

INSEARCH Education

UK company registration number 5168079

Financial statements for the year ended 31 December 2013

INSEARCH Education UK company registration number 5168079
Financial statements- 31 December 2013

Contents

	Page
Financial statements	1
Directors' declaration	14
Independent auditor's report to the members	15

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Financial statements - 31 December 2013

Contents

	Page
Financial statements	
Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6
Directors' declaration	14
Independent auditor's report to the members	15

These financial statements cover INSEARCH Education as an individual entity. The financial statements are presented in the Australian currency.

INSEARCH Education is a company limited by guarantee not having a share capital, incorporated and domiciled in United Kingdom. Its registered office and principal place of business is:

INSEARCH Education
Eversheds LLP
Kett House
Station Road, Cambridge
Cambridgeshire CB1 2JY
United Kingdom

INSEARCH Education
Statement of comprehensive income
For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Revenue from continuing operations	3	-	-
Other income	4	-	3,318
Donation to UTS		-	(137,625)
Other expenses		(20)	(59)
Net deficit for the year		<u>(20)</u>	<u>(134,366)</u>
Other comprehensive income			
Currency translation differences arising during the year	7(a)	<u>244</u>	<u>(3,200)</u>
Other comprehensive income for the year		<u>244</u>	<u>(3,200)</u>
Total comprehensive income for the year		<u>224</u>	<u>(137,566)</u>

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

INSEARCH Education
Statement of financial position
As at 31 December 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,552	1,328
Total current assets		<u>1,552</u>	<u>1,328</u>
Total assets		<u>1,552</u>	<u>1,328</u>
LIABILITIES			
Current liabilities			
Total current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>1,552</u>	<u>1,328</u>
EQUITY			
Reserves	7(a)	(463,070)	(463,314)
Unrestricted funds	7(b)	<u>464,622</u>	<u>464,642</u>
Total equity		<u>1,552</u>	<u>1,328</u>

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

INSEARCH Education
Statement of changes in equity
For the year ended 31 December 2013

	Reserves \$	Unrestricted funds \$	Total equity \$
Balance at 1 January 2012	(460,114)	599,008	138,894
Deficit for the year	-	(134,366)	(134,366)
Other comprehensive income	(3,200)	-	(3,200)
Total comprehensive income for the year	(3,200)	(134,366)	(137,566)
Balance at 31 December 2012	(463,314)	464,642	1,328
Balance at 1 January 2013	(463,314)	464,642	1,328
Deficit for the year	-	(20)	(20)
Other comprehensive income	244	-	244
Total comprehensive income for the year	244	(20)	224
Balance at 31 December 2013	(463,070)	464,622	1,552

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

INSEARCH Education
Statement of cash flows
For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Donation paid to UTS		-	(137,625)
Payments to suppliers and employees		(20)	(12,557)
Net cash (outflow) from operating activities	14	(20)	(150,182)
Net (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,328	154,710
Effects of exchange rate changes on cash and cash equivalents		244	(3,200)
Cash and cash equivalents at end of year	6	1,552	1,328

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

1 Company profile

INSEARCH Education is a private company limited by guarantee not having a share capital. INSEARCH Education was incorporated on 1 July 2004 (UK company registered number 5168079) and registered with the UK Charity Commission as a charity on 5 August 2004 (UK registration number 1105345).

The primary objective of the charity is the advancement of education through the provision of support and assistance to the University of Technology, Sydney, Australia and University of Essex, United Kingdom.

Funds held by INSEARCH Education are generally unrestricted income funds that are expendable at the discretion of the directors in furtherance of the charity's objects. There were no restricted income funds held by INSEARCH Education in 2013 and 2012.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these 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 2010*. Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. INSEARCH Education Pty Limited is a not for-profit entity for the purpose of preparing the financial statements.

The financial statements have been prepared on a liquidation basis. Assets and liabilities are measured at the recoverable amount. Refer to note 2(a)(iv).

The financial statements were authorised for issue by the directors on 21 March 2014.

(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 and Audit Act 1983*, and the *Public Finance and Audit Regulation 2010* have been used to prepare the financial statements.

(ii) Historical cost convention

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

(iii) Critical accounting estimates

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

(iv) Liquidation basis

At the time of signing the financial statements, there is a material uncertainty as to whether INSEARCH Education will continue to operate past the next 12 months. This is due to the company's board members approving to wind up the company. Therefore the financial statements have been prepared on a liquidation basis. Under this basis of accounting, assets are valued at their anticipated net realisable amounts. The company has no liabilities. Comparative balances continue to apply the going concern based accounting policies as stated in the notes to the financial statements.

2 Summary of significant accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements 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, INSEARCH Education's presentation currency, however its functional currency is UK Pounds Sterling.

(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 the statement of comprehensive income.

(c) Revenue recognition

Income is included in the statement of comprehensive income when the charity is legally entitled to the income.

There was no investment income generated in 2013 due to a zero interest rate on interest bearing deposit account.

(d) Expense recognition

Expenditure is recognised on an accrual basis.

