

CLUB WYNDHAM

SOUTH PACIFIC

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015

Financial Report
For the Half Year ended 30 June 2020

Club Wyndham South Pacific and Controlled Entity

A.R.S.N. 092 334 015

**Financial Report
For the Half Year ended 30 June 2020**

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Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Report of the Responsible Entity

The Directors of the Responsible Entity, Wyndham Vacation Clubs South Pacific Limited A.B.N. 11 090 503 923, submit the financial statements of Club Wyndham South Pacific (CWSP) and Controlled Entity (The Consolidated Entity) for the half year ended 30 June 2020.

Directors

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

Name and qualifications	Special responsibilities
Gary Martin Croker	Director
Liam Rayden Crawley	Director
Elizabeth Collinson	Director

Directors' meetings

During the half year the Directors executed seven 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 half year.

Review and results of operations

During the half year, 31 resort apartments at two resort locations and 52 weekly intervals at one resort location were placed into the Consolidated Entity for occupancy and 17,006,350 Vacation Credits were authorised (financial year ended 31 December 2019: 117 resort apartments at eight resort locations and 55,024,300 Vacation Credits authorised in addition to 7,000,000 Vacation Credits authorised for the transfer of Sundance Japan Vacation Club points). At 30 June 2020, 58,773 members of the public (31 December 2019: 59,091 members) had subscribed and were allocated Vacation Credits in the Consolidated Entity.

The consolidated profit from operating activities after tax for the half year ended 30 June 2020 was \$10,064 (half year ended 30 June 2019: \$1,390,476).

As at 30 June 2020, the value of the consolidated total assets was \$597,687,290 (31 December 2019: \$633,723,479).

The business operations of CWSP were significantly impacted by the COVID-19 pandemic during the half year ending 30 June 2020. In line with federal government legislation and social distancing protocols, Club resorts were closed during both April and May with a staged reopening commencing in June. In the months of resort closure (April and May), the Club implemented owner levy fee relief initiatives which resulted in a reduction in levy income of \$4,938,774. Due to the impact on resort revenues, the Australian Jobkeeper program has been accessed for eligible employees.

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, other than the impacts of COVID-19 outlined above, there were no significant events impacting upon the state of affairs of the Consolidated Entity that occurred during the half year.

Responsible entity fees

During the half year, the Consolidated Entity incurred fees amounting to \$3,671,524 (half year ended 30 June 2019: \$3,792,897) for the management of the entity by the Responsible Entity. As at 30 June 2020, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

Events subsequent to balance date

CWSP are continuing to closely monitor the impact of the COVID-19 pandemic on business operations and managing operational expenses so that the Club will continue to operate on a going concern basis.

There are no other matters of significance that have occurred since 30 June 2020 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.

Club Wyndham South Pacific and Controlled Entity
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Report of the Responsible Entity

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 half 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 half 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 AU\$10,000,000 which was renewed on 31 October 2019 and is next due for renewal on 1 October 2020. The Errors and Omissions Policy to provide professional indemnity coverage to the Responsible Entity for claims up to an aggregate value of US\$10,000,000 was renewed on 31 May 2020 and is next due for renewal on 31 May 2021. No claims have been made and no claims are pending under either policy. Further details in respect of the policies have not been provided as the policies 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 5 for the half year ended 30 June 2020.

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



31 August 2020

Auditor's Independence Declaration

As lead auditor for the review of Club Wyndham South Pacific for the half year ended 30 June 2020, 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 review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Club Wyndham South Pacific and the entity it controlled during the period.


Crowe Brisbane
Logan Meehan
Partner

Dated: 31 August 2020
Brisbane

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The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Brisbane, an affiliate of Findex (Aust) Pty Ltd.

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Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year ended 30 June 2020

	30 Jun 20 \$	30 Jun 19 \$
Revenue		
Levy income	35,556,530	38,294,320
Resort income	2,846,493	5,648,313
Other income	702,520	1,183,003
Total revenue	<u>39,105,543</u>	<u>45,125,636</u>
Expenditure		
Resort operation costs	(31,531,723)	(34,983,188)
Administration costs	(7,564,081)	(8,675,365)
Total expenditure	<u>(39,095,804)</u>	<u>(43,658,553)</u>
Profit before income tax	9,739	1,467,083
Income tax benefit / (expense)	325	(76,607)
Profit for the period	10,064	1,390,476
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	(752,831)	150,093
Other comprehensive (loss) / income for the period net of tax	(752,831)	150,093
Total comprehensive (loss) / income for the period	<u>(742,767)</u>	<u>1,540,569</u>

