WorldMark
SOUTH PACIFIC CLUB
BY WYNDHAM

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY

A.R.S.N. 092 334 015

FINANCIAL REPORT

For the year ended 31 December 2018

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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The Directors of the Responsible Entity, Wyndham Vacation Clubs South Pacific Limited A.B.N. 11 090 503 923, submit the financial statements of WorldMark South Pacific Club (The Club), and its Controlled Entity (The Consolidated Entity) for the year ended 31 December 2018.

Directors
The Directors of the Responsible Entity at any time during or since the end of the financial year are:

Name and qualifications	***Appointed / Resigned***	***Special responsibilities***
Gary Martin Croker		Director
Matthew James Taplin	Resigned 30 November 2018	Director
Elizabeth Collinson	Appointed 30 April 2018	Director
Jorge de la Osa	Resigned 30 April 2018	Director
Liam Rayden Crawley	Appointed 30 November 2018	Director

Directors have been in office for the duration of the financial period, unless otherwise stated.

Directors' meetings
During the financial year, as per clause 21.3 of the Constitution, the Directors executed 35 resolutions.

Principal activities
The Consolidated Entity owns and operates vacation ownership resort properties.

No significant changes in the Consolidated Entity's state of affairs occurred during the financial year.

Review and results of operations
During the financial year, 38 resort apartments at eight resort locations (2017: 73 resort apartments at eight resort locations) were placed into the Consolidated Entity for occupancy and 39,359,200 Vacation Credits were authorised (2017: 61,293,950 credits). In addition to these units a total of 658 weekly intervals at three resort locations in Hawaii (2017: 1,534 weekly intervals at two resort locations in Hawaii) were placed into the Consolidated Entity for occupancy and 11,942,000 Vacation Credits were authorised (2017: 27,138,500 Vacation Credits). At 31 December 2018, 58,134 members of the public (2017: 56,189 members) had subscribed and were allocated Vacation Credits in the Consolidated Entity.

The consolidated profit from operating activities after tax for the year ended 31 December 2018 was $3,499,899 (2017: $3,504,943).

As at 31 December 2018, the value of the consolidated total assets was $597,169,725 (2017: $558,156,889). The valuation method for these assets is disclosed in Note 1 to the financial statements.

Distributions
Subject to clause 17.2 and except as specifically provided for (if any) in the Constitution, there shall be no distribution of income or capital to any member except upon the termination of the Consolidated Entity in accordance with clause 32 and in particular clause 32.3 of the Constitution.

State of affairs
In the opinion of the Directors of the Responsible Entity, there were no significant events impacting upon the state of affairs of the Consolidated Entity that occurred during the financial year.

Responsible entity fees
During the year, the Consolidated Entity incurred fees amounting to $6,896,170 (2017: $6,267,903) for the management of the entity by the Responsible Entity. As at 31 December 2018, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

Events subsequent to balance date
On 9 January 2019, thirteen (13) resort apartments at Wyndham Dreamland Resort, Bali, Indonesia, were placed into the Consolidated Entity for occupancy and 6,717,750 Vacation Credits were authorised.

On 31 January 2019, one (1) resort apartment at Ramada Resort Port Douglas was placed into the Consolidated Entity for occupancy and 675,000 Vacation Credits were authorised.

On 11 February 2019, four (4) resort apartments at Ramada Phillip Island were placed into the Consolidated Entity for occupancy and 1,837,700 Vacation Credits were authorised.

On 21 February 2019, three (3) resort apartments at Ramada Phillip Island were placed into the Consolidated Entity for occupancy and 1,242,700 Vacation Credits were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2018 that have or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future periods.

Options
The Consolidated Entity has no powers to, and has not, at any time granted to a Director or Officer of the Responsible Entity an option to have issued to them any Authorised but Unissued Vacation Credits in the Consolidated Entity.

The Consolidated Entity has not granted to any other person, including the Developer, any rights in respect of Authorised but Unissued Vacation Credits in the Club other than as stipulated in the Constitution of the Consolidated Entity.

Likely developments
The Consolidated Entity will continue to perform its present functions for the foreseeable future.

Indemnification and insurance of officers and auditors
In respect of the Consolidated Entity:

The Consolidated Entity has not, during or since the financial year, in respect of any person who is or has been an auditor of the Consolidated Entity:

(a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

In respect of the Responsible Entity:

The Responsible Entity has not, during or since the financial year, in respect of any person who is or has been an auditor of the Responsible Entity:

(a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Insurance premiums
A condition of the Australian Financial Services License is that the Consolidated Entity must maintain adequate insurance for professional indemnity and fraud by officers. Accordingly, throughout the financial period the Responsible Entity has maintained a policy to cover its Directors or Executive Officers for liability and legal expenses for claims up to an aggregate value of US$15,000,000 together with an Errors or Omissions Policy to provide professional indemnity coverage to the Responsible Entity for claims up to an aggregate value of US$15,000,000. These policies were renewed on 13 July 2018 and are next due for renewal on 13 July 2019. No claims have been made and no claims are pending under either policies. Further details in respect of the policy have not been provided as the policy prohibits such disclosure.

