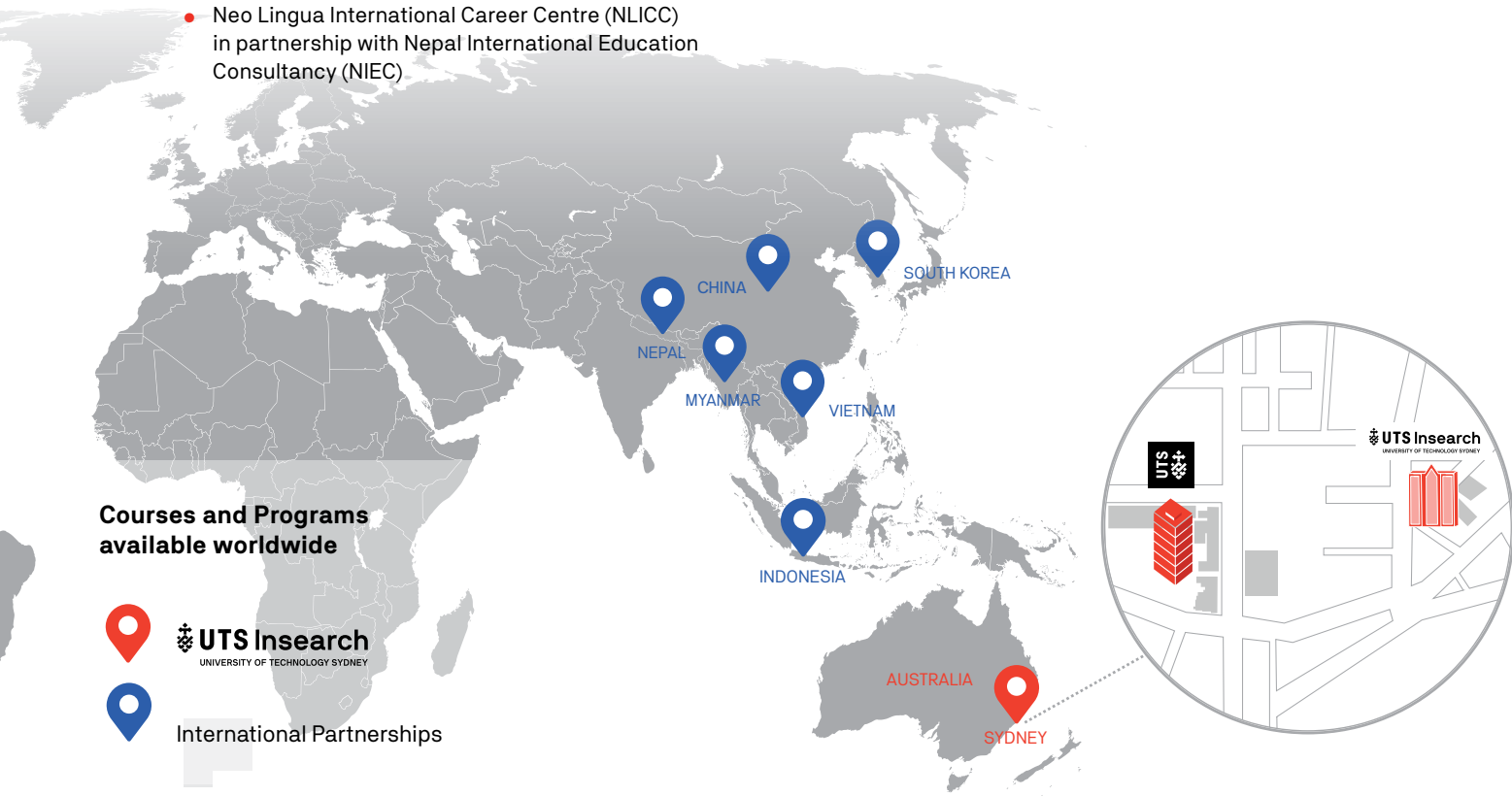
- AEC English Centre in partnership with Australian Visa and Student Services (AVSS)

Nepal

- Neo Lingua International Career Centre (NLICC) in partnership with Nepal International Education Consultancy (NIEC)

Insearch Diploma programs are offered in:

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



Courses and Programs available worldwide



International Partnerships

About UTS Insearch

UTS GLOBAL RANKINGS



1 in Australia*
#8 in the World*
Top 200 in the World**

More than

2,700



new students to UTS in 2017

UTS Insearch student performance at UTS



87%

subject pass rate***

More than

30,000

alumni around the world



600

STAFF



in 4 countries

National English Language Training Accreditation Scheme (NEAS) accredited



30+

years



of quality teaching

6000+

OFFSHORE



student enrolments

AROUND

5,000

STUDENTS



from 75 countries studying in Sydney each year

17,500 sqm

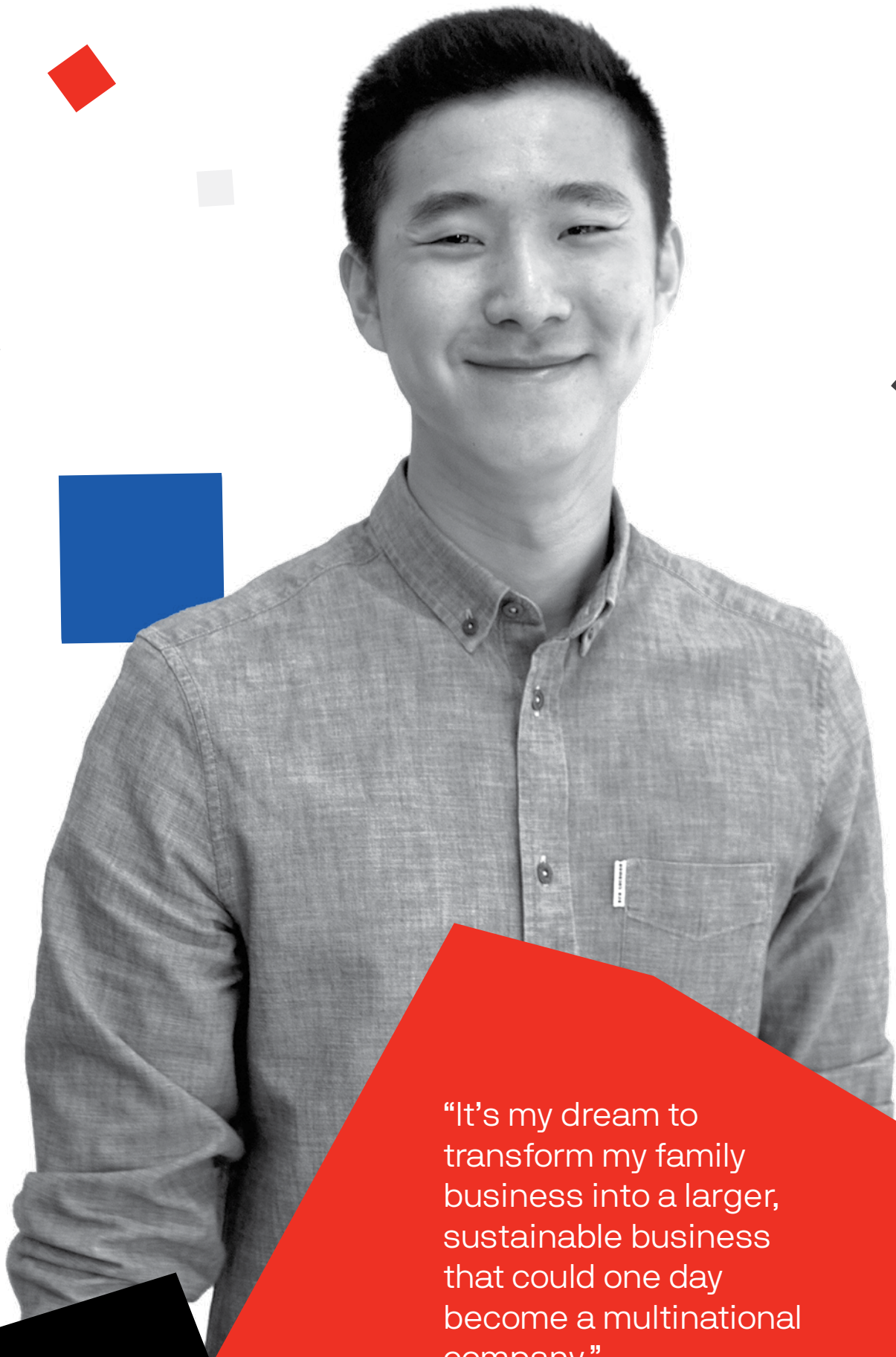


campus footprint next door to UTS

* for universities under 50 years of age in the QS World University Rankings® Top 50 under 50, 2018

** universities in the QS World University Rankings® 2018

*** 2016 data (latest available): Domestic students 86.4%, international students 87.6%



“It’s my dream to transform my family business into a larger, sustainable business that could one day become a multinational company.”

