

CLUB WYNDHAM SOUTH PACIFIC

**CLUB WYNDHAM
SOUTH PACIFIC AND
CONTROLLED ENTITY**

A.R.S.N. 092 334 015

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

CONTENTS

INDEX	PAGE
Report of the Responsible Entity	3-5
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11 - 25
Responsible Entity's Directors' Declaration	26
Independent Auditor's Report	27-29

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
REPORT OF THE RESPONSIBLE ENTITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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 (The Club), and its Controlled Entity (The Consolidated Entity) for the year ended 31 December 2021.

DIRECTORS

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

NAME AND QUALIFICATIONS	SPECIAL RESPONSIBILITIES
Gary Martin Croker	Director
Elizabeth Collinson	Director
Liam Rayden Crawley	Director
Barry Alan Robinson Appointed 1 April 2021	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 16 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, 7 resort apartments at one resort location were placed into the Consolidated Entity for occupancy and 5,003,450 Vacation Credits were authorised (financial year ended 31 December 2020: 46 resort apartments at three resort locations and 52 weekly intervals at one resort location were placed into the Consolidated Entity for occupancy and 26,534,050 Vacation Credits were authorised). At 31 December 2021, 57,656 members of the public (31 December 2020: 58,443 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 2021 was \$8,214 (2020: \$3,390,439).

As at 31 December 2021, the value of the consolidated total assets was \$656,888,286 (2020: \$651,966,529). 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 \$8,605,484 (2020: \$7,321,211) for the management of the entity by the Responsible Entity. Noting that in 2020, the Responsible Entity provided relief to the Club of \$1,023,163 against its management fee due to COVID-19. As at 31 December 2021, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
REPORT OF THE RESPONSIBLE ENTITY
FOR THE YEAR ENDED 31 DECEMBER 2021

EVENTS SUBSEQUENT TO BALANCE DATE

On 14 February 2022, one (1) resort apartment at Club Wyndham Coffs Harbour was placed into the Consolidated Entity for occupancy and 1,004,250 Vacation Credits were authorised.

On 14 February 2022, two (2) resort apartments at Club Wyndham Phillip Island were placed into the Consolidated Entity for occupancy and 1,495,600 Vacation Credits were authorised.

On 14 February 2022, three (3) resort apartments at Club Wyndham Flynns Beach were placed into the Consolidated Entity for occupancy and 2,606,200 Vacation Credits were authorised.

On 16 February 2022, five (5) resort apartments at Club Wyndham Airlie Beach Whitsundays were placed into the Consolidated Entity for occupancy and 3,153,900 Vacation Credits were authorised.

On 1 April 2022, two (2) resort apartments at Club Wyndham Airlie Beach Whitsundays were placed into the Consolidated Entity for occupancy and 1,680,150 Vacation Credits were authorised.

On 1 April 2022, three (3) resort apartments at Club Wyndham Phillip Island were placed into the Consolidated Entity for occupancy and 1,966,400 Vacation Credits were authorised.

On 1 April 2022, five (5) resort apartments at Club Wyndham Flynns Beach were placed into the Consolidated Entity for occupancy and 4,280,050 Vacation Credits were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2021 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.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
REPORT OF THE RESPONSIBLE ENTITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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 1 October 2021 and is next due for renewal on 1 October 2022. The Errors and Omissions Policy to provide professional indemnity coverage to the Responsible Entity for claims up to an aggregate value of US\$5,000,000 was renewed on 31 May 2021 and is next due for renewal on 31 May 2022. 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 6 for the financial year ended 31 December 2021.

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

11 April 2022

Date

Auditor's Independence Declaration

As auditor of Club Wyndham South Pacific for the year ended 31 December 2021, 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 Club Wyndham South Pacific and the entities it controlled during the year.



CROWE BRISBANE



LOGAN MEEHAN

Partner – Audit & Assurance

Dated: 6 April 2022
Gold Coast

Liability limited by a scheme approved under Professional Standards Legislation.