Leave of proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the financial year ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors of Wyndham Vacation Clubs South Pacific Limited.

Liam Crawley

Director

For and on behalf of Wyndham Vacation Clubs South Pacific Limited

20 March 2019

Date

Crowe Horwath.
PART OF FINDEX

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Auditor's Independence Declaration

As auditor of WorldMark South Pacific Club for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WorldMark South Pacific Club and the entities it controlled during the year.

Crowe Horwath Brisbane
Crowe Horwath Brisbane

Logan Meehan
Partner – Audit & Assurance

Signed at Brisbane, 21 March 2019

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue			
Levy income		71,727,305	65,475,751
Resort income	2(a)	12,477,906	13,366,122
Other income	2(a)	2,285,709	2,034,052
Total revenue		86,490,920	80,875,925
Expenditure			
Resort operation costs	2(b)	(66,645,930)	(60,992,061)
Administration costs	2(b)	(16,233,309)	(16,416,760)
Total expenditure		(82,879,239)	(77,408,821)
Profit before income tax	3	3,611,681	3,467,104
Income tax (expense) / benefit	3	(111,782)	37,839
Profit for the year		3,499,899	3,504,943
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange profit / (loss) arising on translation of foreign operations		947,510	(1,188,637)
Other comprehensive Income / (loss) for the year net of tax		947,510	(1,188,637)
Total comprehensive income for the year		4,447,409	2,316,306
Profit attributable to: Unitholders		3,499,899	3,504,943
Profit for the year		3,499,899	3,504,943
Total comprehensive income attributable to: Unitholders		4,447,409	2,316,306
Total comprehensive income for the year		4,447,409	2,316,306

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	4	55,062,154	48,603,111
Trade and other receivables	5	74,369,462	67,926,626
Inventories		145,561	173,410
Other current assets - prepayments		4,870,921	2,901,922
Total current assets		134,448,098	119,605,069
Non-current assets			
Property, plant and equipment	6	454,544,835	432,880,016
Financial assets	7	8,176,792	5,671,804
Total non-current assets		462,721,627	438,551,820
Total assets		597,169,725	558,156,889
Current liabilities			
Trade and other payables	8	12,773,755	9,160,281
Other current liabilities	9	81,218,252	69,888,029
Employee benefits		1,125,324	1,068,676
Total current liabilities		95,117,331	80,116,986
Non-current liabilities			
Employee benefits		220,118	256,526
Total non-current liabilities		220,118	256,526
Total liabilities		95,337,449	80,373,512
Net assets		501,832,276	477,783,377
Equity			
Vacation credits on issue	10	484,805,011	460,456,027
Retained earnings		15,072,269	16,319,864
Foreign currency translation reserve		1,954,996	1,007,486
		501,832,276	477,783,377

Notes to and forming part of the financial statements are attached.

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Vacation Credits on issue $	Retained earnings $	Foreign currency translation reserve $	Total $
Consolidated					
Opening balance 1 January 2017		423,295,359	12,814,921	2,196,123	438,306,403
Total comprehensive income / (loss) for the financial year		-	3,504,943	(1,188,637)	2,316,306
Transactions with owners in their capacity as Owners					
Vacation Credits issued	10	37,160,668	-	-	37,160,668
Closing balance 31 December 2017		460,456,027	16,319,864	1,007,486	477,783,377
Opening balance 1 January 2018		460,456,027	16,319,864	1,007,486	477,783,377
Adjustment to Opening Retained Earnings	1(o)	-	(4,747,494)	-	(4,747,494)
Restated Opening balance 1 January 2018		460,456,027	11,572,370	1,007,486	473,035,883
Total comprehensive income for the financial year		-	3,499,899	947,510	4,447,409
Transactions with owners in their capacity as Owners					
Vacation Credits issued	10	24,348,984	-	-	24,348,984
Closing balance 31 December 2018		484,805,011	15,072,269	1,954,996	501,832,276

Notes to and forming part of the financial statements are attached.

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		88,435,742	83,324,682
Interest received		1,317,850	1,043,973
Payments to suppliers and employees		(75,955,595)	(71,211,121)
GST paid		(904,947)	(901,687)
Net cash provided by operating activities	11(a)	12,893,050	12,255,847
Cash flows from investing activities			
Payments for property, plant & equipment		(6,638,688)	(3,656,619)
Net cash used in investing activities		(6,638,688)	(3,656,619)
Cash flows from financing activities			
Advances from / (to) related parties		204,682	(3,600)
Net cash provided by / (used in) financing activities		204,682	(3,600)
Net increase in cash and cash equivalents held		6,459,043	8,595,628
Cash and cash equivalents at the beginning of the financial year		48,603,111	40,007,483
Cash and cash equivalents at the end of the financial year	11(b)	55,062,154	48,603,111

Notes to and forming part of the financial statements are attached.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Consolidated Financial Statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The scheme is a 'for-profit' entity for financial reporting purposes under the Australian Accounting Standards.