Jameson Salim,
Diploma of Business student and
Dianne Leckie Memorial Scholarship recipient.

UTS Insearch Learning and Teaching

The Insearch Model of Learning frames learning and teaching (L&T) practice at UTS Insearch, identifying and supporting the particular learning needs of our students.



The model is comprised of five key components:

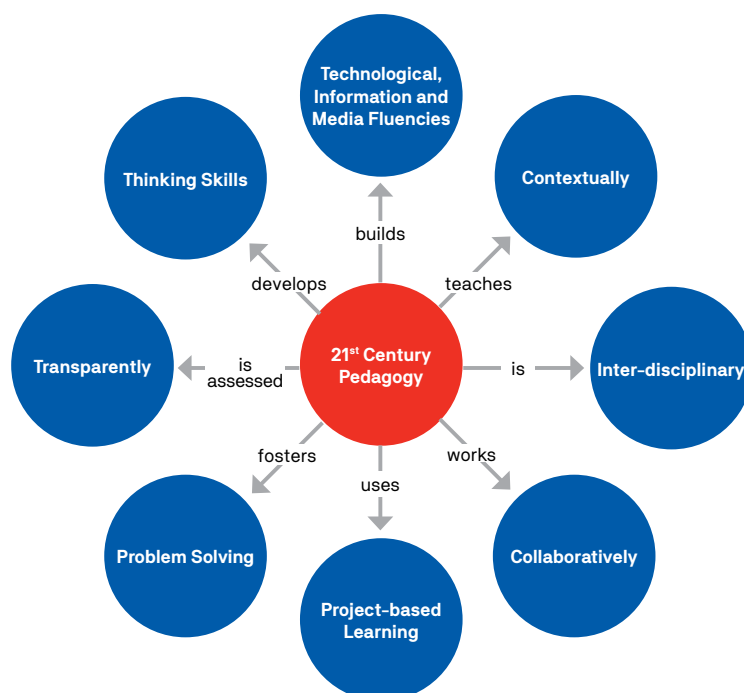
1. It is dedicated to **pathway transitional** education
2. It recognises that UTS Insearch students' **English language and academic skills** require **support** to develop
3. It is focused on excellence in pedagogy for **international** students
4. It ensures **student-centred technology-enabled** learning across all programs and subjects
5. It equips students with the skills to **succeed as independent learners**

21st Century Pedagogy

UTS Insearch programs also reflect a 21st Century pedagogy approach, aiming to teach content in context with the tasks and activities students undertake, and emphasising the “4Cs” (collaboration, critical thinking, creativity and communication) to prepare students for further studies and future workplaces.

For UTS Insearch students this means:

- Hands-on, collaborative and ‘real world’ learning and assessment;
- Ownership of, and engagement in, their own learning;
- Development of Higher Order Thinking Skills (HOTS);
- Development of skills in the use of a wide array of ‘real world’ technology-based applications;
- Understanding that language/literacy skills need to be enhanced, so embedding academic literacy into subjects; and
- Enjoyment of learning, including realising there are many ways to learn.



Technology-enabled learning supports pedagogic goals by facilitating a student-centred learning culture, broadening opportunities for learning in and out of class, and can enhance interactions with teachers, other students and content. Technology may not only enhance how and what is learned but also add some fun and excitement to what is being taught; however, technologies are not utilised for their 'wow factor', but are underpinned by a strong pedagogic purpose and are carefully selected to best complement each class or subject.

Students at UTS Insearch also have extended interaction with teaching staff, and access to global resources and materials to meet their level of knowledge and interest. This includes differentiated learning in the classroom, and learning through a variety of activities to suit differing learning styles. These activities may be online (e.g. using resources such as Mathematica to support mathematics learning), technology enhanced in-class activities (e.g. using virtual reality [VR] headsets or applications such as Kahoot! or Nearpod to engage students in content and to check student understanding) or 'traditional' face-to-face in-class activities (e.g. building physical models).

UTS Insearch also provides a variety of support mechanisms for students, aiming to 'front load' monitoring and outreach to emphasise the first semester of commencement. UTS Insearch aims to be proactive in reaching out and supporting students and make clear that academic struggles are the norm rather than the exception amongst students in the first year of post-secondary study and provide information on how they can make use of support to succeed in their studies. The focus on the first semester is to make students aware of what is available as early as possible and this support is then available to students as they continue their studies.

In addition to in-class support by teachers, students have access to:

- Consultation time with teachers and Subject Coordinators outside of class;
- Access to Learning Support Tutors to give students one-on-one additional support in their studies (free-of-charge);
- Learning Support lunch-time group sessions on a variety of topics related to students' studies e.g. time management, using citations;
- Academic Advisers; and
- Counselling services.

The UTS Insearch approach, through the Model of Learning, is a very student-centred one with a clear focus on what our students need in terms of support (learning skills, language skills) and what they will need (technology skills, study skills, critical thinking, the 4Cs) with the aim of helping students transition from dependent high school students to independent, technology-able learners who can succeed in further studies and, ultimately, in their working lives post-university.

English language scholarships for Former North Korean students

새터민 학생들을 위한 호주 영어연수 장학금



This unique scholarship program is a collaboration between UTS Insearch, the Australian Department of Foreign Affairs and Trade (through its Australia-Korea Foundation), and the South Korean Ministry of Unification (through its Hana Foundation).

The scholarships assist university-level students formerly from the Democratic People's Republic of Korea (North Korea), who are now South Korean citizens, to learn English at UTS Insearch in Sydney. Awarded to five students per year, the scholarships cover 30 weeks' of English language tuition, return flights from South Korea to Sydney, and accommodation and living expenses in Sydney, with the total scholarship program valued at around AUD\$200,000 per annum.

Graduating students from the 2016 and 2017 groups have praised the experience and the opportunity to not only improve their English language skills, but also

meet new people from many different countries and create lifelong memories. One student said: "Sydney is now my third home. I have seen so many positive things about Sydney and met kind and warm people. I'm lucky to meet some of the inspired teachers at UTS Insearch. They all have strong passion about teaching, making me think what education should look like in the future in a unified Korea."

Managing Director of UTS Insearch, Mr Alex Murphy, said UTS Insearch is proud of being able to invest in improving the students' English skills and to also support bilateral relations between Australia and Korea: "We believe that the scholarships and the students' experiences in Sydney have enriched their education, career prospects and inspired a deep interest in Australia-Korea relations."

The third group of students under the program will commence their studies with UTS Insearch in mid-2018.

South East Aboriginal Arts Initiative



Launched in May 2017, the South East Aboriginal Arts Initiative aims to foster engagement among staff, students and other stakeholders of UTS Insearch and Indigenous people, knowledge and culture through Indigenous art.

The program focuses on art and culture from the South East region of Australia, which includes the Eora Nation upon which the UTS and UTS Insearch campuses stand. Art forms and artists from the South East are often overlooked and generally not associated with Aboriginal art, so this region was specifically chosen as the focus of this initiative in order to shed light and create a platform for greater understanding.

So far, the works of three South East Aboriginal artists – Ngemba carver, Andrew Snelgar; Waradgerie artist, Lorraine Connelly-Northey; and Barkindji photographer, Kent Morris - have been installed in the UTS Insearch building at 187 Thomas St, Haymarket. Works from a selection of other artists will be installed throughout the premises in 2018.

The program was originally scoped by an Advisory Group including senior staff from UTS Insearch, UTS Jumbunna Institute for Indigenous Education and Research and UTS Art. It is curated by UTS PhD student and artist, Jonathan Jones.

This initiative is one of several UTS Insearch activities supporting the UTS Indigenous Strategy, which demonstrates the leading role UTS plays within this cultural landscape. Our support includes a \$250,000 contribution to the Centre for the Advancement of Indigenous Knowledges (CAIK) each year.



Directors' Report



The Insearch Limited Board. Retired Directors Ms D N Hill, Mr J M Hutchison AM and Prof. W R Purcell not pictured.

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 (refer to Note 18) are:

	Date of Appointment
Emeritus Professor R D Milbourne AO	1 March 2016
Ms J N Anderson	28 November 2017
Mr P Bennett	25 May 2011
Mr J P Chalmers	13 January 2018
Ms A M Dwyer	2 March 2015
Mr G A Freeland	28 March 2017
Ms D N Hill <i>(Retired 27 March 2017)</i>	27 March 2008
Mr J M Hutchison AM <i>(Retired 27 November 2017)</i>	27 November 2008
Mr A Murphy	3 September 2007
Prof W R Purcell <i>(Retired 12 January 2018)</i>	21 May 2009
Prof M Sponberg	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 2017 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 reported a deficit of \$5.4m, after the payment of a donation to the University of Technology Sydney of \$17.2m. This deficit reduced the prior year accumulated surplus, bringing the balance of the accumulated funds to \$56.3m.