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 external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. 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.

© 2022 Findex (Aust) Pty Ltd

CLUB WYNDHAM SOUTH PACIFIC 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 2021

	NOTE	2021	2020
		\$	\$
REVENUE			
Levy income		86,120,823	75,252,913
Resort income	2(a)	7,609,537	6,534,119
Other income	2(a)	2,229,572	4,783,542
TOTAL REVENUE		<u>95,959,932</u>	<u>86,570,574</u>
EXPENDITURE			
Resort operation costs		(79,007,420)	(68,023,198)
Administration costs	2(b)	(16,931,375)	(15,138,540)
TOTAL EXPENDITURE		<u>(95,938,795)</u>	<u>(83,161,738)</u>
Profit before income tax	3	21,137	3,408,836
Income tax expense	3	(12,923)	(18,397)
Profit for the year		<u>8,214</u>	<u>3,390,439</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of foreign operations		(7,305)	(598,621)
Other comprehensive Income for the year net of tax		(7,305)	(598,621)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>909</u>	<u>2,791,818</u>
Profit attributable to: Unitholders		<u>8,214</u>	<u>3,390,439</u>
PROFIT FOR THE YEAR		<u>8,214</u>	<u>3,390,439</u>
Total comprehensive income attributable to: Unitholders		<u>909</u>	<u>2,791,818</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>909</u>	<u>2,791,818</u>

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	4	58,534,663	58,351,155
Trade and other receivables	5	86,762,072	82,855,803
Inventories		218,938	166,308
Other current assets		7,343,252	7,113,991
TOTAL CURRENT ASSETS		<u>152,858,925</u>	<u>148,487,257</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	493,584,953	492,920,671
Financial assets	7	10,159,106	10,159,106
Right to use assets		285,302	399,495
TOTAL NON-CURRENT ASSETS		<u>504,029,361</u>	<u>503,479,272</u>
TOTAL ASSETS		<u>656,888,286</u>	<u>651,966,529</u>
CURRENT LIABILITIES			
Trade and other payables	8	12,668,613	14,599,158
Other current liabilities	9	94,892,385	92,354,991
Employee benefits		954,005	774,652
Financial liabilities		119,406	124,047
TOTAL CURRENT LIABILITIES		<u>108,634,409</u>	<u>107,852,848</u>
NON-CURRENT LIABILITIES			
Employee benefits		235,065	249,774
Financial liabilities		175,741	277,277
TOTAL NON-CURRENT LIABILITIES		<u>410,806</u>	<u>527,051</u>
TOTAL LIABILITIES		<u>109,045,215</u>	<u>108,379,899</u>
NET ASSETS		<u>547,843,071</u>	<u>543,586,630</u>
EQUITY			
Vacation credits on issue	10	526,878,657	522,623,125
Retained earnings		19,296,796	19,288,582
Foreign currency translation reserve		1,667,618	1,674,923
		<u>547,843,071</u>	<u>543,586,630</u>

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	VACATION CREDITS ON ISSUE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL
		\$	\$	\$	\$
CONSOLIDATED					
OPENING BALANCE 1 JANUARY 2020		510,293,096	15,898,143	2,273,544	528,464,783
Total comprehensive income / (loss) for the financial year		-	3,390,439	(598,621)	2,791,818
Transactions with owners in their capacity as Owners					
Vacation Credits issued	10	12,330,029	-	-	12,330,029
CLOSING BALANCE 31 DECEMBER 2020		522,623,125	19,288,582	1,674,923	543,586,630
OPENING BALANCE 1 JANUARY 2021		522,623,125	19,288,582	1,674,923	543,586,630
Total comprehensive income / (loss) for the financial year		-	8,214	(7,305)	909
Transactions with owners in their capacity as Owners					
Vacation Credits issued	10	4,255,532	-	-	4,255,532
CLOSING BALANCE 31 DECEMBER 2021		526,878,657	19,296,796	1,667,618	547,843,071

