

**Insearch (Shanghai) Limited**

Jing AN 310000400256739

**Annual report  
for the year ended 31 December 2018**

# **Insearch (Shanghai) Limited**

Jing An 310000400256739

## **Annual report - 31 December 2018**

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

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

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

**Insearch (Shanghai) Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2018**

	Notes	2018 \$	2017 \$
<b>Revenue from continuing operations</b>	5	<b>1,478,187</b>	1,320,286
Other loss - net		(89)	(33)
Employee benefits expense	6	(705,389)	(593,169)
Travel expenses		(170,138)	(174,258)
Rental expenses		(237,104)	(189,323)
Communications		(66,942)	(58,352)
Printing & Stationery		(10,017)	(9,074)
Depreciation expense	6	(18,200)	(18,044)
Other expenses	6	(256,778)	(186,626)
<b>Surplus before income tax</b>		<b>13,530</b>	91,407
Income tax expense	7	(1,777)	(8,633)
<b>Surplus for the year</b>		<b>11,753</b>	82,774
<b>Other comprehensive income (loss)</b>			
Currency translation differences arising during the year	14(a)	27,273	(11,014)
<b>Other comprehensive income (loss) for the year, net of tax</b>		<b>27,273</b>	(11,014)
<b>Total comprehensive income for the year</b>		<b>39,026</b>	71,760

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

**Insearch (Shanghai) Limited**  
**Statement of financial position**  
**As at 31 December 2018**

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	470,362	162,836
Other receivables	9	-	275,363
Other assets	11	7,800	5,822
<b>Total current assets</b>		<b>478,162</b>	<b>444,021</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	70,146	64,799
Other assets	11	58,919	48,336
<b>Total non-current assets</b>		<b>129,065</b>	<b>113,135</b>
<b>Total assets</b>		<b>607,227</b>	<b>557,156</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	52,227	41,182
<b>Total current liabilities</b>		<b>52,227</b>	<b>41,182</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>52,227</b>	<b>41,182</b>
<b>Net assets</b>		<b>555,000</b>	<b>515,974</b>
<b>EQUITY</b>			
Share capital	13	941,737	941,737
Reserves	14(a)	(303,441)	(330,714)
Accumulated funds	14(b)	(83,296)	(95,049)
<b>Total equity</b>		<b>555,000</b>	<b>515,974</b>

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

**Insearch (Shanghai) Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2018**

	Share capital \$	Reserves \$	Accumulated funds \$	Total equity \$
<b>Balance at 1 January 2017</b>	941,737	(319,700)	(177,823)	444,214
Surplus for the year	-	-	82,774	82,774
Other comprehensive income (loss)	-	(11,014)	-	(11,014)
<b>Total comprehensive Income for the year</b>	<u>-</u>	<u>(11,014)</u>	<u>82,774</u>	<u>71,760</u>
<b>Balance at 31 December 2017</b>	<u>941,737</u>	<u>(330,714)</u>	<u>(95,049)</u>	<u>515,974</u>
<b>Balance at 1 January 2018</b>	<u>941,737</u>	<u>(330,714)</u>	<u>(95,049)</u>	<u>515,974</u>
Surplus for the year	-	-	11,753	11,753
Other comprehensive income (loss)	-	27,273	-	27,273
<b>Total comprehensive Income for the year</b>	<u>-</u>	<u>27,273</u>	<u>11,753</u>	<u>39,026</u>
<b>Balance at 31 December 2018</b>	<u>941,737</u>	<u>(303,441)</u>	<u>(83,296)</u>	<u>555,000</u>

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

**Insearch (Shanghai) Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2018**

	2018	2017
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,477,322	1,318,689
Payments to suppliers and employees (inclusive of GST)	<u>(1,172,523)</u>	<u>(1,504,675)</u>
	304,799	(185,986)
Interest received	778	1,564
Income taxes (paid)	<u>(1,777)</u>	<u>(8,633)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u>21 303,800</u>	<u>(193,055)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<u>10 (20,441)</u>	<u>(11,077)</u>
<b>Net cash (outflow) from investing activities</b>	<u>(20,441)</u>	<u>(11,077)</u>
<b>Cash flows from financing activities</b>		
<b>Net cash inflow (outflow) from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the financial year	283,359	(204,132)
Effects of exchange rate changes on cash and cash equivalents	162,836	377,023
	<u>24,167</u>	<u>(10,055)</u>
<b>Cash and cash equivalents at end of year</b>	<u>8 470,362</u>	<u>162,836</u>

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

## **1 Company profile**

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

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

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

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

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

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

The financial statements were authorised for issue by the Directors on 18 March 2019.

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

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

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

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

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

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

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

The company also elected to adopt the following amendments early:

- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*.

The company had to change its accounting policies following the adoption of AASB 9 and AASB 15. However these amendments did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.



## 2 Summary of significant accounting policies (continued)

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

#### (iv) New standards and interpretations not yet adopted (continued)

Title of standard	AASB 16 Leases
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, 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.
Impact	The company has set up a project team which has reviewed all of the company's leasing arrangements over the last year in light of the new lease accounting rules in AASB 16. The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of \$334,669, see note 17.
Mandatory application date/ Date of adoption by company	The company will apply the standard from its mandatory adoption date of 1 January 2019.