Business strategies and future developments

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

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

Directors' Report (continued)

Directors' benefits

No Director of the company has, during and since the end of the financial year, received or become entitled to receive a benefit, other than the benefit included in the aggregate amount of Director compensation shown in Note 18 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 \$6,718 (2016: \$6,407) 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
Non-Executive Director
Chair of the Board

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

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

Ms Nell Anderson, BSc (Hons), GradDipAdmin, GAICD
Non-Executive Director – from November 2017
Chair of the Remuneration and Nominations Committee – from January 2018

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

Ms Anderson is currently Chair of Ascham School and a Non-Executive Director with Campbell Page, MedicAlert Foundation and Ascham School Foundation.

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

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

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

He is also a member of the UTS Council and a board member of Campbell Page.

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

Directors' Report (continued)

Mr John Chalmers, BA

Non-Executive Director – from January 2018

Mr Chalmers has been the Director, Marketing & Communications at UTS since September 2016.

He has 20 years' of international media, marketing, communications and content experience and is responsible for the strategic direction of the marketing and communications functions at UTS; driving innovative strategy, concepts and content across all platforms and developing the University brand.

Before working for UTS, Mr Chalmers lead marketing and communications at media intelligence company, Isentia, which spans 18 offices around the Asia Pacific specialising in media monitoring and analysis, and comprises the globally awarded King Content, Brandtology and Two Social businesses. He was previously a magazine editor and journalist including for Men's Health magazine and at the New York Post.

Mr Chalmers attended Adelaide University where he completed a Bachelor of Arts in history and politics.

Ms Anne Dwyer, BBus (CSU), MAICD

Non-Executive Director

Member of the Audit and Risk Committee

Member of the Remuneration and Nominations Committee

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. 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. Prior to joining UTS, she was the Director of IT for Arthur Andersen's Australian and New Zealand operations.

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

Mr Guy Freeland, BCom, CA, GAICD

Non-Executive Director – from March 2017

Chair of the Audit and Risk Committee – 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 an Advisory Board member for a privately owned facilities services company and 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 completed a Bachelor of Commerce at UNSW, has been a Chartered Accountant for more than 35 years and is a Graduate Member of the Australian Institute of Company Directors.

Mr Alex Murphy, BA (Hons), MAICD

Managing Director

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

Mr Murphy is a Director of Insearch Education International Pty Limited and Insearch (Shanghai) Limited.

Mr Murphy ensures that staff learning and development is fully supported by UTS Insearch. He accesses executive training programs and coaching regularly to support his own learning and development.

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 Indonesian and Malayan studies at the University of Sydney. He undertook research at the University of Sydney, and Macquarie University where he also lectured in linguistics.

Mr Murphy has been a member of The Ethics Centre since 1997 and is a Member of the Australian Institute of Company Directors.

Professor Mary Spongberg, BA (Hons), PhD, GAICD

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.

Professor Spongberg completed her PhD at the University of Sydney, she is a Graduate Member of the Australian Institute of Company Directors and is currently on the Board of the Australasian Council of Deans of Arts, Social Sciences and Humanities (DASSH).

Directors' Report (continued)

Ms Dianne Hill, BA Accounting, FCA, FAICD

Non-Executive Director - to March 2017

Deputy Chair of the Board - November 2015 to March 2017

Chair of the Audit and Risk Committee - 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 Jonathan Hutchison AM, BCom, CPA

Non-Executive Director - to November 2017

Interim Chair of the Board - November 2015 to February 2016

Member of the Remuneration and Nominations Committee - to November 2017

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.

Mr Hutchison was Interim Chair of the Board from November 2015 to February 2016, for the period between the retirement of Mr Mack Williams and the appointment of Emeritus Professor Ross Milbourne AO as Chair in March 2016.

Professor William (Bill) Purcell, BCom (Hons), Dip Jap St, PhD

Chair of the Remuneration and Nominations Committee - to January 2018

Non-Executive Director - to January 2018

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.

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.

Information on Company Secretary

Mr Nathan Patrick, BBus, GradDipACG, FCA, FGIA, FCIS, FAICD

Chief Financial Officer and Company Secretary

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

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

During the previous 30 years, he held senior financial, management and governance positions in the professional services, manufacturing and construction industries in Australia and Asia. His career includes 15 years in diverse roles in 'Big 4' accounting firms and five years as the Chief Operating Officer of a law firm.

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

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

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

Directors' Report (continued)

Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board Committee held during the year ended 31 December 2017, and the numbers of meetings attended by each Director were:

Director	Insearch Board Meetings (7)		Audit and Risk Committee Meetings (4)		Remuneration and Nominations Committee Meetings (5)	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ross Milbourne AO	7	7	-	4	-	-
Peter Bennett	7	7	4	4	5	5
Anne Dwyer	7	7	4	4	5	5
Guy Freeland	5	4	3	2	-	-
Jonathan Hutchison AM	6	6	-	2	5	3
Alex Murphy	7	7	-	4	-	1
William Purcell	7	7	-	-	5	5
Mary Spongberg	7	6	-	-	-	-
Nell Anderson	1	1	-	1	-	1
Dianne Hill	2	2	1	1	-	-

Note:

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

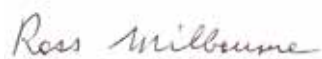
Rounding of amounts

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 68 of this report.

For and on behalf of the Directors signed at Sydney this 21 March 2018.



Emeritus Professor R D Milbourne AO
Director



Mr A Murphy
Director

Corporate Governance Statement

At Insearch Limited (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 Corporate Governance Council, but chooses to adopt the principles that are appropriate to Insearch and use them as a guide to best practice in corporate governance and as a framework for its reporting. This Corporate Governance Statement (Statement) sets out how Insearch applies the selected CGPR principles. A 'principle 9' has been added to this Statement to disclose information on how Insearch applies the academic governance requirements of the Higher Education Standards Framework 2015.

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 Accreditation Scheme Limited (NEAS) accredited.

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

- To provide 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 statements are included in the UTS annual report;
- Insearch provides quarterly reports to the UTS Commercial Activities Committee, which reports to the UTS Council;
- UTS has four appointed representatives on the Insearch Board of Directors; and
- The UTS Provost & Senior Vice-President oversees the academic and commercial relationship between UTS and Insearch.