The financial statements cover the economic entity of WorldMark South Pacific Club (The Club), and its Controlled Entity as the Consolidated Entity. WorldMark South Pacific Club is domiciled and incorporated in Australia.

The financial statements of WorldMark South Pacific Club and its Controlled Entity comply with International Financial Reporting Standards in their entirety.

The Club was established on 1 March 2000 with an expiration of 80 years from the Commencement Date of the Club.

This financial report was authorised for issue by the Board of Directors of the Responsible Entity on 20 March 2019.

(b) Principles of consolidation

The Consolidated Financial Statements include the financial position and performance of its controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group have been eliminated in full for the purpose of these consolidated financial statements.

Appropriate adjustments have been made to a Controlled Entity's financial statements where the accounting policies used by those entities were different from those adopted in the consolidated financial statements.

(c) Property, plant and equipment

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses. Land and buildings are measured on a cost basis less impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment excluding buildings and freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

Buildings are not depreciated. In the event a resort or apartment is transferred, sold, or assigned and will cease to be an asset of the Club, the Responsible Entity in its capacity as Responsible Entity for WorldMark South Pacific Club will replace that resort or apartment with another resort or apartment of at least equal quality and the same Vacation Credits as the old resort or apartment. Any risks or rewards associated with the transfer, sale or assignment remain with WorldMark South Pacific Club.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of plant and equipment	Depreciation rate
Furniture, fittings and equipment	3 -14 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset. These gains and losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(d) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the entities within the Consolidated Entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Club's functional and presentation currency.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency transactions and balances (continued)

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the year.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and included in the Consolidated Entity's foreign currency translation reserve in the Consolidated Statement of Financial Position. These differences are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which the foreign operation is disposed.

(e) Income tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except where it relates to items allocated directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Based on the principal of mutuality, only income arising from non-member activities is subject to income tax. The Consolidated Entity is able to identify all non-member income.

(f) Trade and other receivables

Levies for Owners are recorded as a receivable on a pro-rata basis, from the month following that in which they become Owners. Membership fees are billed in November of each year and are due within 30 days unless the Owner elects and the Club agrees, that the levies can be paid monthly, quarterly or half yearly in advance.

Developer levies are included in the inter-entity account with Wyndham Destinations Asia Pacific Pty Limited and are paid to the Club within 14 days of the end of the month, in accordance with the Constitution of the Consolidated Entity.

(g) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates, and amounts collected on behalf of third parties.

Levy revenue from Owners, excluding revenue relating to housekeeping tokens included in the annual levy, are calculated on a pro-rata basis from the month following that in which they become a member. The revenue is then amortised on a straight-line basis over the remainder of the financial year.

Housekeeping revenue is recognised upon the redemption of owner housekeeping tokens.

Developer levy revenue is calculated in accordance with the Constitution of the Consolidated Entity based on the number of authorised and available for sale, but unsold Vacation Credits at the end of each month and is shown as revenue for that month.

Interest revenue is recognised on a proportionate basis taking into account the interest rates applicable to the financial assets.

Rental revenue is recognised at the time the room is occupied by the guest.

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Other revenue is recognised when the right to receive the revenue has been established.

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Trade and other payables

A liability is recorded for goods and services received prior to balance date, whether invoiced or not. Trade creditors are settled in accordance with supplier payment terms.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisitions of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST payable to the ATO is included as a current liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO, are classified as operating cash flows.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, 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, and cash reserves for future refurbishment.

(k) Financial instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

Financial assets, excluding equity instruments, are classified and measured at fair value and any realised and unrealised gains and losses arising from changes in the fair value of these assets will be included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Financial assets in the form of equity instruments are classified and measured at fair value and any realised and unrealised gains and losses arising from changes in the fair value of these assets will be included in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Consolidated Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Consolidated Entity are stated at amortised cost using the effective interest rate method.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include any financial assets not included in the above categories. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of the reporting period the Consolidated Entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account. All other impairment losses on financial assets at amortised cost are taken directly to the asset.

Financial assets at Fair Value through Other Comprehensive Income

A significant or prolonged decline in value of a financial asset below its cost is objective evidence of impairment. In this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to other comprehensive income as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Comparative figures

Where necessary, comparative amounts have been amended for any changes to the current year presentation or classification of items in the financial statements.

(m) Critical accounting estimates and judgments

The Directors of the Responsible Entity evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity. There were no key adjustments during the year which required accounting estimates and judgments.

Key estimates - Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key estimates - Useful lives and recoverable amount of property, plant and equipment

The Consolidated Entity estimates the useful lives and recoverable amount of property, plant and equipment based on experience with similar assets. The estimated useful lives and recoverable amount of property, plant and equipment are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of property, plant and equipment.

Key estimates - Realisability of deferred taxes

The Consolidated Entity reviews the carrying amounts of deferred income tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be realised.

Key Judgments - Impairment of receivables

Included in trade receivables at the end of the reporting period is an amount receivable of $43,852 relating to owners' late fees. A provision for impairment has been raised against this amount. This provision is based on a percentage estimate of late fees receivable that may be written off against revenue. Assumptions for the estimate are based on historical data and recent trends.

