WorldMark
SOUTH PACIFIC CLUB
BY WYNDHAM

WorldMark South Pacific Club and Controlled Entity

A.R.S.N. 092 334 015

FINANCIAL REPORT
For the year ended
31 December 2017

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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REPORT OF THE RESPONSIBLE ENTITY FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of the Responsible Entity, Wyndham Vacation Resorts South Pacific Limited A.B.N. 11 090 503 923, submit the financial statements of WorldMark South Pacific Club (The Club), and its Controlled Entity (The Consolidated Entity) for the year ended 31 December 2017.

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
Matthew James Taplin	Director
Jorge de la Osa	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 36 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, 73 resort apartments at eight resort locations (2016: 112 resort apartments at eight resort locations) were placed into the Consolidated Entity for occupancy and 61,293,950 Vacation Credits were authorised (2016: 71,812,500 credits). In addition to these units a total of 1,534 weekly intervals at two resort locations in Hawaii (2016: Nil) were placed into the Consolidated Entity for occupancy and 27,138,500 Vacation Credits were authorised (2016: Nil). At 31 December 2017, 56,189 members of the public (2016: 54,160 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 2017 was $3,504,943 (2016: $4,134,997).

As at 31 December 2017, the value of the consolidated total assets was $558,156,889 (2016: $510,228,589). The valuation method for these assets is disclosed in Note 1 to the financial statements.

Distributions

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

State of affairs

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

Responsible entity fees

During the year, the Consolidated Entity incurred fees amounting to $6,267,903, (2016: $5,652,848) for the management of the entity by the Responsible Entity. As at 31 December 2017, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

Events subsequent to balance date

On 20 January 2018, one (1) resort apartment at Ramada Perth, Australia was placed into the Consolidated Entity for occupancy and 796,200 Vacation Credits valued at $453,000 were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2017 that have or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future periods.

Options

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

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

Likely developments

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

Indemnification and insurance of officers and auditors

In respect of the Consolidated Entity:

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

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

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

In respect of the Responsible Entity:

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

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

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

Insurance premiums

A condition of the Australian Financial Services License is that the Consolidated Entity must maintain an insurance policy covering professional indemnity and fraud by officers that is adequate having regard to the nature of the activities carried out by the Consolidated Entity. Accordingly, throughout the financial period the Responsible Entity had a policy to cover its Directors or Executive Officers for liability and legal expenses for claims up to an aggregate value of US$15,000,000. Such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been the Directors or Executive Officers of the Responsible Entity. The Responsible Entity also had a professional indemnity policy (E&OE) with a limit of US$15,000,000. Both policies were renewed on 13 July 2017 and are next due for renewal on 13 July 2018. No claims have been made and no claims are pending under the policies. Further details in respect of the policy have not been provided as the policy prohibits such disclosure.

Leave of proceedings

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

Auditor’s independence declaration

The auditor’s independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the financial year ended 31 December 2017.

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

Matthew Taplin ______________________ Date 21 March 2018

Director

For and on behalf of Wyndham Vacation Resorts South Pacific Limited

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Auditor's Independence Declaration

As auditor of WorldMark South Pacific Club for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

Crowe Horwath Brisbane

Crowe Horwath Brisbane

Logan Meehan
Partner

Signed at Brisbane, 21 March 2018

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Revenue			
Levy income		65,475,751	58,276,459
Resort income	2(a)	14,039,298	13,496,218
Other income	2(a)	2,034,052	2,294,628
Total revenue		81,549,101	74,067,305
Expenditure			
Resort operation costs		(61,665,237)	(55,149,656)
Administration costs	2(b)	(16,416,760)	(14,668,372)
Total expenditure		(78,081,997)	(69,818,028)
Profit before income tax	3	3,467,104	4,249,277
Income tax expense	3	37,839	(114,280)
Profit for the year		3,504,943	4,134,997
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(1,188,637)	590,477
Other comprehensive (loss) / income for the year net of tax		(1,188,637)	590,477
Total comprehensive income for the year		2,316,306	4,725,474
Profit attributable to:			
Unitholders		3,504,943	4,134,997
Profit for the year		3,504,943	4,134,997
Total comprehensive income attributable to:			
Unitholders		2,316,306	4,725,474
Total comprehensive income for the year		2,316,306	4,725,474