Principle 1: Lay solid foundations for management and oversight

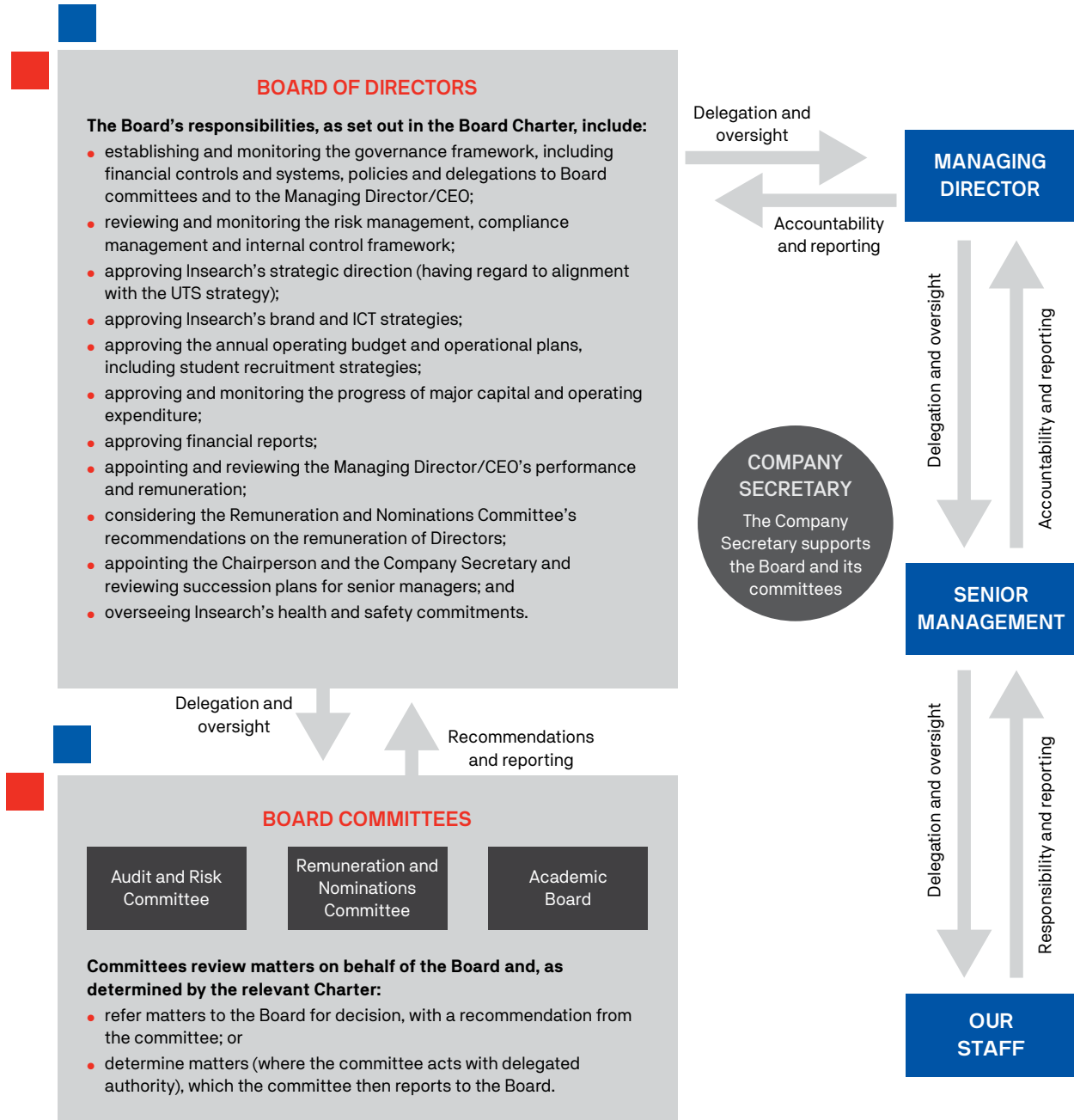
Role and composition of the Board

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 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/CEO 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)

Appointment of Directors

UTS nominates four Non-Executive Directors for appointment to the Board. Prior to the appointment of other candidates for directorship, the Remuneration and Nominations Committee (RNC) conducts appropriate due diligence before final interviews by the Board.

Company Secretary

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

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.

Insearch's most recent report to the Workplace Gender Equality Agency, current to 31 March 2017, contained the following gender diversity data:

	Total number of directors/staff	Number of female directors/staff	% of female staff
Insearch Board (including MD/CEO)	8	2	25%
Senior Leadership Team (excluding MD/CEO)	6	3	50%
Managers	31	19	62%
Non-Managers	476	253	53%

As at the date of this Statement, a male Director has retired and been replaced with a female Director, taking the percentage of female Directors on the Insearch Board to 38%.

Performance management

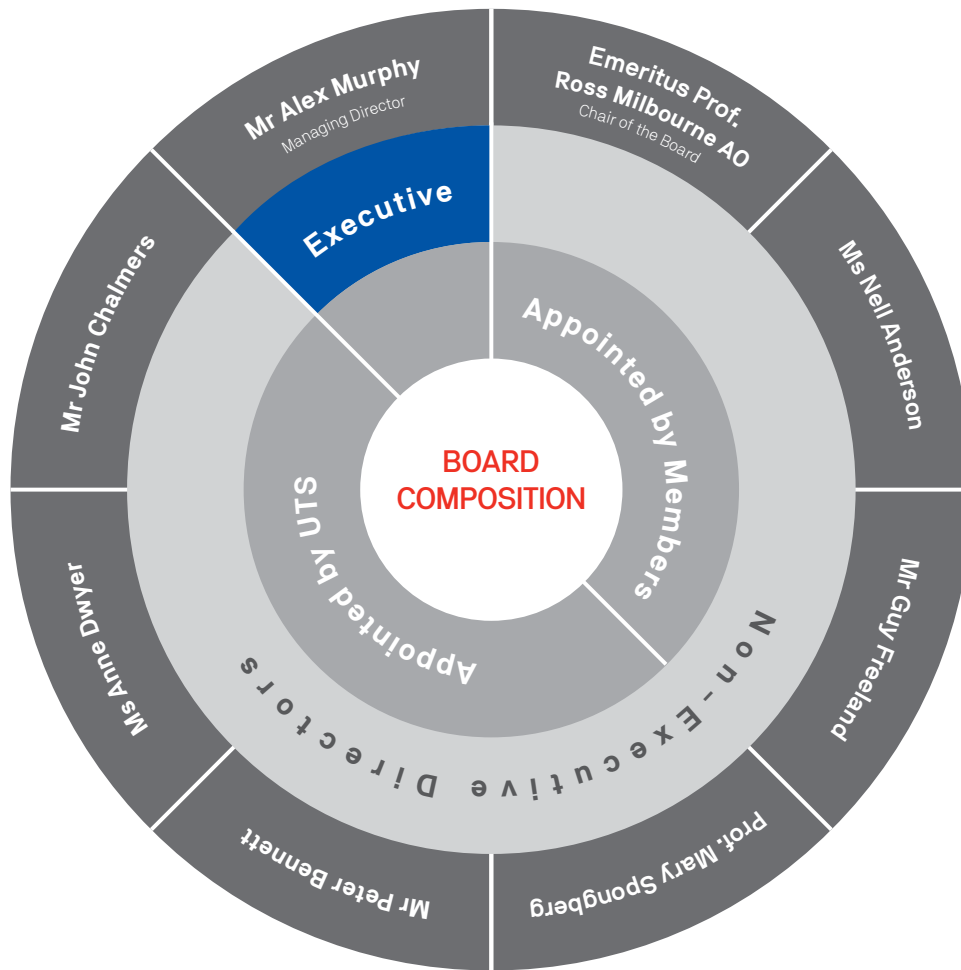
The RNC is responsible for assisting the Board in reviewing the performance of the Managing Director/CEO. In 2017, the RNC's remit was extended so that it now includes oversight of the performance review process conducted by the Managing Director/CEO of senior managers. All of these reviews took place during 2017.

Corporate Governance Statement

(continued)

Principle 2: Structure the Board to add value

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



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

Director independence

As a controlled entity of UTS, Insearch has a material business relationship with UTS. Insearch assists and promotes UTS by providing pathway courses for undergraduate entry to UTS and making donations to UTS. UTS supplies library and laboratory services to Insearch, for the fees set out in Note 19 (Related party transactions). Although the four Non-Executive Directors nominated by UTS are senior staff of UTS or UTS Council members, the Board considers that all of the Non-Executive Directors bring an independent judgment to bear in Board deliberations.

Corporate Governance Statement

(continued)

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.

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. In 2017, an external consultant was commissioned to complete a comprehensive Board Review and an overall review of the effectiveness of the Board committees. The Board will consider the introduction of individual Director assessment prior to the next formal Board review.

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

Chair's appointment and responsibilities

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

Board committees

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

Audit and Risk Committee (ARC)

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

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

Academic Board (AB)

The Academic Board offers leadership to the organisation's academic community and oversees its educational quality system. The Academic Board provides oversight of academic matters, ensures the quality of the student experience and programs of study, and fosters a spirit of free intellectual enquiry.

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

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

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

The Chair of the AB attends all Board meetings.

Remuneration and Nominations Committee (RNC)

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

Corporate Governance Statement

(continued)

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

Skills and diversity of the Board

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

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

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

Essential skills, knowledge and experience	Percentage of maximum total score
Strategic thinking	90
Executive leadership	90
Business growth	93
Risk management	85
Commercial experience	85
Important skills, knowledge and experience	Percentage of maximum total score
International experience	78
Marketing	70
Financial performance	76
Higher education sector experience	78
Governance	90
HR and structural reviews	78
Desirable skills, knowledge and experience	Percentage of maximum total score
Government/public sector policy networking experience	65
Information and communication technology	70
Legal	71
Campus planning	63

Directors participate in an induction program upon appointment and in 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.

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.

Corporate Governance Statement

(continued)

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: Act ethically and responsibly

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

Code of Ethics

Insearch has a Code of Ethics, available at www.insearch.edu.au/about/who-we-are/vision,-purpose-and-ethics. The Code sets out the core values under which the organisation acts to achieve its purpose and provides a framework for individuals and teams to engage in ethical decision-making within the organisation.

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

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

Code of Conduct

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

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 suspected wrongdoing. All disclosures are treated with confidentiality and can be made anonymously.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee (ARC)

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

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

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

The ARC is comprised of Non-Executive Directors. The following ARC members served from 1 January 2017 up to the date of this Statement, unless otherwise indicated:

- Mr Guy Freeland (Chair from 28 March 2017);
- Ms Dianne Hill (Chair until her retirement on 27 March 2017);
- Ms Anne Dwyer;
- Mr Peter Bennett; and
- Emeritus Professor Ross Milbourne AO (ex officio member).

Corporate Governance Statement

(continued)

Managing Director/CEO and Chief Financial Officer Declaration

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

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

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

External audit

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

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

At each Annual General Meeting (AGM), Members are given the opportunity to ask the lead auditor questions relevant to 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 Charities and Not-for-profits Commission (ACNC), the Tertiary Education Quality and Standards Agency (TEQSA), the Department of Education and Training and the NSW Ombudsman. UTS incorporates the Insearch annual results into the UTS annual report.