Key Judgments - Classification of financial instruments

The Consolidated Entity classifies a financial instrument, or its component, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of financial asset, financial liability and equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Consolidated Statement of Financial Position.

Financial assets are classified as non-current assets. Financial liabilities are classified as other liabilities. The Consolidated Entity determines the classification at initial recognition and re-evaluates the classification at every reporting date.

(n) Date of registration

The Club was registered by the Australian Securities & Investments Commission on 2 May 2000.

(o) New accounting standards and interpretations

Adoption of new and revised Accounting Standards and Interpretations

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Consolidated Entity has applied IFRS 15 Revenue from Contracts with Customers which is effective for the annual period that begins on or after 1 January 2018. Details of the new requirements as well as their impact on the Consolidated Entity's financial statements are described below.

(1) The Consolidated Entity has amended the presentation of revenue derived from third parties for commission earned on selling third party goods and services. Under IFRS 15, revenue derived from tours and concessions is reported on a net basis rather than presented as gross revenue with the associated cost of sale.

(2) The Consolidated Entity has adopted a change in the timing of recognising revenue in relation to a portion of annual membership levies that relates to the provision of a housekeeping token. Prior to 1 January 2018, total annual membership levies income were recognised on a straight line basis over the twelve month levy period. Upon adoption of IFRS 15, the portion of membership levies relating to housekeeping tokens will be recognised as revenue in line with the satisfaction of performance obligations, that being the time at which the housekeeping token is redeemed.

The Consolidated Entity has applied IFRS 15 in accordance with the fully retrospective transitional approach and therefore recognised the impact of IFRS 15 for all reporting periods presented before the date of initial application (1 January 2018).

The Consolidated Entity's accounting policies for its revenue streams are disclosed in note 1 above. Apart from providing more extensive disclosures for the Consolidated Entity's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Consolidated Entity. The amount of adjustment for each financial statement line affected by the application of IFRS 15 is illustrated below:

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New accounting standards and interpretations (continued)

	31/12/2017	31/12/2018
Impact on profit for the year		
Revenue		
Decrease due to the change in the recognition of Tours and Concessions Revenue (1)	673,176	645,930
Decrease due to change in timing of recognition of housekeeping tokens (2)	-	938,164
Cost of Sales		
Decrease due to change in the recognition of Tours and Concessions Revenue (1)	673,176	645,930
Decrease in profit for the year	-	938,164
Impact on assets, liabilities and equity	**31/12/2017**	**31/12/2018**
Liabilities		
Increase in Deferred income due to change in timing of recognition of housekeeping tokens (2)	-	5,685,658
Total effect on Liabilities	-	5,685,658
Opening Retained Earnings		
Decrease due to cumulative effect of applying IFRS 15 to Housekeeping revenue (2)	-	4,747,494
Total effect on Equity	-	4,747,494

(p) New accounting standards for application in future periods

At the date of authorisation of the financial report, the Standards and Interpretations listed below were issued but not yet effective.

Standard/Interpretation	Operative Date	Expected to be initially applied	Impact on the entity
AASB 16: Leases This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position and measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low- value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).	01-Jan-19	31-Dec-19	AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Club has conducted a full review of all lease agreements held as at 31 December 2018 and notes that the leased assets consist of photocopiers which are located across various resorts and the lease of the reception area from Wyndham Destinations at the Sydney resort. In line with requirements of AASB 16, the Club has identified the photcopiers as being of low value based on the monetary value of the photocopiers when new (less than $5000 USD) and the fact they are not highly dependent or interrelated with other assets of the entity. A review of the leased space at Sydney will be conducted in 2019. At this stage, in line with AASB16, we believe there is no material impact on the entity.

NOTE 2 (a) RESORT AND OTHER INCOME

	2018	2017
	$	$
Resort income		
Reservation income	7,460,712	8,580,216
Income from sale of goods and services	5,017,194	4,785,906
	12,477,906	13,366,122
Other income		
Interest income	1,348,042	1,064,573
Other	937,667	969,479
	2,285,709	2,034,052

The comparative information has been restated as a result of the initial application of IFRS 15 as discussed in note 1 (o).

NOTE 2 (b) EXPENDITURE

The profit before income tax was arrived at after charging as expenses the following specific items:

Employee benefit expense	19,461,231	19,111,537
Depreciation	7,266,913	7,430,673
Management fees	6,896,170	6,267,903
Superannuation	1,479,548	1,495,537
Credit card fees	563,142	650,150
Owner newsletter and resort guide	238,606	350,282
Impairment of receivables	201,444	311,001
Auditors' remuneration	82,800	99,979
Custodial fees	96,511	88,834
Compliance Committee fees and Compliance Audit fees	68,903	45,629

NOTE 3 INCOME TAX

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Profit before income tax	3,611,681	3,467,104
Prima facie tax payable on profit before income tax at 30% (2017: 30%)	1,083,504	1,040,131
Adjustments for the tax effect of:		
Amounts excluded under Principle of Mutuality	(698,058)	(942,735)
Deferred tax assets (utilised)	(273,665)	(135,235)
Income tax expense / (benefit)	111,782	(37,839)

Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in note 1 occur based on corporate tax rate of 30% (2017: 30%):

Taxable income derived by the New Zealand entity, WorldMark by Wyndham (NZ) Limited, cannot be offset against accumulated losses in the Consolidated Australian parent and hence are brought to account as income tax expense.