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		94,684,693	88,941,228
Interest received		155,310	590,102
Payments to suppliers and employees		(88,801,022)	(75,068,963)
Net cash provided by operating activities	11(a)	6,038,981	14,462,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(5,843,043)	(8,353,149)
Net cash used in investing activities		(5,843,043)	(8,353,149)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease repayments		(12,430)	(59,206)
Net cash provided by financing activities		(12,430)	(59,206)
Net increase / (decrease) in cash and cash equivalents held		183,508	6,050,012
Cash and cash equivalents at the beginning of the financial year		58,351,155	52,301,143
Cash and cash equivalents at the end of the financial year	11(b)	58,534,663	58,351,155

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Club Wyndham South Pacific (The Club), and its Controlled Entity as the Consolidated Entity. Club Wyndham South Pacific is domiciled and incorporated in Australia.

The financial statements of Club Wyndham South Pacific 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 11 April 2022.

Amounts in the consolidated financial report and directors' report have been rounded off to the nearest dollar.

(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 Club Wyndham South Pacific 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 Club Wyndham South Pacific.

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.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 principle 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.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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

Classification of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

Upon adoption of AASB 9, financial investments previously classified as available-for-sale which represent investments that the Club intends to hold for collecting contractual cashflows as well as via sale, were designated at the date of initial application as measured at FVOCI as permitted by AASB 9.

Loans and receivables are now classified as amortised cost.

The adoption of AASB 9 has not had a significant effect on the Club's accounting policies for financial liabilities.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Club becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

Financial instruments and contract assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Club expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(l) Leases

The Club leases reception and food and beverage outlet spaces. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-to-use asset and corresponding liability at the date at which the leased asset is available for use by the Club. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-to-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease terms reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Club's incremental borrowing rate.

Right-to-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs, and
- Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(m) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Consolidated entity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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 \$1,177,289 relating to outstanding levies aged greater than one year and without a current consumer financing loan balance. A provision for impairment has been raised against this amount.

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.

Key Judgments - Measurement of financial assets at fair value

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Consolidated Entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

(p) Date of registration

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

(q) New accounting standards and interpretations

The Club has reviewed all new accounting standards and amendments effective for the reporting period beginning 1 January 2021 and determined that there will be no impact on the Consolidated Entity's financial statements.

(r) New accounting standards for application in future periods

The Club has reviewed all new accounting standards and amendments effective for the reporting period beginning 1 January 2022 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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 2 (a) RESORT AND OTHER INCOME		
RESORT INCOME		
Reservation income	3,081,282	3,428,773
Income from sale of goods and services	4,528,255	3,105,346
	7,609,537	6,534,119
OTHER INCOME		
Interest income	144,949	560,584
Jobkeeper wage subsidies	797,550	3,668,001
Other	1,287,073	554,957
	2,229,572	4,783,542

The Jobkeeper wage subsidies relate to the total benefit received for wage subsidies as part of the Australian federal government Jobkeeper scheme.

NOTE 2 (b) EXPENDITURE

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

Employee benefit expense	17,711,994	11,344,614
Depreciation	9,056,134	8,560,136
Management fees	8,605,484	7,321,211
Superannuation	1,430,431	1,063,028
Credit card fees	651,261	565,217
Owner newsletter and resort guide	(29,501)	11,806
Impairment of receivables	773,114	625,007
Auditors' remuneration	89,204	90,556
Custodial fees	128,889	100,089
Compliance committee fees and compliance audit fees	16,001	58,930

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	21,137	3,408,836
Prima facie tax payable on profit before income tax at 25% (2020: 27.5%)	5,284	937,430
Adjustments for the tax effect of:		
Amounts excluded under Principle of Mutuality	(1,456,234)	(2,311,201)
Deferred tax assets (utilised)	1,463,873	1,392,168
Income tax expense	12,923	18,397

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

Deferred Tax Assets are 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 25% (2020: 27.5%).