Principle 6: Respect the rights of Members

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

- Circulating the annual report and full financial information;
- Providing information about the last four years' annual reports and financial data at www.insearch.edu.au/au/about/publications; and
- Providing access to information and updates through electronic communications, the Insearch website, media communications and access to a secure, online portal.

Principle 7: Recognise and manage risk

The Board has overall responsibility for the risk management framework including approval of Insearch's strategic plan, risk management methodology and risk appetite. The ARC assists the Board in relation to its oversight and annual review of the risk management framework, the Insearch insurance program and compliance with applicable laws and regulations. The ARC and Board reviewed the risk management framework in May 2017. The membership and further details about the ARC are set out in principle 4.

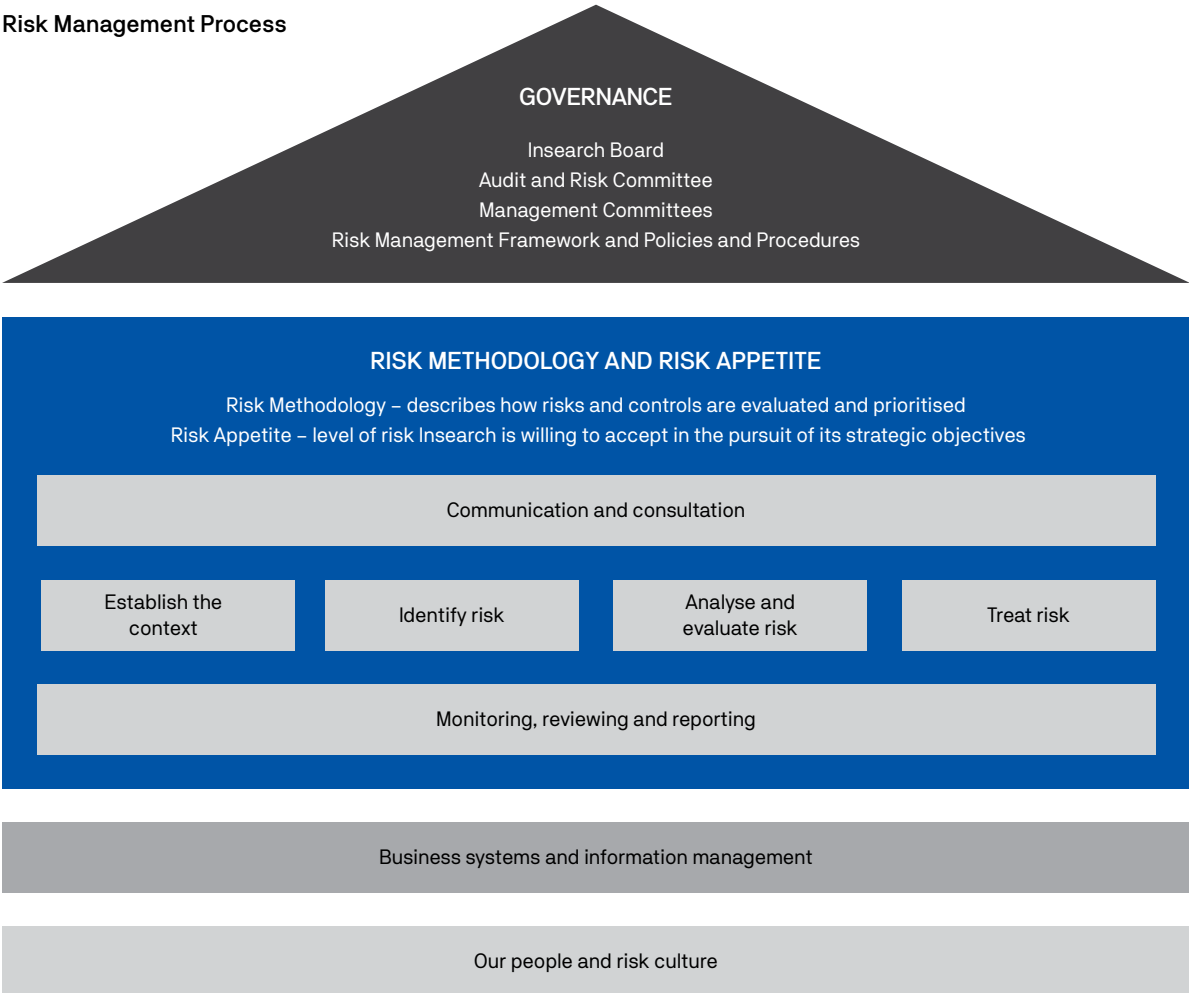
During 2017, senior management established the following management committees to assist with risk management responsibilities:

- Cyber Security Committee;
- Emergency Planning Committee; and
- Health & Safety Oversight Committee.

Corporate Governance Statement

(continued)

Risk Management Process



Internal audit

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

Economic, environmental and social sustainability risks

Insearch has identified and actively manages a variety of business risks, which are documented in an Enterprise Risk Register. The economic sustainability risks that have a material residual risk rating include Data Governance, Market Disruption and Partner Relationships. Each risk has a risk owner, who is a senior manager. Risk owners have oversight of existing and planned risk mitigation strategies, and have contingency plans in place should the risks eventuate. The Board does not consider that Insearch has any material environmental sustainability or social sustainability risks.

Corporate Governance Statement

(continued)

Principle 8: Remunerate fairly and responsibly

Remuneration and Nominations Committee (RNC)

The RNC is comprised of Non-Executive Directors (the majority of whom are appointed by UTS). The following RNC members served from 1 January 2017 up to the date of this Statement, unless otherwise indicated:

- Ms Nell Anderson (member from 7 December 2017, Chair from 13 January 2018);
- Professor William (Bill) Purcell (Chair until his retirement on 12 January 2018);
- Mr Jonathan Hutchison AM (member until his retirement on 27 November 2017);
- Ms Anne Dwyer; and
- Mr Peter Bennett.

Remuneration of Non-Executive Directors

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

The remuneration of the Non-Executive Directors is fixed and they do not receive any risk remuneration or other performance-related incentive.

Remuneration of Executives

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

Principle 9: Academic governance

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

Processes and structures

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

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

Quality

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

Corporate Governance Statement

(continued)

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

Student participation

A number of students participate in academic governance as members of the Academic Board. During 2017, a Student Advisory Committee was set up for each education program, enabling students to raise program-specific issues with their Program Managers.

Students participate in various feedback surveys, including the Quality Indicators for Learning and Teaching student experience surveys.

This Statement is current as at 15 February 2018, being the date of its approval by the Board.

Financial Statements

Financial statements

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

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

Insearch Limited
Level 9, 187 Thomas Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 12 which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 21 March 2018. The Directors have the power to amend and reissue the financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	Consolidated		Parent entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from continuing operations	4	115,123	109,022	115,616	109,575
Other income	5	1,008	275	1,008	275
Employee benefits expenses	6	(46,944)	(43,655)	(46,567)	(43,323)
Depreciation and amortisation expense	6	(5,858)	(4,954)	(5,839)	(4,943)
Other expenses	6	(51,962)	(48,315)	(52,369)	(48,669)
Finance costs		(77)	(51)	(77)	(51)
Share of net profit of associate and joint venture accounted for using the equity method	9	437	460	-	-
Operating surplus before donation		11,727	12,782	11,772	12,864
Donation to University of Technology Sydney		17,172	7,165	17,172	7,165
(Deficit)/surplus for the year attributable to Members		(5,445)	5,617	(5,400)	5,699
Other comprehensive (loss)					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	17 (a)	(54)	(34)	-	-
Other comprehensive (loss) for the year		(54)	(34)	-	-
Total comprehensive (loss)/income for the year attributable to Members		(5,499)	5,583	(5,400)	5,699

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

Statement of Financial Position

As at 31 December 2017

	Notes	Consolidated		Parent entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets					
Current assets					
Cash and cash equivalents	7	74,622	72,889	74,275	72,328
Trade and other receivables	8	6,865	9,862	7,130	10,074
Total current assets		81,487	82,751	81,405	82,402
Non-current assets					
Investments accounted for using the equity method	9	653	687	-	-
Property, plant and equipment	10	15,790	18,140	15,724	18,067
Intangible assets	11	4,414	3,527	4,414	3,527
Other assets	12	142	93	691	574
Total non-current assets		20,999	22,447	20,829	22,168
Total assets		102,486	105,198	102,234	104,570
Liabilities					
Current liabilities					
Trade and other payables	13	964	1,395	1,138	1,292
Provisions	14	68	68	68	68
Employee benefit obligations	15	4,479	3,680	4,479	3,680
Other current liabilities	16	35,076	32,468	35,076	32,468
Total current liabilities		40,587	37,611	40,761	37,508
Non-current liabilities					
Provisions	14	3,603	3,594	3,603	3,594
Employee benefit obligations	15	2,720	2,918	2,720	2,918
Total non-current liabilities		6,323	6,512	6,323	6,512
Total liabilities		46,910	44,123	47,084	44,020
Net assets		55,576	61,075	55,150	60,550
Equity					
Reserves	17(a)	(740)	(686)	-	-
Retained surplus	17(b)	56,316	61,761	55,150	60,550
Total equity		55,576	61,075	55,150	60,550