Tax losses	6,687,546	7,610,958
Potential tax benefit	2,006,264	2,283,287
Temporary differences		
Other	2,503	4,697
Provisions	44,564	31,170
Potential tax benefit	14,120	10,761
Total deferred tax benefits not brought to account	2,020,384	2,294,048

NOTE 4 CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash on hand and bank balances at call	55,062,154	48,603,111
	55,062,154	48,603,111

The Call Deposit account interest is variable, with a rate of 1.60% as at 31 December 2018 (2017: 1.50%).

It is the Consolidated Entity's policy to accumulate in a separate bank account, sufficient funds to enable the future refurbishment of property, plant and equipment. Cash reserves for future refurbishment held as at 31 December 2018 amounted to $43,817,951 (2017: $33,668,718). These funds are made up of a combination of cash and cash equivalents.

NOTE 5 TRADE AND OTHER RECEIVABLES

	2018	2017
Current		
Owner levies receivable	73,609,859	67,437,261
Provision for impairment	(43,852)	(20,631)
Other receivables	641,265	423,536
Interest receivable	106,739	76,547
Related party receivables:		
Resort Management by Wyndham Pty Ltd	9,984	2,559
WVRAP (Denarau Island) Association Ltd	33,432	-
Wyndham Vacation Resorts (NZ) Limited	3,198	-
Club Wyndham Asia (Hong Kong) Ltd	8,837	7,354
Total related party receivables	55,451	9,913
Total current trade and other receivables	74,369,462	67,926,626

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	2018	2017
Freehold land & buildings at cost	374,040,010	353,236,076
Leasehold land & buildings at cost	39,642,303	39,642,303
Building - common area at cost	3,559,771	3,415,053
Furniture, fittings & equipment at cost	85,203,835	80,743,143
Less: accumulated depreciation	(48,735,774)	(44,418,566)
Furniture, fittings & equipment at net book value	36,468,060	36,324,577
Office equipment, leasehold improvements & investment property	889,285	286,994
Less: accumulated depreciation	(54,594)	(24,987)
Office equipment, leasehold improvements & investment property at net book value	834,691	262,007
Total property, plant and equipment	454,544,835	432,880,016

NOTE 6 PROPERTY, PLANT AND EQUIPMENT (continued)

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Freehold land & buildings	Leasehold land & buildings	Building - common area	Furniture, fittings & equipment	Office equipment, leasehold investments and investment property	Work in progress	Total
	$	$	$	$	$	$	$
1 Jan 18	353,236,076	39,642,303	3,415,053	36,324,577	262,007	-	432,880,016
Additions and transfers	19,872,017	-	144,718	7,835,777	630,173	-	28,482,685
Non-cash adjustments to written down value of FFE for refurbishment cycles	-	-	-	(520,739)	(2,895)	-	(523,634)
Depreciation	-	-	-	(7,212,319)	(54,594)		(7,266,913)
Effects of foreign exchange translation	931,917	-	-	40,764	-	-	972,681
31 Dec 18	374,040,010	39,642,303	3,559,771	36,468,060	834,691	-	454,544,835

NOTE 7 FINANCIAL ASSETS

	2018	2017
	$	$
Timeshare weeks	8,176,792	5,671,804

The Club owns registered interests in real estate represented by Vacation Ownership Interests in resorts at Pahio at Ka 'Eo Kai Phase II and Phase III; Bali Hai Villas and WorldMark Kona Resort, all of which are located on islands in Hawaii. Specifically, the Club has acquired perpetual Timeshare interests with an annual allocation of 173 weekly intervals in 1 bedroom standard rooms at Bali Hai Villas, 524 weekly intervals in 2 bedroom deluxe apartments at Bali Hai Villas, 584 weekly intervals in 2 bedroom standard apartments at Ka 'Eo Kai Resort, 403 weekly intervals in 2 bedroom deluxe apartments at Ka 'Eo Kai Resort and 508 weekly intervals in 2 bedroom deluxe apartments at Kona Resort.

NOTE 8 TRADE AND OTHER PAYABLES

Current		
Trade payables	1,749,878	1,876,577
Other payables	645,538	761,074
Accrued expenses	9,235,095	5,614,800
GST payable	143,173	157,978
	11,773,684	8,410,429
Related party payables:		
Wyndham Destinations Asia Pacific Pty Ltd	972,175	721,395
Finance by Wyndham Pty Ltd	25,535	16,062
Resort Management by Wyndham Pty Ltd	2,361	-
WorldMark by Wyndham (NZ) Limited	-	64
WVRAP (Denarau Island) Association Ltd	-	12,331
Total related party payables	1,000,071	749,852
	12,773,755	9,160,281

All trade and other payables are current and settled within normal supplier terms and conditions. These accounts are non-interest bearing. Related party payables are non-interest bearing and repayable on demand.