TAX LOSSES	23,335,414	14,586,730
Potential tax benefit	5,833,853	4,011,351
TEMPORARY DIFFERENCES		
Other	(20,776)	2,647
Provisions	95,254	31,609
Potential tax benefit	18,619	9,420
Total deferred tax benefits not brought to account	5,852,472	4,020,771

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 4 CASH AND CASH EQUIVALENTS		
Cash on hand and bank balances at call	58,534,663	58,351,155
	58,534,663	58,351,155

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 2021 included in the above balance amounted to \$54,347,644 (2020: \$47,175,029). These funds are made up of a combination of cash and cash equivalents.

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

Owner levies receivable	87,261,155	82,554,661
Provision for impairment	(1,177,289)	(494,390)
Other receivables	521,822	652,956
Interest receivable	22,729	33,090
Related party receivables:		
Resort Management by Wyndham Pty Ltd	77,727	73,349
WVRAP (Denarau Island) Association Ltd	10,247	18,134
Club Wyndham Asia (Hong Kong) Ltd	-	624
Finance by Wyndham Pty Ltd	933	-
Wyndham Destinations Asia Pacific Pty Ltd	44,748	17,379
Total related party receivables	133,655	109,486
Total current trade and other receivables	86,762,072	82,855,803

Loans to the Controlled Entity are non-interest bearing and repayable on demand.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

Freehold land & buildings at cost	405,715,446	402,434,414
Leasehold land & buildings at cost	39,642,303	39,642,303
Building - common area at cost	3,415,053	3,846,760
Furniture, fittings & equipment at cost	114,872,432	108,172,521
Less: accumulated depreciation	(70,847,231)	(62,007,062)
Furniture, fittings & equipment at net book value	44,025,201	46,165,459
Office equipment, leasehold improvements & investment property	853,326	908,900
Less: accumulated depreciation	(66,376)	(77,166)
Office equipment, leasehold improvements & investment property at net book value	786,950	831,734
Total property, plant and equipment	493,584,953	492,920,671

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 (FFE)	Office equipment, leasehold investments and investment property	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
1 Jan 21	402,434,414	39,642,303	3,846,760	46,165,460	831,734	-	492,920,671
Additions and transfers	3,206,518	-	-	6,870,220	21,835	-	10,098,573
Non-cash adjustments to written down value of FFE for refurbishment cycles	-	-	-	(100,191)	(242)	-	(100,433)
Depreciation	-	-	-	(8,989,758)	(66,376)	-	(9,056,134)
Effects of foreign exchange translation	74,514	-	(431,707)	79,469	-	-	(277,724)
31 Dec 21	405,715,446	39,642,303	3,415,053	44,025,200	786,951	-	493,584,953

NOTE 7 FINANCIAL ASSETS

	2021	2020
	\$	\$
Financial assets - designated at fair value	10,159,106	10,159,106

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. In addition, the Club records Sundance Resort Club points which are equity interest entitlements within Sundance Resort Club as Financial Assets.

Fair Value measurement

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Consolidated Entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
2021				
Assets				
Financial Assets	-	10,159,106	-	10,159,106
Total assets	-	10,159,106	-	10,159,106
2020				
Assets				
Financial Assets	-	10,159,106	-	10,159,106
Total assets	-	10,159,106	-	10,159,106

The fair value of financial assets is measured through a market value approach utilising current market data that is available for similar financial assets. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Refer to note 1 (o) for further information on fair value measurement.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 8 TRADE AND OTHER PAYABLES	2021	2020
	\$	\$
Current		
Trade payables	1,187,955	783,029
Other payables	1,309,426	825,146
Accrued expenses	8,510,396	9,323,904
GST payable	45,912	366,528
	<u>11,053,689</u>	<u>11,298,607</u>
Related party payables:		
Wyndham Destinations Asia Pacific Pty Ltd	1,514,164	3,231,171
Finance by Wyndham Pty Ltd	-	15,727
Resort Management by Wyndham Pty Ltd	78,191	53,566
Wyndham Vacation Resorts (NZ) Limited	19,887	87
Club Wyndham Asia (Hong Kong) Ltd	2,682	-
Total related party payables	<u>1,614,924</u>	<u>3,300,551</u>
	<u>12,668,613</u>	<u>14,599,158</u>