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

#### (v) Critical accounting estimates

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

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

### (b) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

### (c) Revenue recognition

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

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

## 2 Summary of significant accounting policies (continued)

### (c) Revenue recognition (continued)

#### (i) Other fees and charges

Fees are recognised as revenue when services are provided.

#### (ii) Other income

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

### (d) Expense recognition

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

### (e) Income tax

The income tax rate of the entity in 2018 ratified by the taxation administration in the People's Republic of China is 10% (2017: 10%), net of local government economic incentive tax exemption of 15% (2017: 15%).

### (f) 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.

### (g) 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (h) Cash and cash equivalents

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

Cash at bank is interest bearing with an interest rate of 0.30% (2017: 0.30%)

### (i) Trade and other receivables

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

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

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

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

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

#### *(i) Acquisitions*

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

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

#### *(ii) Depreciation*

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life. The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The expected useful lives of all asset groups are 5 years.

#### *(iii) Disposal*

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

### **(k) Leases**

Leases of property in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All leases of the company are operating leases.

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis, over the period of the lease.

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

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

### **(m) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 2 Summary of significant accounting policies (continued)

### (n) Employee benefits

#### (i) Wages and salaries

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

#### (ii) Social Insurance

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

#### (iii) Housing Superannuation

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

### (o) Financial instruments

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

## 3 Changes in accounting policies

As explained in note 2(a) above, the group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

### (a) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

It was deemed unnecessary to restate 2017 comparatives as the amount is not material.

### (b) AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 *Revenue from Contracts with Customers* from 1 January 2018 which did not result in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As a result there is no need to restate comparatives to 2017.

#### 4 Financial risk management

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

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

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

	<b>Financial assets at amortised cost \$</b>	<b>Total \$</b>
<b>Financial assets</b>		
<b>2018</b>		
Cash and cash equivalents	470,362	470,362
Other assets - non-current	58,919	58,919
	529,281	529,281
<b>2017</b>		
Cash and cash equivalents	162,836	162,836
Other assets - non-current	48,336	48,336
	211,172	211,172
	<b>Liabilities at amortised cost \$</b>	<b>Total \$</b>
<b>Financial liabilities</b>		
<b>2018</b>		
Payables	52,227	52,227
	52,227	52,227
<b>2017</b>		
Payables	41,182	41,182
	41,182	41,182

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

##### (a) Market risk

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

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

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

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

#### 4 Financial risk management (continued)

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

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

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

Cash and cash equivalents comprise of cash on hand and bank balances. The cash at bank is bearing interest rates of 0.30% (2017: 0.30%)

##### (b) Credit risk

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

##### (c) Liquidity risk

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

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

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

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

#### 5 Revenue

	2018	2017
	\$	\$
<b>From continuing operations</b>		
Other fees and charges	1,477,409	1,318,722
Interest income	778	1,564
	1,478,187	1,320,286

The entity recognised all their revenue at a point in time.

#### 6 Expenses

	2018	2017
	\$	\$
<b>Surplus before income tax includes the following specific expenses:</b>		
<i>(i) Employee benefit expenses</i>		
Salaries	473,763	377,475
Staff wellbeing	231,626	215,694
Total employee benefit expenses	705,389	593,169

**Insearch (Shanghai) Limited**  
**Notes to the financial statements**  
**31 December 2018**  
(continued)

**6 Expenses (continued)**

	2018	2017
	\$	\$
<i>(ii) Other expenses</i>		
Promotion	143,158	110,409
Accounting & audit fees	30,180	2,315
Insurance	20,402	18,888
Service & business tax	47,934	42,787
Others	15,104	12,227
Total other expenses	256,778	186,626
<i>(iii) Depreciation</i>		
Fixtures and fittings	-	2,835
Plant and equipment	4,867	4,646
Computer equipment	13,333	10,563
Total depreciation	18,200	18,044

**7 Income tax expense**

	2018	2017
	\$	\$
Current tax on profits for the year	1,777	8,633

**8 Cash and cash equivalents**

	2018	2017
	\$	\$
<b>Current assets</b>		
Cash at bank and on hand	470,362	162,836

**9 Other receivables**

	2018		2017		
	Current	Non-current	Total	Current	Non-current
	\$	\$	\$	\$	\$
Related party receivables	-	-	-	275,363	-
	-	-	-	275,363	-

**10 Property, plant and equipment**

	<b>Plant and equipment</b> <b>\$</b>
<b>At 1 January 2017</b>	
Cost	143,799
Accumulated depreciation	(71,074)
Carrying amount	<u>72,725</u>
<b>Year ended 31 December 2017</b>	
Opening net book amount	72,725
Exchange differences	(959)
Additions	11,077
Depreciation charge	(18,044)
Closing carrying amount	<u>64,799</u>
<b>At 31 December 2017</b>	
Cost	116,472
Accumulated depreciation	(51,673)
Carrying amount	<u>64,799</u>
<b>Year ended 31 December 2018</b>	
Opening net book amount	64,799
Exchange differences	3,106
Additions	20,441
Depreciation charge	(18,200)
Closing carrying amount	<u>70,146</u>
<b>At 31 December 2018</b>	
Cost	134,163
Accumulated depreciation	(64,017)
Carrying amount	<u>70,146</u>