NOTE 9 OTHER CURRENT LIABILITIES

	2018	2017
	$	$
Owner levies deferred income	71,393,435	68,951,306
Reservation deposits received in advance	1,065,563	936,723
Housekeeping Tokens deferred income	8,759,254	-
	81,218,252	69,888,029

Refer to Note 1 (o) Adoption of new and revised Accounting Standards and Interpretations for details regarding the impact of the adoption of AASB15 as it concerns deferred income from membership revenue received in advance.

NOTE 10 EQUITY

Owner Vacation Credits on issue	2018	2017
	No. of units	No. of units
Balance at 1 January	930,373,290	841,940,840
Authorised vacation credits issued	51,301,200	88,432,450
Balance at end of period	981,674,490	930,373,290
Vacation credits on issue represented by:	978,938,760	909,214,760
Authorised Vacation Credits issued and sold	2,735,730	21,158,530
Authorised Vacation Credits issued but unsold	981,674,490	930,373,290

Owner Vacation Credits on issue	2018	2017
	$	$
Balance at 1 January	460,456,027	423,295,359
Authorised vacation credits issued	24,348,984	37,160,668
Balance at end of period	484,805,011	460,456,027

As at 31 December 2018, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

NOTE 11 CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities with profit after income tax	2018	2017
Profit after income tax	3,499,898	3,504,943
Adjust for non cash items:		
Depreciation	7,266,913	7,430,673
Provision for doubtful debts	23,221	(1,381)
Interest receivable	(30,192)	(20,600)
Non-cash adjustments to written down value of furniture fittings and equipment for refurbishment cycles	523,634	192,403
Movement in foreign currency reserve	(25,173)	124,264
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Trade receivables	(6,172,598)	(6,898,416)
Other receivables	(217,729)	62,026
Inventories	27,849	(46,972)
Prepayments	(1,968,999)	(572,522)
Increase/(Decrease) in:		
Trade payables	(126,699)	581,935
Income received in advance	6,582,729	6,859,552
Other payables and accrued expenses	3,504,760	982,099
Provision for employee entitlements	20,240	69,388
GST payable	(14,805)	(11,545)
Income tax payable	-	-
Net cash provided by operating activities	12,893,050	12,255,847

NOTE 11 CASH FLOW INFORMATION (continued)

(b) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and bank deposits in highly liquid investments at call net of bank overdrafts. Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the accounts as follows:

	2018 $	2017 $
Cash and cash equivalents per Statement of Cash Flows	55,062,154	48,603,111
Cash per Statement of Financial Position (Note 4)	55,062,154	48,603,111

(c) Financing facilities

The Consolidated Entity has no financing facilities with its bankers.

(d) Non-cash transactions

During the financial year, 38 resort apartments at eight resort locations were acquired for the Consolidated Entity by Wyndham Destinations Asia Pacific Pty Limited - the Developer. In addition to these units a total of 658 weekly intervals at three resort locations in Hawaii were acquired for the Consolidated Entity by Wyndham Destinations Asia Pacific Pty Limited - the Developer. The Developer owns one special class of Vacation Credit known as the Developer Vacation Credit. Under the terms of the Constitution of the Consolidated Entity, in exchange for placing the resort apartments into the Consolidated Entity unencumbered, the Developer is entitled to the proceeds of the Vacation Credits, as and when they are issued to the general public by the Responsible Entity.

NOTE 12 FINANCIAL REPORTING BY SEGMENTS

The Consolidated Entity operates predominantly, and is domiciled, in Australia, and it's principal activity is that of a vacation ownership resort property owner and operator. The Consolidated Entity currently owns properties at thirty two locations, of which one is in Fiji, one is in Thailand, one is in Indonesia, two are in New Zealand, three are in Hawaii, eight are in New South Wales, seven are in Queensland, six are in Victoria, one is in Tasmania and two are in Western Australia.

The majority of administrative operations are carried out at the Consolidated Entity's head office in Queensland. The members of the Consolidated Entity mainly reside in Australia, Fiji or New Zealand.

NOTE 13 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The carrying values approximate the fair value of these financial instruments, considering the short-term nature of the financial instruments.

The Consolidated Entity does not have any derivative financial instruments at 31 December 2018 (2017: Nil).

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management

The main risks the Consolidated Entity is exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The Consolidated Entity's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the Consolidated Entity, by way of various measures detailed below.

Senior management analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Risk management is carried out by the Board of Directors and key management personnel.

Capital risk management

The Consolidated Entity manages its capital to ensure that it will be able to continue as a going concern through the optimisation of debt to equity ratios.

Its capital structure consists of cash and cash equivalents and equity comprising Vacation Credits, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The Directors of the Responsible Entity review the capital structure on a regular basis. As a part of the review, the Board considers the cost of capital and the risks associated with each class of capital.

The Consolidated Entity's overall strategy remains unchanged from the year ended 31 December 2017.

(a) Market risk

Interest rate risk
The Consolidated Entity is not exposed to any significant interest rate risk.