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	2021	2020
	\$	\$
Owner levies deferred income	82,756,875	80,042,628
Reservation deposits received in advance	1,068,635	844,907
Housekeeping Tokens deferred income	11,066,875	11,467,456
	<u>94,892,385</u>	<u>92,354,991</u>

NOTE 10 EQUITY

OWNER VACATION CREDITS ON ISSUE	2021	2020
	NO. OF UNITS	NO. OF UNITS
Balance at 1 January	1,070,232,840	1,043,698,790
Authorised vacation credits issued	5,003,450	26,534,050
Balance at end of period	<u>1,075,236,290</u>	<u>1,070,232,840</u>

Vacation Credits on issue represented by:

Authorised Vacation Credits issued and sold	1,071,698,760	1,054,911,760
Authorised Vacation Credits issued but unsold	3,537,530	15,321,080
	<u>1,075,236,290</u>	<u>1,070,232,840</u>

OWNER VACATION CREDITS ON ISSUE	2021	2020
	\$	\$
Balance at 1 January	522,623,125	510,293,096
Authorised vacation credits issued	4,255,532	12,330,029
Balance at end of period	<u>526,878,657</u>	<u>522,623,125</u>

As at 31 December 2021, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 11 CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities with profit after income tax

	2021	2020
	\$	\$
Profit after income tax	8,214	3,390,439
Adjustments for non cash items:		
Depreciation expense	9,056,134	8,637,304
Provision for doubtful debts movement	682,899	477,504
Interest receivable movement	10,361	29,518
Non-Cash adjustments to written down value of furniture fittings and equipment for refurbishment cycles	100,434	153,506
Movement in foreign currency reserve	270,419	(84,222)
Changes in assets and liabilities:		
<i>(Increase)/Decrease in:</i>		
Trade receivables	(4,706,494)	(2,121,853)
Other receivables	131,134	(318,501)
Inventories	(52,630)	(21,522)
Deferred tax assets	6,934	3,022
Right to use Assets	114,193	(178,301)
Lease Liabilities	(106,177)	174,899
Prepayments	(236,195)	877,124
Related party payables	(1,709,796)	2,128,488
<i>Increase/(Decrease) in:</i>		
Trade payables	404,926	(3,914,472)
Income received in advance	2,537,393	4,389,184
Other payables and accrued expenses	(316,797)	837,678
Provision for employee entitlements	164,645	(303,452)
GST payable	(320,616)	306,024
Net cash provided by operating activities	<u>6,038,981</u>	<u>14,462,367</u>

(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:

Cash and cash equivalents per Statement of Cash Flows	<u>58,534,663</u>	<u>58,351,155</u>
Cash per Statement of Financial Position (Note 4)	<u>58,534,663</u>	<u>58,351,155</u>

(c) Financing facilities

The Consolidated Entity has no financing facilities with its bankers.

(d) Non-cash transactions

During the financial year, 7 resort apartments at one resort location 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.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 12 FINANCIAL REPORTING BY SEGMENTS

The Consolidated Entity operates predominantly, and is domiciled, in Australia, and its principal activity is that of a vacation ownership resort property owner and operator. The Consolidated Entity currently owns properties and equity interests at thirty six locations, of which one is in Fiji, one is in Thailand, one is in Indonesia, one in Germany, one in France, one in Italy, two are in New Zealand, three are in Hawaii, eight are in New South Wales, eight are in Queensland, six are in Victoria, one is in Tasmania and two are in Western Australia. The Consolidated Entity also owns equity interest points in the Sundance Resort Club in Japan with a network of 16 properties throughout Japan.

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, New Zealand or Fiji.

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 2021 (2020: 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.

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 2020.