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 2017

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
Consolidated				
Balance at 1 January 2016		(652)	56,144	55,492
(Deficit)/surplus for the year	17(b)	-	5,617	5,617
Exchange differences on translation of foreign operations	17(a)	(34)	-	(34)
Total comprehensive (loss)/income for the year		(34)	5,617	5,583
Balance at 31 December 2016		(686)	61,761	61,075

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
Consolidated				
Balance at 1 January 2017		(686)	61,761	61,075
(Deficit)/surplus for the year	17(b)	-	(5,445)	(5,445)
Exchange differences on translation of foreign operations		(54)	-	(54)
Total comprehensive (loss)/income for the year		(54)	(5,445)	(5,499)
Balance at 31 December 2017		(740)	56,316	55,576

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 2017

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
Parent				
Balance at 1 January 2016		-	54,851	54,851
(Deficit)/surplus for the year	17(b)	-	5,699	5,699
Total comprehensive income for the year		-	5,699	5,699
Balance at 31 December 2016		-	60,550	60,550

	Note	Reserves	Retained surplus	Total equity
		\$'000	\$'000	\$'000
Parent				
Balance at 1 January 2017		-	60,550	60,550
(Deficit)/surplus for the year	17(b)	-	(5,400)	(5,400)
Total comprehensive income for the year		-	(5,400)	(5,400)
Balance at 31 December 2017		-	55,150	55,150

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 2017

	Note	Consolidated		Parent entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		119,088	113,657	119,934	112,818
Donation paid to the University of Technology Sydney		(17,172)	(7,165)	(17,172)	(7,165)
Payment to suppliers and employees (inclusive of goods and services tax)		(100,078)	(100,137)	(100,732)	(99,433)
		1,838	6,355	2,030	6,220
Net interest received		1,680	1,979	1,679	1,977
Joint venture partnership distribution received		1,049	819	1,049	819
Input tax credit refund from Australian Taxation Office		1,150	2,199	1,150	2,199
Net cash inflow from operating activities	25	5,717	11,352	5,908	11,215
Cash flows from investing activities					
Payments for property and equipment and intangible assets		(3,959)	(9,960)	(3,947)	(9,891)
Loans to joint venture		(60)	(63)	(60)	(63)
Proceeds from sale of property, plant and equipment		46	-	46	-
Net cash (outflow) from investing activities		(3,973)	(10,023)	(3,961)	(9,954)
Cash flows from financing activities					
Finance lease payments		-	(12)	-	(12)
Net cash (outflow) from financing activities		-	(12)	-	(12)
Net increase in cash and cash equivalents		1,744	1,317	1,947	1,249
Cash and cash equivalents at the beginning of the financial year		72,889	71,582	72,328	71,079
Effects of exchange rate changes on cash and cash equivalents		(11)	(10)	-	-
Cash and cash equivalents at the end of the financial year	7	74,622	72,889	74,275	72,328

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 2017

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 2017 were authorised for issue in accordance with a resolution of the Directors on 21 March 2018.

(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 first time in its annual reporting period commencing 1 January 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses;
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107; and
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle.

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The Group also elected to adopt the following amendments early:

- *AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments.*

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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
<i>AASB 9 Financial Instruments</i>	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.	<p>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 <i>AASB 139</i>. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under <i>AASB 15 Revenue from Contracts with Customers</i>, 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.</p> <p>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.</p>	<p>Must be applied for financial years commencing on or after 1 January 2018.</p> <p>Expected date of adoption by the Group: 1 January 2018.</p>

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

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
<i>AASB 15 Revenue from Contracts with Customers</i>	<p>The AASB has issued a new standard for the recognition of revenue. This will replace <i>AASB 118</i>, which covers revenue arising from the sale of goods and the rendering of services and <i>AASB 111</i>, which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>	<p>Management is currently assessing the effects of applying the new standard on the Group's financial statements.</p> <p>Based on Management's assessment and received professional advice, the Group does not expect any material effect on the Group's financial statements from adoption of the new standard.</p>	<p>Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption.</p> <p>Expected date of adoption by the Group: 1 January 2018.</p>
<i>AASB 16 Leases</i>	<p><i>AASB 16</i> 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.</p>	<p>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 \$35,345,000, see note 22.</p> <p>However, the Group has not yet assessed what other adjustments, if any, are necessary, for example: because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.</p>	<p>Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption.</p> <p>At this stage, the Group does not intend to adopt the standard before its effective date.</p>

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 2017

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 2017 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 2017

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 2017

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 0.65% (2016: 0.10% and 0.90%). Deposits at Call are bearing a floating interest rate at 1.40% and 1.55% (2016: 1.40%). Fixed Term Deposits are bearing interest rates between 1.82% and 2.26% (2016: 1.95% and 2.70%).

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

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 2017

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

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

(o) Leases

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. 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. 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 2017

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 2.00% (2016: 1.86%).

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 2.63% (2016: 2.76%).

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 2017

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.

	Assets at FVOCI \$'000	Assets at FVPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
Consolidated					
Financial assets 2017					
Cash and cash equivalents	-	-	-	74,622	74,622
Trade and other receivables - current *	-	-	-	2,111	2,111
Other financial assets	-	-	-	142	142
	-	-	-	76,875	76,875
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
	Liabilities at FVOCI \$'000	Derivatives at FVPL \$'000	Derivatives used for hedging \$'000	Liabilities at amortised cost \$'000	Total \$'000
Consolidated					
Financial liabilities 2017					
Trade and other payables	-	-	-	964	964
Other financial liabilities *	-	-	-	35,076	35,076
	-	-	-	36,040	36,040
2016					
Trade and other payables	-	-	-	1,395	1,395
Other financial liabilities *	-	-	-	32,468	32,468
	-	-	-	33,863	33,863

* excluding prepayments and statutory receivables/payables

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

3. Financial risk management (continued)

	Assets at FVOCI \$'000	Assets at FVPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
Parent entity					
Financial assets 2017					
Cash and cash equivalents	-	-	-	74,275	74,275
Trade and other receivables - current *	-	-	-	2,382	2,382
Other financial assets	-	-	-	691	691
	-	-	-	77,348	77,348
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
	Liabilities at FVOCI \$'000	Derivatives at FVPL \$'000	Derivatives used for hedging \$'000	Liabilities at amortised cost \$'000	Total \$'000
Parent entity					
Financial liabilities 2017					
Trade and other payables	-	-	-	1,138	1,138
Other financial liabilities *	-	-	-	35,076	35,076
	-	-	-	36,214	36,214
2016					
Trade and other payables	-	-	-	1,292	1,292
Other financial liabilities *	-	-	-	32,468	32,468
	-	-	-	33,760	33,760

* 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 2017

3. Financial risk management (continued)

(a) Market risk (continued)

The movement in exchange rates in 2017 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
RMB/AUD exchange rate - increase 10%	-	-	73	91
RMB/AUD exchange rate - decrease 10%	-	-	(73)	(91)
USD/AUD exchange rate - increase 10%	-	-	(5)	(7)
USD/AUD exchange rate - decrease 10%	-	-	5	7
INR/AUD exchange rate - increase 10%	-	-	4	2
INR/AUD exchange rate - decrease 10%	-	-	(4)	(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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest rates - increase by 1%	748	731	-	-
Interest rates - decrease by 1%	(748)	(731)	-	-

(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 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from continuing operations				
Fees	113,467	107,224	113,467	107,224
Interest	1,656	1,798	1,655	1,796
Distributions from interest in associate	-	-	494	555
Total revenue	115,123	109,022	115,616	109,575

5. Other income

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net gain/(loss) on disposal of non-current assets	16	(479)	16	(479)
Other	992	754	992	754
Total other income	1,008	275	1,008	275

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

6. Expenses

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses from continuing operations				
<i>(i) Employee benefits expenses</i>				
Salaries and wages	39,383	35,771	39,006	35,439
Superannuation	3,625	3,241	3,625	3,241
Payroll tax	2,324	2,145	2,324	2,145
Other	1,612	2,498	1,612	2,498
Total employee benefits expenses	46,944	43,655	46,567	43,323
<i>(ii) Depreciation and amortisation expense</i>				
<i>Depreciation</i>				
Office equipment	400	199	395	198
Furniture and fittings	2,914	2,147	2,911	2,138
Motor vehicles	86	83	86	83
Computer equipment	1,169	1,207	1,158	1,206
Total depreciation	4,569	3,636	4,550	3,625
<i>Amortisation</i>				
Curriculum	629	628	629	628
Software	660	690	660	690
Total amortisation	1,289	1,318	1,289	1,318
Total depreciation and amortisation expense	5,858	4,954	5,839	4,943