Price risk
The Consolidated Entity is not exposed to any material commodity price risk.

Foreign currency risk
The Controlled Entity, WorldMark by Wyndham (NZ) Limited operates in New Zealand (NZ) and is exposed to foreign exchange risk arising from currency exposures with respect to the NZ dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. Management has set up a policy requiring

NOTE 13 FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

Foreign currency risk (continued)

group entities to manage their foreign exchange risk against their functional currency. The NZ Owner Levies collected is used to fund the NZ operations and all excess cash is maintained in NZ until such time as the Parent Entity requires the cash flow.

The Consolidated Entity's exposure to foreign currency risk from its Controlled Entity at the end of the reporting period, expressed in Australian dollars, was as follows:

	2018	2017
	$	$
Trade and other receivables	988,917	40,081
Trade and other payables	122,540	1,312,396

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity's credit risk is limited as a result of contracts entered into at the time of the initial sale of points, in that where the event arises of owners defaulting on paying levies, points can be forfeited and on sold to new owners. The Consolidated Entity does not have any significant credit risk exposure to any single counterparty of any group of counterparties having similar characteristics.

The carrying amount of current financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The ageing of the Consolidated Entity's trade and other receivables at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due (current)	72,727,297	-	66,840,836	-
Past due 10-30 days (31 - 60 day ageing)	264,864	-	100,963	-
Past due 31-60 days (61 - 90 day ageing)	116,659	-	154,884	-
Past due more than 60 days (+91 day ageing)	1,304,494	(43,852)	850,574	(20,631)
Provision for Doubtful Debts				(15,000)
	74,413,314	(43,852)	67,947,257	(35,631)

The remaining balance of the past due receivables at 31 December was not impaired because it is expected that these amounts will be received in full through various recovery actions in the normal course of business.

Movements in the carrying amounts of impairment expenses between the beginning and the end of the current financial year:

	2018	2017
	$	$
Impairment		
Late fees and penalties imposed assessed as impaired at the beginning of the year	(20,631)	(22,012)
Annual impairment expense per the Statement of Profit or Loss and Other Comprehensive Income	(201,444)	(311,001)
Late fees and penalties waived or written off during the year	178,223	312,382
Late fees and penalties imposed assessed as impaired at the end of the year	(43,852)	(20,631)

(c) Liquidity risk

The Consolidated Entity manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and ensuring that adequate funds are maintained.

Trade payables are short-term in nature.

The Consolidated Entity is not exposed to any significant liquidity risk.

The Consolidated Entity has contractual maturities of financial liabilities relating to Trade and other payables of $12,773,755 (2017: $9,160,281) which are expected to be settled in less than one year.

(d) Interest rate risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

NOTE 13 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk (continued)

	Weighted average interest rate	Floating interest rate	Non interest bearing	Fixed interest rate maturing <1 year	Fixed interest rate maturing 1-5 years	Total
	%	$	$	$	$	$
Consolidated As at 31 December 2018						
Cash and cash equivalents	2.39%	55,062,154	-	-	-	55,062,154
Trade and other receivables		-	74,369,462	-	-	74,369,462
Total current financial assets		55,062,154	74,369,462	-	-	129,431,616
Trade and other payables		-	12,773,755	-	-	12,773,755
Total financial liabilities		-	12,773,755	-	-	12,773,755

	Weighted average interest rate	Floating interest rate	Non interest bearing	Fixed interest rate maturing <1 year	Fixed interest rate maturing 1-5 years	Total
	%	$	$	$	$	$
Consolidated As at 31 December 2017						
Cash and cash equivalents	2.23%	48,603,111	-	-	-	48,603,111
Trade and other receivables		-	67,926,626	-	-	67,926,626
Total current financial assets		48,603,111	67,926,626	-	-	116,529,737
Trade and other payables		-	9,160,281	-	-	9,160,281
Total financial liabilities		-	9,160,281	-	-	9,160,281

The net carrying values of financial assets and liabilities approximate their fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Cash flow sensitivity analysis for variable rate instruments

The sensitivity analysis has been determined based on the exposure of the Consolidated Entity to variable interest rates for non-derivative financial instruments at the reporting date at the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 1% increase or decrease is used when reporting interest rates internally to key management personnel and represents management's assessment of the possible change in interest rates.

At 31 December 2018, if the interest rates had changed by 1% from the period-end rates with all other variables held constant, pre-tax profit for the year for the Consolidated Entity would have been $480,991 lower/higher mainly as a result of lower/higher interest income earned on cash and cash equivalents.

There has been no change to the Consolidated Entity's exposure to interest rate risk or the manner in which it manages and measures the risk.

The following table summarises the sensitivity of the Consolidated Entity's financial assets and financial liabilities to interest rate risk.