(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 group entities to manage their foreign exchange risk against their functional currency. The NZ Owner Levies collected are 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 also has exposure to foreign currency risks associated with expenditure at its international properties which are denominated in a foreign currency. This includes the United States Dollar (payment of annual management fees at Hawaiian properties in USD), the Euro (payment of management fees at European properties in EUR), the Fijian Dollar (payment of Denarau Island resort expenditure in FJD), the Philippine Peso (payment of contracted admin services in PHP), Thai Baht (payment of Sea Pearl resort expenditure in THB), the Indonesian Rupiah (payment of Dreamland Bali resort expenditure in IDR) and Japanese Yen (payment of annual levy fees for Sundance Resort Club Points in JPY).

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 13 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

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:

	2021	2020
	\$	\$
Trade and other receivables	59,226	47,499
Trade and other payables	73,592	8,319

(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:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due (current)	84,856,094	-	81,261,023	-
Past due 10-30 days (31 - 60 day ageing)	207,587	-	185,468	-
Past due 31-60 days (61 - 90 day ageing)	330,782	-	326,787	-
Past due more than 60 days (+91 day ageing)	2,544,898	-	1,576,915	-
Provision for Doubtful Debts	-	(1,177,289)	-	(494,390)
	<u>87,939,361</u>	<u>(1,177,289)</u>	<u>83,350,193</u>	<u>(494,390)</u>

CWSP has evaluated the aged debtor balance as at 31 December 2021 and upon subsequent review has increased its provision relating to outstanding levies aged greater than one year and without a current consumer financing loan balance

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 carrying amounts

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

	2021	2020
	\$	\$
Impairment		
Late fees and penalties imposed assessed as impaired at the beginning of the year	(494,390)	(16,886)
Annual impairment expense per the Statement of Profit or Loss and Other Comprehensive Income	(773,114)	(625,007)
Late fees and penalties waived or written off during the year	90,215	147,503
Late fees and penalties imposed assessed as impaired at the end of the year	<u>(1,177,289)</u>	<u>(494,390)</u>

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 13 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 \$12,668,613 (2020: \$16,010,996) 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:

	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 2021						
Cash and cash equivalents	0.12%	58,534,663	-	-	-	58,534,663
Trade and other receivables		-	86,762,072	-	-	86,762,072
Total current financial assets		58,534,663	86,762,072	-	-	145,296,735
Trade and other payables		-	12,668,613	-	-	12,668,613
Total financial liabilities		-	12,668,613	-	-	12,668,613

	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 2020						
Cash and cash equivalents	0.48%	58,351,155	-	-	-	58,351,155
Trade and other receivables		-	82,855,803	-	-	82,855,803
Total current financial assets		58,351,155	82,855,803	-	-	141,206,958
Trade and other payables		-	14,599,158	-	-	14,599,158
Total financial liabilities		-	14,599,158	-	-	14,599,158

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 2021, 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 \$427,517 higher mainly as a result of higher interest income earned on cash and cash equivalents. Note, total interest received during the year of \$144,949 would be nil if rates decreased by 1% due to the average interest rate for 2021 was below 1%.

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 13 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (continued)

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.

	Carrying amount at 31 Dec 21	Carrying amount at 31 Dec 20	+1%		-1%	
			Profit	Equity	Profit	Equity
			\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	58,534,663	58,351,155	427,517	427,517	(144,949)	(144,949)
Total increase / (decrease)			427,517	427,517	(144,949)	(144,949)

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:

Barry Alan Robinson	President & Managing Director & Director
Liam Rayden Crawley	Chief Financial Officer & Director
Elizabeth Irene Collinson	SVP Legal and Compliance & Director
Warren Cullum	SVP Hospitality Operations
Bruce Harkness	SVP Human Resources and Customer Experience
Kieran McKenna	SVP Sales & Field Marketing
David Wray	SVP Acquisitions, Procurement & Property Development