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

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Condensed Consolidated Statement of Financial Position
as at 30 June 2020

	30 Jun 20	31 Dec 19
	\$	\$
Current assets		
Cash and cash equivalents	50,982,919	52,301,143
Trade and other receivables	43,508,762	80,906,745
Inventories	140,157	144,786
Other current assets	4,813,092	7,994,137
Total current assets	<u>99,444,930</u>	<u>141,346,811</u>
Non-current assets		
Property, plant and equipment	487,871,309	482,158,682
Financial Assets	10,159,106	9,996,792
Right to use assets	211,945	221,194
Total non-current assets	<u>498,242,360</u>	<u>492,376,668</u>
Total assets	<u>597,687,290</u>	<u>633,723,479</u>
Current liabilities		
Trade and other payables	10,950,599	15,738,588
Other current liabilities	50,960,983	87,965,807
Employee benefits	593,510	1,118,069
Financial Liabilities	24,083	23,029
Total current liabilities	<u>62,529,175</u>	<u>104,845,492</u>
Non-current liabilities		
Employee benefits	217,731	209,808
Financial liabilities	195,269	203,396
Total non-current liabilities	<u>413,000</u>	<u>413,204</u>
Total liabilities	<u>62,942,175</u>	<u>105,258,696</u>
Net assets	<u>534,745,115</u>	<u>528,464,783</u>
Equity		
Vacation credits on issue	517,316,196	510,293,096
Retained earnings	15,908,207	15,898,143
Foreign currency translation reserve	1,520,712	2,273,544
	<u>534,745,115</u>	<u>528,464,783</u>

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

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Condensed Consolidated Statement of Changes in Equity
For the Half Year ended 30 June 2020

	Note	Vacation credits on issue \$	Retained earnings \$	Foreign currency translation reserve \$	Total \$
Consolidated					
Opening Balance as at 1 January 2019		484,805,011	15,072,269	1,954,996	501,832,276
Total comprehensive income / (loss) for the period		-	1,390,476	150,093	1,540,569
Transactions with owners in their capacity as Owners					
Vacation Credits issued		14,435,834	-	-	14,435,834
Closing balance 30 June 2019		499,240,845	16,462,745	2,105,089	517,808,679
Opening balance 1 January 2020		510,293,096	15,898,143	2,273,544	528,464,783
Total comprehensive income / (loss) for the period		-	10,064	(752,831)	(742,768)
Transactions with owners in their capacity as Owners					
Vacation Credits issued		7,023,100	-	-	7,023,100
Closing balance 30 June 2020		517,316,196	15,908,207	1,520,712	534,745,115

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

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Condensed Consolidated Statement of Cash Flows
For the Half Year ended 30 June 2020

	30 Jun 20 \$	30 Jun 19 \$
Cash flows from operating activities		
Receipts from customers	39,505,241	46,531,597
Interest received	395,403	674,978
Payments to suppliers and employees	(37,503,769)	(42,304,098)
GST paid	(88,070)	(597,567)
Net cash provided by operating activities	<u>2,308,804</u>	<u>4,304,910</u>
Cash flows from investing activities		
Payments for property, plant & equipment	(3,627,028)	(4,419,119)
Net cash used in investing activities	<u>(3,627,028)</u>	<u>(4,419,119)</u>
Cash flows from financing activities		
Advances to related parties	-	(278,085)
Net cash used in financing activities	<u>-</u>	<u>(278,085)</u>
Net (decrease) in cash and cash equivalents held	(1,318,224)	(392,294)
Cash and cash equivalents at the beginning of the financial period	<u>52,301,143</u>	<u>55,062,154</u>
Cash and cash equivalents at the end of the financial period	<u>50,982,919</u>	<u>54,669,860</u>

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

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Notes to the Condensed Consolidated Financial Statements
For the Half Year ended 30 June 2020

Note 1 Statement of significant accounting policies

(a) Basis of accounting

The Half Year Consolidated Financial Statements are general purpose financial statements that have been prepared in accordance with AASB 134: *Interim Financial Reporting*, 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 Club Wyndham South Pacific and the Controlled Entity as the Consolidated Entity. Club Wyndham South Pacific, ("the Club"), is domiciled and incorporated in Australia.