NOTE 13 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

			+1%		-1%	
	Carrying amount at 31 Dec 18	Carrying amount at 31 Dec 17	Profit	Equity	Profit	Equity
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	55,062,154	48,603,111	480,991	480,991	(480,991)	(480,991)
Total increase / (decrease)			480,991	480,991	(480,991)	(480,991)

NOTE 14 KEY MANAGEMENT PERSONNEL

(a) Key management personnel

The key management personnel of the Responsible Entity who held office at any time during the year are as follows:

Liam Rayden Crawley	Chief Financial Officer & Director	Appointed November 2018
Gary Martin Croker	Director	
Adam Geneave	VP Customer Experience	Resigned July 2018
Bruce Harkness	SVP Human Resources	
Ross Stanley Nicholas	VP of Public Relations and Corporate Marketing	
Jorge de la Osa	Director	Resigned April 2018
Barry Alan Robinson	President & Managing Director	
Elizabeth Irene Collinson	SVP Legal and Compliance & Director	Appointed April 2018
Matthew James Taplin	Director	Resigned November 2018
Kieran McKenna	SVP Sales	

Directors have been in office for the duration of the financial period, unless otherwise stated.

(b) Key management personnel's remuneration

The key management personnel of Wyndham Vacation Clubs South Pacific Limited were not remunerated for their role as key management personnel of the Responsible Entity in relation to the Consolidated Entity.

(c) Transactions with other related entities

(i) During the financial year, the Consolidated Entity incurred fees amounting to $6,896,170 (2017: $6,267,903) for the management of the entity by the Responsible Entity. As at 31 December 2018, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

(ii) The Developer is Wyndham Destinations Asia Pacific Pty Limited. During the year, the Developer acquired 38 resort apartments (2017: 73 apartments) and 658 weekly intervals which is equivalent to 12.7 apartments (2017: 1,534 weekly intervals equivalent to 29.5 apartments) which it has placed into the Consolidated Entity unencumbered. Refer to note 11(d) for further details.

(iii) Developer levies are determined in accordance with the Constitution of the Consolidated Entity and are payable by the Developer to the Consolidated Entity within 14 days of the end of each month. During the year ended 31 December 2018, the Developer levies received were $460,460 (2017: $516,667).

(iv) Other entities of the Wyndham Destinations Group provide services to the Consolidated Entity which are invoiced on commercial arms-length terms as agreed with the Responsible Entity.

NOTE 15 AUDITORS' REMUNERATION

	2018	2017
	$	$
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	74,715	77,804
Taxation and other services	8,085	22,175
	82,800	99,979

NOTE 16 CONTROLLED ENTITY

	Country of Incorporation	Percentage of Ownership	
		2018	2017
		%	%
Subsidiary of WorldMark South Pacific Club			
WorldMark by Wyndham (NZ) Limited	New Zealand	100	100

NOTE 17 COMPANY DETAILS

The registered office and principal place of business of the Responsible Entity is:
Level 7, 1 Corporate Court
Bundall QLD 4217 Australia

NOTE 18 SUBSEQUENT EVENTS

On 9 January 2019, thirteen (13) resort apartments at Wyndham Dreamland Resort, Bali, Indonesia, were placed into the Consolidated Entity for occupancy and 6,717,750 Vacation Credits were authorised.

On 31 January 2019, one (1) resort apartment at Ramada Resort Port Douglas was placed into the Consolidated Entity for occupancy and 675,000 Vacation Credits were authorised.

On 11 February 2019, four (4) resort apartments at Ramada Phillip Island were placed into the Consolidated Entity for occupancy and 1,837,700 Vacation Credits were authorised.

On 21 February 2019, three (3) resort apartments at Ramada Phillip Island were placed into the Consolidated Entity for occupancy and 1,242,700 Vacation Credits were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2018 that have or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future periods.

NOTE 19 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2018	2017
	$	$
Balance sheet		
Current assets	129,747,987	115,541,803
Total assets	591,995,327	554,287,063
Current liabilities	94,674,502	79,726,155
Total liabilities	94,894,620	80,007,592
Unitholders equity:		
Vacation credits on issue	484,805,012	460,456,027
Retained earnings	12,295,694	13,848,356
	497,100,706	474,304,383
Profit for the year	3,194,832	3,614,386

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any financial guarantees on behalf of the subsidiary.

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
“RESPONSIBLE ENTITY” DIRECTORS’ DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of the Responsible Entity declare that:

(a) the financial statements and notes of WorldMark South Pacific Club and Controlled Entity set out on pages 7 to 24 are in accordance with the Corporations Act 2001, which:

(i) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2018 and its performance for the year ended on that date; and

(b) in the Directors’ opinion:

(i) at the date of this declaration, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity at Bundall,

Liam Crawley	20 March 2019
Director	Date
For and on behalf of Wyndham Vacation Clubs South Pacific Limited	

Crowe Horwath.
PART OF FINDEX

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WorldMark South Pacific Club and Controlled Entity

Independent Auditor's Report to the Members of WorldMark South Pacific Club

Opinion

We have audited the financial report of WorldMark South Pacific Club and Controlled Entity (the Scheme), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Scheme is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Scheme's financial position as at 31 December 2018 and of its financial performance for the year then ended.

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Responsible Entity for the year ended 31 December 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our 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, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

Logan Meehan
Partner – Audit & Assurance

Signed at Brisbane, 21 March 2019

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