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

6. Expenses (continued)

Expenses from continuing operations (continued)

(iii) Other expenses

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Occupancy	10,860	9,939	10,671	9,759
Security	584	639	584	639
Communications	579	716	519	674
Homestay and welcome	2,781	2,115	2,781	2,115
Educational expenses	4,373	4,645	4,373	4,645
Scholarships	583	612	583	612
Promotion and channel partner commissions	21,226	19,140	22,434	20,333
Travel	2,290	2,235	2,116	2,048
Staff appointments	534	520	534	520
Audit and accounting fees	352	246	350	244
Legal fees	623	504	623	504
Consultancy	1,455	1,589	1,455	1,589
Subscription and membership	268	211	267	210
Printing and stationery	522	591	513	582
Bad debt receivables write off	46	183	46	183
Loss/(gain) on foreign exchange	95	82	95	82
Impairment losses of investments	-	-	(72)	(97)
Other	4,791	4,348	4,497	4,027
Total other expenses	51,962	48,315	52,369	48,669

7. Cash and cash equivalents

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets				
Cash at bank and in hand	6,351	8,834	6,004	8,273
Deposits at call	8,238	4,055	8,238	4,055
Term deposits	60,033	60,000	60,033	60,000
Total cash and cash equivalents	74,622	72,889	74,275	72,328

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

8. Trade and other receivables

	Consolidated					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade receivables	192	-	192	2,073	-	2,073
Provision for impairment of receivables (see Note 8 (a))	(131)	-	(131)	(105)	-	(105)
	61	-	61	1,968	-	1,968
Prepayments	4,754	-	4,754	4,990	-	4,990
Other receivables	1,900	-	1,900	2,730	-	2,730
Accrued interest	150	-	150	174	-	174
Loan to UTS Insearch Gramedia (UIG)	-	-	-	-	-	-
Total trade and other receivables	6,865	-	6,865	9,862	-	9,862

	Parent entity					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Trade receivables	192	-	192	2,073	-	2,073
Provision for impairment of receivables (see Note 8 (a))	(131)	-	(131)	(105)	-	(105)
	61	-	61	1,968	-	1,968
Prepayments	4,748	-	4,748	4,984	-	4,984
Other receivables	1,923	-	1,923	2,760	-	2,760
Accrued interest	150	-	150	174	-	174
Loan to UTS Insearch Gramedia (UIG)	248	-	248	188	-	188
Total trade and other receivables	7,130	-	7,130	10,074	-	10,074

(a) Impaired trade and other receivables

The current trade receivables of the Group with a nominal value of \$131,149 (2016: \$104,515) 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 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	105	62	105	62
Provision for impairment recognised during the year	46	105	46	105
Receivables written off during the year as uncollectable	(20)	(62)	(20)	(62)
At 31 December	131	105	131	105

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 2017, the Group trade receivables of \$60,577 (2016: \$1,968,405) and the Parent trade receivables of \$60,577 (2016: \$1,968,405) were past due but not impaired. The ageing analysis of the receivables is as follows:

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Up to 3 months	61	135	61	135
3 to 6 months	-	1,380	-	1,380
Over 6 months	-	453	-	453
	61	1,968	61	1,968

9. Investments accounted for using the equity method

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets				
Interest in associated undertaking	653	687	-	-
Total investments accounted for using the equity method	653	687	-	-
Share of profits and losses				
Associates	526	533	-	-
Joint venture	(89)	(73)	-	-
	437	460	-	-

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

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

	Consolidated	
	2017 \$'000	2016 \$'000
Carrying amount of investment in associated entity	653	687
Share of assets and liabilities		
Current assets	634	469
Non-current assets	61	103
Total assets	695	572
Current liabilities	42	(115)
Non-current liabilities	-	-
Total liabilities	42	(115)
Net assets	653	687
Share of revenue and expenses		
Revenues	3,211	3,285
Expenses	(2,774)	(2,825)
Net profit	437	460

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

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

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

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

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

As at 31 December 2017, UIG's share of cumulative losses amounting to \$330,902 (2016: \$265,073) has been offset against the loan balance of \$247,521. The excess amount of \$83,382 (2016: \$77,258) is recorded as an amount due to the joint venture. Losses inclusive of net foreign exchange gains or losses recognised in 2017 were \$65,829 (2016: \$81,545).

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

10. Property, plant and equipment

	Office equipment \$'000	Motor vehicles \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Capital work-in- progress \$'000	Total \$'000
Consolidated						
At 1 January 2016						
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
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
Consolidated						
Year ended 31 December 2017						
Opening net book amount	1,399	133	13,826	2,589	193	18,140
Additions **	-	-	-	12	2,237	2,249
Disposals	(22)	-	(1)	(7)	-	(30)
Transfers	425	59	1,107	513	(2,104)	-
Depreciation charge	(400)	(86)	(2,914)	(1,169)	-	(4,569)
Closing net book amount	1,402	106	12,018	1,938	326	15,790
At 31 December 2017						
Cost	2,298	281	26,169	5,950	326	35,024
Accumulated depreciation	(896)	(175)	(14,151)	(4,012)	-	(19,234)
Net book amount	1,402	106	12,018	1,938	326	15,790

* The addition of property, plant and equipment included non-cash acquisition of make good assets of \$nil (2016: \$2,301,212).

** The balance relating to the disputed settlement of fitout works which was transferred to fixed assets to be depreciated over the life of the lease was \$466,221 (2016: \$nil).

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

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 2016						
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
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

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 2017						
Opening net book amount	1,377	133	13,823	2,541	193	18,067
Additions **	-	-	-	-	2,237	2,237
Disposals	(22)	-	(1)	(7)	-	(30)
Transfers	425	59	1,107	513	(2,104)	-
Depreciation charge	(395)	(86)	(2,911)	(1,158)	-	(4,550)
Closing net book amount	1,385	106	12,018	1,889	326	15,724
At 31 December 2017						
Cost	2,274	281	26,136	5,890	326	34,907
Accumulated depreciation	(889)	(175)	(14,118)	(4,001)	-	(19,183)
Net book amount	1,385	106	12,018	1,889	326	15,724

* The addition of property, plant and equipment included non-cash acquisition of make good assets of \$nil (2016: \$2,301,212).

** The balance relating to the disputed settlement of fitout works which was transferred to fixed assets to be depreciated over the life of the lease was \$466,221 (2016: \$nil).

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

11. Intangible assets

Consolidated and parent entity	Curriculum \$'000	Computer software \$'000	Capital work- in-progress \$'000	Total \$'000
At 1 January 2016				
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
Year ended 31 December 2017				
Opening net book amount	1,050	1,744	733	3,527
Additions	-	-	2,176	2,176
Transfers	-	1,122	(1,122)	-
Amortisation charge	(629)	(660)	-	(1,289)
Closing net book amount	421	2,206	1,787	4,414
At 31 December 2017				
Cost	3,143	10,917	1,787	15,847
Accumulated amortisation and impairment	(2,722)	(8,711)	-	(11,433)
Net book amount	421	2,206	1,787	4,414

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

12. Other assets

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets				
Security deposits	142	93	94	49
Interest in associate and joint venture	-	-	81	81
Investment in Insearch (Shanghai) Limited	-	-	516	444
Total other non-current assets	142	93	691	574

13. Trade and other payables

	Consolidated					
	2017			2016		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade and other payables	796	-	796	1,009	-	1,009
Amounts due to joint venture	83	-	83	77	-	77
University of Technology Sydney	67	-	67	283	-	283
Other creditors	18	-	18	26	-	26
	964	-	964	1,395	-	1,395

	Parent entity					
	2017			2016		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade and other payables	796	-	796	1,009	-	1,009
Amounts due to joint venture	-	-	-	-	-	-
University of Technology Sydney	67	-	67	283	-	283
Other creditors	275	-	275	-	-	-
	1,138	-	1,138	1,292	-	1,292

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

14. Provisions

	Consolidated					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Make good provisions	-	3,563	3,563	-	3,486	3,486
Lease incentives	68	40	108	68	108	176
	68	3,603	3,671	68	3,594	3,662

	Parent entity					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Make good provisions	-	3,563	3,563	-	3,486	3,486
Lease incentives	68	40	108	68	108	176
	68	3,603	3,671	68	3,594	3,662

(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 two to eight financial years.

