

Corporate accounting case study seek limited

[Business](#)



Corporate Accounting Case study – SEEK Limited
The purpose of this case study is to illustrate how the accounting concepts discussed in this unit are applied in a listed company. SEEK Limited is listed in Australian Stock Exchange (Code: SEEK) and it is the largest online employment classified company by market capitalization in the world. The company has operations in three industries: Online employment classified advertising; the provision and execution of training courses; and overseas investments in online employment websites. The annual report of SEEK Limited shows that the company has ownership interest in many entities. The majority of these entities are wholly owned (100%) by SEEK Limited and therefore are classified as subsidiaries in the consolidated financial statements.

The focus of this case study is on a number of partly-owned entities of SEEK Limited and you are required to identify and evaluate the accounting treatments of these entities by SEEK Limited. The six selected partly-owned entities of SEEK Limited include: Iraqis Online Holdings (Brasilia Online): The entity owns two leading employment websites in Brazil.

Online Career Centre Mexico (COCO): The entity is a leading provider of online employment websites in South East Asia. Lobster Corporation (Bookstore): The entity is a provider of online employment websites in South East Asia. DIP Education Pty Ltd (DIP): The entity provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing (IELTS).

Online Education Services Pty Ltd (Sunburn Online): This entity is a collaboration between SEEK and Sunburn University of Technology to deliver online learning to students.

Chapin Ltd (Chapin): The entity provides both online and print employment classified advertising services in China. The group structure as at 30 June 2011 was as follows: (Note: the ownership information is based on the annual report in 2011 and the group structure has been simplified for the purpose of this case study) Seek Ltd 56.1% Iraqis Online 1% Chapin 42.9% Lobster Sunburn 1.0% Additional information: Iraqis Online: After acquiring 30% of ownership of this entity, SEEK Limited has taken seat on the board of directors and will play an active role in driving the strategic agenda.

Tiger Global Management, an investment manager, holds the majority of ownership of Brasilia Online.

COCO: After acquiring 40% of ownership of this entity, SEEK Limited has taken two of five board seats and will play an active role in driving the strategic and growth ownership of COCO. Soberest: The entity is listed in Malaysia and SEEK Limited does not have access to any financial information of this entity that is not otherwise publicly available. SEEK Limited does not have any representative on the board of directors of Soberest.

DIP: The remaining 50% of ownership is held by Education Australia Pty Ltd, which is equally owned by the 38 public Australian Universities. The board of directors of DIP is composed of three directors from Education Australia Pty Ltd, three directors from SEEK Limited and an independent chairman.

Sunburn Online: SEEK limited and Sunburn University each hold 50% of the equity of the entity, 50% of the voting rights, each has three board seats and is entitled to 50% of the profits and losses of the entity.

Chapin: A shareholder agreement is in place, which states that SEEK Limited does not exercise control over the financial and operating policies of the entity. SEEK Limited has only one representative on the board of directors of the entity. Questions: 1 . Based on the group structure and the additional information provided above (Without referring to the annual report), does SEEK Limited need to consolidate any of the six (6) partly-owned entities at the end of 30 June 2011? Provide reasons for your conclusion. 2.

Based on the annual report of SEEK Limited in 2011, which of the six partly-owned entities were consolidated by the group (Hint: You can find the answers in Note 1.1, pages 89-93, and Note 30, pages 122-123 of the 2011 annual report)? Do you agree with the decisions made by the management of SEEK Limited? 3. Draw the group structure to display the ownership interest of SEEK Limited in the six partly-owned entities based on the 2012 annual report (Hint: You can find the relevant ownership interest in Note 1.1, page 84 of the 2012 annual report). 4.

As a result of the change of ownership interest in some of the partly-owned entities, should SEEK Limited consolidate any of the partly-owned entities at the end of 30 June 2012? Provide reasons for your conclusion. 5. Based on the annual report of SEEK Limited in 2012, which of the six partly-owned entities were consolidated by the group? What are the reasons given by the management in respect to the change of accounting method for these

investments hint: You can find the answers in Note 29, pages 110-111, and in Note 30, pages 114-115 of the 2012 annual report)? .

Draw the group structure to display the ownership interest of SEEK Limited in the six partly owned entities based on the 2013 annual report (Hint: You can find the relevant ownership interest in Note 1 1, page 92 and Note 30, page 127 of the 2013 annual report). Which of the six partly-owned entities were consolidated by the group into: You can find the answers in Note 1 1, page 93, Note 29, pages 123-125, and Note 30, pages 127-128 of the 2013 annual report)?

Note: You are not expected to read or print the entire annual reports (2011, 2012 and 2013) of SEEK Limited. Only selected sections of the annual reports will be used in this case study. You are encouraged to print the pages of the annual reports stated in the ' Questions'. You are expected to attempt the ' Questions' prior to your class. This case study will also be used for later topics and more information and questions will be added.

This case study is examinable.