### 11 Other assets

	2018			2017		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Prepayments	7,800	-	7,800	5,822	-	5,822
Security and accommodation deposits	-	58,919	58,919	-	48,336	48,336
	<u>7,800</u>	<u>58,919</u>	<u>66,719</u>	<u>5,822</u>	<u>48,336</u>	<u>54,158</u>

### 12 Payables

	2018			2017		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Related party payables	20,886	-	20,886	22,705	-	22,705
Accrued expenses	13,389	-	13,389	-	-	-
Other payables	17,952	-	17,952	18,477	-	18,477
	<u>52,227</u>	<u>-</u>	<u>52,227</u>	<u>41,182</u>	<u>-</u>	<u>41,182</u>

### 13 Contributed equity

#### Share capital

	2018 \$	2017 \$
Fully paid	<u>941,737</u>	<u>941,737</u>

### 14 Reserves and accumulated funds

#### (a) Reserves

	2018 \$	2017 \$
Foreign currency translation reserve	<u>(303,441)</u>	<u>(330,714)</u>

#### Movements:

##### Foreign currency translation reserve

Balance 1 January	(330,714)	(319,700)
Currency translation differences arising during the financial year	<u>27,273</u>	<u>(11,014)</u>
Balance 31 December	<u>(303,441)</u>	<u>(330,714)</u>

## 14 Reserves and accumulated funds (continued)

### (b) Accumulated funds

Movements in accumulated funds were as follows:

	2018	2017
	\$	\$
Balance 1 January	(95,049)	(177,823)
Net surplus for the financial year	11,753	82,774
Balance 31 December	(83,296)	(95,049)

## 15 Key management personnel disclosures

### Directors

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

A Murphy	(resigned 12 October 2018, reappointed 18 March 2019)
J Gruetzner	
W Purcell	(resigned 12 January 2018)
N Patrick	(resigned 18 March 2019)
P Harris	
B Howell	(appointed 13 January 2018)
I Watt	(appointed 12 October 2018)

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

## 16 Remuneration of auditors

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

### (a) Grant Thornton Shanghai

	2018	2017
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial reports	13,389	-
Total remuneration for audit and other services	13,389	-

### (b) Shanghai Tian Cheng Certified Public Accountants Co. Ltd.

	2018	2017
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial reports	-	2,315
Total remuneration for audit and other services	-	2,315

The fee paid to the Audit Office of NSW for the audit of the financial statements for the year ended 31 December 2018 and 2017 was borne by the ultimate parent entity.

**17 Contingencies**

The company had no contingent assets or liabilities at 31 December 2018 (2017: nil).

**18 Commitments**

**(a) Lease commitments**

*Non-cancellable operating leases*

	2018	2017
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	235,394	172,355
Later than one year but not later than five years	99,275	267,150
	334,669	439,505

**19 Related party transactions**

**(a) Parent entities**

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

**(b) Transactions with related parties**

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

	2018	2017
	\$	\$
Consulting service income	1,477,409	1,318,722

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

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

	2018	2017
	\$	\$
Payables to Insearch Limited	(20,886)	(22,705)
Receivable from Insearch Limited	-	275,363

**20 Events occurring after the reporting period**

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

**21 Cash flow information**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	<b>11,753</b>	82,774
Depreciation	<b>18,200</b>	18,044
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	<b>262,802</b>	(278,996)
Increase/(decrease) in trade and other payables	<b>11,045</b>	(14,877)
Net cash inflow from operating activities	<b>303,800</b>	(193,055)

**END OF AUDITED FINANCIAL STATEMENTS**

**Insearch (Shanghai) Limited  
Directors' declaration  
31 December 2018**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 18 are in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, including:
  - (i) complying with Accounting Standards, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



A Murphy  
Director

Sydney  
18 March 2019



## INDEPENDENT AUDITOR'S REPORT

### Insearch (Shanghai) Limited

To Members of the New South Wales Parliament and Members of Insearch (Shanghai) Limited

#### Opinion

I have audited the accompanying financial report of Insearch (Shanghai) Limited (the Company), which comprises, the Statement of comprehensive income for the year ended 31 December 2018, the Statement of financial position as at 31 December 2018, Statement of changes in equity and Statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration. In my opinion, the financial report:

- is in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- is 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 Report' section of my report.

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

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

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

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

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

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

## **Directors' Responsibilities for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Caroline Karakatsanis  
Director Financial Audit Services

18 March 2019  
SYDNEY



To the Directors

Insearch (Shanghai) Limited

### **Auditor's Independence Declaration**

As auditor for the audit of the financial report of Insearch (Shanghai) Limited for the year ended 31 December 2018, 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

18 March 2019  
SYDNEY