(b) Movements in provisions

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

Consolidated 2017	Make good \$'000	Lease incentives \$'000	Total \$'000
Current and non-current			
Carrying amount at start of year	3,486	176	3,662
Charged/(credited) to the profit or loss	77	(68)	9
Carrying amount at end of year	3,563	108	3,671

Parent entity 2017	Make good \$'000	Lease incentives \$'000	Total \$'000
Current and non-current			
Carrying amount at start of year	3,486	176	3,662
Charged/(credited) to the profit or loss	77	(68)	9
Carrying amount at end of year	3,563	108	3,671

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

15. Employee benefit obligations

	Consolidated					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations - annual leave (a)	2,352	-	2,352	2,086	-	2,086
Leave obligations - long service leave (a)	2,127	2,720	4,847	1,594	2,918	4,512
Total employee benefit obligations	4,479	2,720	7,199	3,680	2,918	6,598

	Parent entity					
	2017			2016		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Leave obligations - annual leave (a)	2,352	-	2,352	2,086	-	2,086
Leave obligations - long service leave (a)	2,127	2,720	4,847	1,594	2,918	4,512
Total employee benefit obligations	4,479	2,720	7,199	3,680	2,918	6,598

(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 \$4,478,963 (2016: \$3,679,970) 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current annual leave obligations expected to be settled after 12 months	408	370	408	370
Current long service leave obligations expected to be settled after 12 months	766	627	766	627

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

16. Other liabilities

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current liabilities				
Accrued expenses	5,542	4,143	5,542	4,143
Prepaid course fees	27,283	26,635	27,283	26,635
Others	2,251	1,690	2,251	1,690
Total other current liabilities	35,076	32,468	35,076	32,468

17. Reserves and retained surplus

(a) Reserves

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Foreign currency translation reserve	(740)	(686)	-	-
Movements:				
<i>Foreign currency translation reserve</i>				
Balance 1 January	(686)	(652)	-	-
Currency translation difference arising during the year	(54)	(34)	-	-
Balance 31 December	(740)	(686)	-	-

(b) Retained surplus

Movements in retained surplus were as follows:

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance 1 January	61,761	56,144	60,550	54,851
Surplus for the year	(5,445)	5,617	(5,400)	5,699
Balance 31 December	56,316	61,761	55,150	60,550

Notes to the Financial Statements

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For the year ended 31 December 2017

18. 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

(ii) *Executive Director*

A Murphy

(iii) *Non-Executive Directors*

P Bennett

A M Dwyer

W R Purcell (retired 12 January 2018)

M Spongberg

D N Hill (retired 27 March 2017)

G A Freeland (appointed 28 March 2017)

J M Hutchison AM (retired 27 November 2017)

J N Anderson (appointed 28 November 2017)

(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	
	2017 Number	2016 Number	2017 Number	2016 Number
Remuneration of Directors				
\$0 to \$49,999	5	3	5	3
\$50,000 to \$99,999	3	4	3	4
\$100,000 to \$149,999	1	-	1	-
\$150,000 to \$199,999	-	-	-	-
\$200,000 to \$249,999	-	-	-	-
\$250,000 to \$299,999	-	-	-	-
\$300,000 to \$349,999	-	-	-	-
\$350,000 to \$399,999	-	-	-	-
\$400,000 to \$449,999	-	1	-	1
\$450,000 to \$499,999	1	-	1	-
\$500,000 +	-	-	-	-
	10	8	10	8

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

18. Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

	Consolidated		Parent entity	
	2017 \$	2016 \$	2017 \$	2016 \$
Short-term employee benefits	724,383	668,154	724,383	668,154
Post-employment benefits	68,367	63,025	68,367	63,025
	792,750	731,179	792,750	731,179

19. 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 20.

(c) Transactions with related parties

The following transactions occurred with related parties:

- Donation to the University of Technology Sydney \$17,172,000 (2016: \$7,165,000), this includes \$171,000 (2016: \$165,000) in respect of UTS staff acting as Directors on the Insearch Board.
- Sales of Services and Fees to the University of Technology Sydney \$92,090 (2016: \$182,384).
- Services rendered by the University of Technology Sydney to Insearch Limited \$5,940,168 (2016: \$5,947,887).
- Consulting service income between Insearch (Shanghai) Limited and Insearch Limited \$1,318,722 (2016: \$1,292,893).
- Consulting service expense between Insearch Limited and Insearch (Shanghai) Limited \$1,318,722 (2016: \$1,292,893).

(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	
	2017 \$	2016 \$	2017 \$	2016 \$
Current receivables (sales of goods and services)				
Insearch (Shanghai) Limited	-	-	22,705	29,771
Current payables (sales of goods and services)				
Insearch (Shanghai) Limited	-	-	(275,368)	-

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

20. 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	
			2017 %	2016 %
Insearch (Shanghai) Limited	China	Ordinary	100	100
Insearch Education International Pty Limited	Australia	Ordinary	100	100

21. 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	
	2017 \$	2016 \$	2017 \$	2016 \$
Audit and review of financial reports	104,510	102,127	102,195	99,703
Total auditor's remuneration	104,510	102,127	102,195	99,703

Notes to the Financial Statements

(continued)

For the year ended 31 December 2017

22. Commitments

(a) Lease commitments

(i) Non-cancellable operating leases

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'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	10,428	9,149	10,255	9,061
Later than one year but not later than five years	24,379	16,591	24,112	16,591
Later than five years	538	725	538	725
	35,345	26,465	34,905	26,377
Input tax recoverable from the Australian Taxation Office	3,171	2,392	3,171	2,392

23. 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.

24. 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.

Notes to the Financial Statements

(continued)

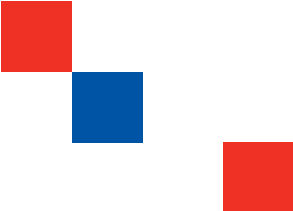
For the year ended 31 December 2017

25. Cash flow information

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

	Consolidated		Parent entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(Deficit)/surplus for the year	(5,445)	5,617	(5,400)	5,699
Depreciation and amortisation	5,858	4,954	5,839	4,943
Non-cash adjustment on non-current assets	(466)	-	(466)	-
Non-cash movement in finance lease liability	-	2	-	2
Net (gain)/loss on sale of non-current assets	(16)	479	(16)	479
Share of loss of joint venture	89	73	-	-
Share of profit of associates	(526)	(533)	-	-
Bad debt provisions	131	105	131	105
Non-cash adjustment on make good provision	-	(2,301)	-	(2,301)
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	3,354	177	2,873	(357)
(Increase) in other non-current assets	(49)	(34)	(117)	(134)
(Decrease) in trade and other payables	(431)	(543)	(154)	(577)
Increase in provisions	9	2,323	9	2,323
Increase in employee benefit obligations	601	1,506	601	1,506
Increase/(decrease) in other liabilities	2,608	(473)	2,608	(473)
Net cash inflow from operating activities	5,717	11,352	5,908	11,215

END OF AUDITED FINANCIAL STATEMENTS



Directors' Declaration

For the year ended 31 December 2017

In accordance with a resolution of the Directors of Insearch Limited, the Directors of the company declare that:

(a) the financial statements and notes set out on pages 28 to 63 are in accordance with the *Corporations Act 2001*, and:

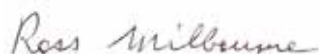
(i) comply with Accounting Standards and the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, as stated in accounting policy Note 2 to the financial statements; and

(ii) give a true and fair view of the financial position as at 31 December 2017 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: 21 March 2018



Mr Alex Murphy
Director

Date: 21 March 2018

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 Statements of Comprehensive Income for the year ended 31 December 2017, the Statements of Financial Position as at 31 December 2017, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information and the director's declaration of the Company and the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- Are in accordance with the *Corporations Act 2001*, including:
 - give a true and fair view of the financial position of the Company and the consolidated entity, as at 31 December 2017, and of their financial performance and cash flows for the year then ended
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

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

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

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

Independent Auditor's report

Parliament 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
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Insearch on 20 March 2018, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

Other Information

The directors are responsible for the Other Information, which comprises the information in the annual report for the Company and consolidated entity for the year ended 31 December 2017, 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' Responsibilities 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 and *the Corporations Act 2001*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

Independent Auditor's report

My opinion does *not* provide assurance:

- that the Company or the consolidated entity 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

26 March 2018
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 2017, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "C. Karakatsanis".

Caroline Karakatsanis
Director, Financial Audit Services

20 March 2018
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 2017 – December 2017
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 2017 subsidiary accounts, Insearch Education International and Insearch (Shanghai) Limited, can be found at www.insearch.edu.au

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Chief Business Development Officer

Peter Harris
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Chief Operating Officer

Sally Chatterjee
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Dean of Studies

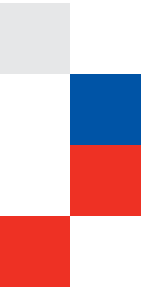
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Chief Market Development Officer

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UTS Insearch CRICOS provider code: 00859D | UTS CRICOS provider code: 00099F

Insearch Limited (UTS Insearch) is a controlled entity of the University of Technology Sydney (UTS), and a registered private higher education provider of pathways to UTS.

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