The cost of governance arrangements, which relate to the general running of the charity and auditor fees incurred are borne by INSEARCH Education, and are not deemed material to the financial statements of INSEARCH Education.

(e) Income tax

No income tax has been provided in the attached accounts for the company as it is exempt from income tax under United Kingdom income tax legislation.

(f) Cash and cash equivalents

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

Cash at bank is interest rate bearing with interest rate of 0% (2012: 0%).

(g) 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.

(h) Financial instruments

Financial instruments generate financial assets or liabilities for INSEARCH Education. These include cash and cash equivalents, receivables, payables and other financial assets and liabilities. Note 15, discloses the risks and management of those risks of the financial instruments.

2 Summary of significant accounting policies (continued)

(i) New accounting standards and interpretations

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

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

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

There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The company has not yet decided when to adopt AASB 9.

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

(j) Comparative Information

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

INSEARCH Education
Notes to the financial statements
31 December 2013
(continued)

3 Revenue

	2013 \$	2012 \$
From continuing operations		
Donations	-	-
Interest	-	-
	-	-

4 Other income

	2013 \$	2012 \$
Foreign exchange gain	-	3,318
	-	3,318

5 Income tax expense

INSEARCH Education is a registered charity, and as such is entitled to certain tax exemptions on income and surplus from investments. No taxes were payable in 2013 (2012: nil).

6 Current assets - Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank	1,552	1,328
	1,552	1,328

7 Reserves and unrestricted funds

(a) Reserves

	2013 \$	2012 \$
Foreign currency translation reserve	(463,070)	(463,314)
	(463,070)	(463,314)

Movements:

	2013 \$	2012 \$
<i>Foreign currency translation reserve</i>		
Balance 1 January	(463,314)	(460,114)
Currency translation differences arising during the year	244	(3,200)
Balance 31 December	(463,070)	(463,314)

7 Reserves and unrestricted funds (continued)

(b) Unrestricted funds

Movements in unrestricted funds were as follows:

	2013	2012
	\$	\$
Balance 1 January	464,642	599,008
Net deficit for the year	(20)	(134,366)
Balance 31 December	464,622	464,642

8 Key management personnel disclosures

(a) Directors

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

A Murphy

N Patrick

P Harris

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

9 Remuneration of auditors

The fee for the audit of the financial statements for the year ended 31 December 2013 and 2012 was borne by the ultimate parent entity.

10 Contingencies

The company had no contingent assets or liabilities at 31 December 2013 (2012: nil).

11 Commitments

The company had no commitments at 31 December 2013 (2012: nil).

12 Related party transactions

(a) Parent entities

INSEARCH Education is a controlled entity of INSEARCH Limited. INSEARCH Limited nominates the directors and provides funding to enable INSEARCH Education to carry out its charitable objectives.

(b) Transactions with related parties

The following transactions occurred with related parties:

	2013	2012
	\$	\$
Donation to UTS	-	137,625
	-	137,625

13 Events occurring after the reporting period

At the time of signing the financial statements, there is a material uncertainty as to whether INSEARCH Education will continue to operate past the next 12 months. This is due to the company's board members approving to wind up the company.

Other than the above, no other 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 in subsequent financial years.

14 Reconciliation of deficit after income tax to net cash outflow from operating activities

	2013	2012
	\$	\$
Net deficit for the year	(20)	(134,366)
Change in operating assets and liabilities:		
(Decrease) in trade and other operating liabilities	-	(15,816)
Net cash outflow from operating activities	(20)	(150,182)

15 Financial instruments

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

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

INSEARCH Education's 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 Committee of INSEARCH Education on a continuous basis.

INSEARCH Education Principal Financial Instruments

	2013 \$	2012 \$
Financial assets		
Cash and cash equivalents	1,552	1,328
	1,552	1,328

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

(a) Liquidity risk

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

INSEARCH Education maintains adequate cash balances to ensure that it has sufficient funds to meet future expenditure requirements.

Liquidity is managed by the entity through the preparation and review of 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 entity's financial liabilities are non interest bearing and are due and payable within 12 months.

(b) Market risk

The primary area of market risk that INSEARCH Education is exposed to is foreign exchange risk.

(i) Foreign exchange risk

INSEARCH Education operates in the United Kingdom 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 entity.

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

15 Financial instruments (continued)

(b) Market risk (continued)

(ii) Interest rate risk

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

Cash investments are interest bearing with an interest rate of 0% in 2013 (2012: 0%). Cash investments are reviewed monthly as part of the management reporting process.

END OF AUDITED FINANCIAL STATEMENTS

**INSEARCH Education
Directors' declaration
31 December 2013**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 13 are in accordance with the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*, including:
 - (i) complying with Accounting Standards, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the 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
21 March 2014

Independent auditor's report to the members

INSEARCH Education

{The Auditor's report will be provided by your Auditor.}



INDEPENDENT AUDITOR'S REPORT

Insearch Education

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

I have audited the accompanying financial statements of Insearch Education, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Insearch Education as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Caroline Karakatsanis
Director, Financial Audit Services

28 March 2014
SYDNEY