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 \$8,605,484 (2020: \$7,321,211) for the management of the entity by the Responsible Entity. Noting that in 2020, the Responsible Entity provided relief to the Club of \$1,023,163 against its management fee due to COVID-19. As at 31 December 2021, 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 7 resort apartments at one resort location which it has placed into the Consolidated Entity unencumbered. (2020: 46 resort apartments at three resort locations and 52 weekly intervals at one resort location) 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 2021, the Developer levies received were \$904,125 (2020: \$872,235).
- (iv) During the year, the Consolidated Entity entered into a rental agreement with the Developer for a specific period to make units of accommodation (which are held by Developer) available exclusively for owner use. The total fees incurred by the Consolidated Entity in relation to the above rental agreement amounted to \$1,017,019.
- (v) 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

	2021	2020
	\$	\$
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	80,107	78,529
Taxation and other services	9,097	12,027
	89,204	90,556

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 16 CONTROLLED ENTITY

	COUNTRY OF INCORPORATION	PERCENTAGE OF OWNERSHIP	
		2021 %	2020 %
Subsidiary of Club Wyndham South Pacific 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 5, 1 Corporate Court
Bundall QLD 4217
Australia

NOTE 18 SUBSEQUENT EVENTS

On 14 February 2022, one (1) resort apartment at Club Wyndham Coffs Harbour was placed into the Consolidated Entity for occupancy and 1,004,250 Vacation Credits were authorised.

On 14 February 2022, two (2) resort apartments at Club Wyndham Phillip Island were placed into the Consolidated Entity for occupancy and 1,495,600 Vacation Credits were authorised.

On 14 February 2022, three (3) resort apartments at Club Wyndham Flynn's Beach were placed into the Consolidated Entity for occupancy and 2,606,200 Vacation Credits were authorised.

On 16 February 2022, five (5) resort apartments at Club Wyndham Airlie Beach Whitsundays were placed into the Consolidated Entity for occupancy and 3,153,900 Vacation Credits were authorised.

On 1 April 2022, two (2) resort apartments at Club Wyndham Airlie Beach Whitsundays were placed into the Consolidated Entity for occupancy and 1,680,150 Vacation Credits were authorised.

On 1 April 2022, three (3) resort apartments at Club Wyndham Phillip Island were placed into the Consolidated Entity for occupancy and 1,966,400 Vacation Credits were authorised.

On 1 April 2022, five (5) resort apartments at Club Wyndham Flynn's Beach were placed into the Consolidated Entity for occupancy and 4,280,050 Vacation Credits were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2021 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:

	2021 \$	2020 \$
Balance sheet		
Current assets	153,027,424	146,294,030
Total assets	653,269,315	645,767,041
Current liabilities	101,356,399	100,522,312
Total liabilities	101,356,399	100,772,086
<i>Unitholders equity:</i>		
Vacation credits on issue	526,878,657	522,623,125
Retained earnings	25,034,259	22,371,830
Total Equity	551,912,916	544,994,955
Profit for the year	<u>224,163</u>	<u>3,344,153</u>

(b) Guarantees entered into by the parent entity

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

CLUB WYNDHAM SOUTH PACIFIC AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
“RESPONSIBLE ENTITY” DIRECTORS’ DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2021

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 7 to 26 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 2021 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

Director
For and on behalf of Wyndham
Vacation Clubs South Pacific Limited

11 April 2022

Date

Club Wyndham South Pacific and Controlled Entity

Independent Auditor's Report

To the Members of Club Wyndham South Pacific

Opinion

We have audited the financial report of Club Wyndham South Pacific and Controlled Entity (the Scheme), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 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 (including Independence Standards) (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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Scheme, would be in the same terms if given to the directors as at the time of this auditor's report

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 2021 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.

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.

Liability limited by a scheme approved under Professional Standards Legislation.

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.

© 2022 Findex (Aust) Pty Ltd

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.
- 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 BRISBANE



LOGAN MEEHAN

Partner - Audit & Assurance

Dated: 14 April 2022
Gold Coast