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

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 31 December 2019 and any public announcements made by Club Wyndham South Pacific and its Controlled Entity during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half year report does not include full disclosures of the type normally included in the annual financial statements.

This financial report was authorised for issue by the Board of Directors of the Responsible Entity on 31 August 2020.

Note 2 Equity

The Responsible Entity expressly waives and releases all rights and remedies which it otherwise might have at law or in equity to recover money from an Owner because of any right of indemnity or subrogation but nothing shall affect an Owner's liability to pay to the Responsible Entity any maintenance levies or special levies applicable in respect of their Ownership and relating to a period prior to termination of the Consolidated Entity.

Vacation credits on issue

	30 Jun 20 No. of units (6 Months)	31 Dec 19 No. of units (12 Months)
Balance at 1 January	1,043,698,790	981,674,490
Authorised Vacation Credits issued	17,006,350	62,024,300
Balance at end of period	<u>1,060,705,140</u>	<u>1,043,698,790</u>
Vacation Credits on issue represented by:		
Authorised Vacation Credits issued and sold	1,048,200,760	1,038,674,760
Authorised Vacation Credits issued but unsold	12,504,380	5,024,030
	<u>1,060,705,140</u>	<u>1,043,698,790</u>

As at 30 June 2020 the Responsible Entity does not hold any direct interest in the Consolidated Entity.

Note 3 Subsequent events

CWSP are continuing to closely monitor the impact of the COVID-19 pandemic on business operations and managing operational expenses so that the Club will continue to operate on a going concern basis.

There are no other matters of significance that have occurred since 30 June 2020 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 4 Non cash transactions

During the half year, 31 resort units at two locations and 52 weekly intervals at one resort location (half year ended 30 June 2019: 72 resort units at five locations) were acquired for the Consolidated Entity by Wyndham Destinations Asia Pacific Pty Limited - the Developer. As a result of this transaction 17,006,350 Vacation Credits were authorised (half year ended 30 June 2019: 31,068,650 credits). These transactions are non cash in nature and therefore not included in the Statement of Cash Flows. 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.

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
Notes to the Condensed Consolidated Financial Statements
For the Half Year ended 30 June 2020

Note 5 Transactions with related parties

The Responsible Entity of the Consolidated Entity is Wyndham Vacation Clubs South Pacific Limited. Management fees are determined in accordance with the Constitution of the Consolidated Entity. During the half year, the Consolidated Entity incurred fees amounting to \$3,671,524 (half year ended 30 June 2019: \$3,792,897) for the management of the entity by the Responsible Entity.

The Developer is Wyndham Destinations Asia Pacific Pty Limited. During the half year, the Developer acquired 31 resort units and 52 weekly intervals (financial year ended 31 December 2019: 117 units and 7,000,000 authorised credits in the Sundance Resort Japan Vacation Club points), which it has placed into the Consolidated Entity unencumbered.

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 half year ended 30 June 2020, the Developer levies were \$401,062 (half year ended 30 June 2019: \$110,071).

Other entities of the Wyndham Group provide services to the Club which are invoiced on commercial arms length terms as agreed with the Responsible Entity.

Note 6 New accounting standards and interpretations

The Club has reviewed all new accounting standards and amendments effective for the reporting period beginning 1 January 2020 and determined that there will be no impact on the Consolidated Entity's financial statements.

Club Wyndham South Pacific and Controlled Entity
A.R.S.N. 092 334 015
"Responsible Entity" Directors' Declaration

The Directors of the Responsible Entity declare that:

- (a) the financial statements and notes of Club Wyndham South Pacific and Controlled Entity set out on pages 6 to 11 are in accordance with the Corporations Act 2001, which:
 - (i) comply with AASB 134 : *Interim Financial Reporting and Corporations Regulations 2001* ; and
 - (ii) give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and its performance for the half 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 Crowley
Director
For and on behalf of Wyndham Vacation Clubs South Pacific Limited

31 August 2020

Independent Auditor's Review Report

To the members of Club Wyndham South Pacific

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Club Wyndham South Pacific and its controlled entity, which comprises the condensed consolidated statement of financial position as at 30 June 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is if free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Club Wyndham South Pacific and its controlled entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Club Wyndham South Pacific and its controlled entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


Crowe Brisbane
Logan Meehan
Partner

Dated: 31 August 2020
Brisbane