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

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	4	48,603,111	40,007,483
Trade and other receivables	5	67,926,626	61,094,760
Inventories	6	173,410	126,438
Other current assets	7	2,901,922	2,329,400
Total current assets		119,605,069	103,558,081
Non-current assets			
Property, plant and equipment	8	432,880,016	406,670,508
Financial Assets	9	5,671,804	-
Total non-current assets		438,551,820	406,670,508
Total assets		558,156,889	510,228,589
Current liabilities			
Trade and other payables	10	9,160,281	7,637,895
Other current liabilities	11	69,888,029	63,028,477
Employee benefits	12	1,068,676	974,377
Total current liabilities		80,116,986	71,640,749
Non-current liabilities			
Employee benefits	12	256,526	281,437
Total non-current liabilities		256,526	281,437
Total liabilities		80,373,512	71,922,186
Net assets		477,783,377	438,306,403
Equity			
Vacation Credits on issue	13	460,456,027	423,295,359
Retained earnings		16,319,864	12,814,921
Foreign currency translation reserve		1,007,486	2,196,123
		477,783,377	438,306,403

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

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Vacation Credits on issue $	Retained earnings $	Foreign currency translation reserve $	Total $
Consolidated					
Opening balance 1 January 2016		383,938,734	8,679,924	1,605,646	394,224,304
Total comprehensive income for the financial year		-	4,134,997	590,477	4,725,474
Transactions with Owners in their capacity as Owners					
Vacation Credits issued	13	39,356,625	-	-	39,356,625
Closing balance 31 December 2016		423,295,359	12,814,921	2,196,123	438,306,403
Opening balance 1 January 2017		423,295,359	12,814,921	2,196,123	438,306,403
Total comprehensive income / (loss) for the financial year		-	3,504,943	(1,188,637)	2,316,306
Transactions with Owners in their capacity as Owners					
Vacation Credits issued	13	37,160,668	-	-	37,160,668
Closing balance 31 December 2017		460,456,027	16,319,864	1,007,486	477,783,377

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		83,324,682	74,654,985
Interest received		1,043,973	998,301
Payments to suppliers and employees		(71,211,121)	(64,016,297)
GST paid		(901,687)	(907,759)
Net cash provided by operating activities	14(a)	12,255,847	10,729,230
Cash flows from investing activities			
Payments for property, plant & equipment		(3,656,619)	(5,055,321)
Net cash used in investing activities		(3,656,619)	(5,055,321)
Cash flows from financing activities			
Advances (to) / from related parties		(3,600)	698,116
Net cash (used in) / provided by financing activities		(3,600)	698,116
Net increase in cash and cash equivalents held		8,595,628	6,372,025
Cash and cash equivalents at the beginning of the financial year		40,007,483	33,635,458
Cash and cash equivalents at the end of the financial year	14(b)	48,603,111	40,007,483

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

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

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

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

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

This financial report was authorised for issue by the Board of Directors of the Responsible Entity on 21 March 2018.

(b) Principles of consolidation

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

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

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

(c) Property, plant and equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Depreciation

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

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Vacation Resorts Asia Pacific Pty Limited and are paid to the Club within 14 days of the end of the month, in accordance with the Constitution of the Consolidated Entity.

(g) Revenue

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

Levy revenue from Owners 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.

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

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

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

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

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

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

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

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

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

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

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

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

Financial assets at amortised cost
If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.
Impairment on loans and receivables is reduced through the use of an allowance account. All other impairment losses on financial assets at amortised cost are taken directly to the asset.

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

(l) Comparative figures

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

(m) Critical accounting estimates and judgments

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

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgments (continued)

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 $20,631 relating to owners' late fees. A provision for impairment has been raised against this amount. This provision is based on a percentage estimate of late fees receivable that may be written off against revenue. Assumptions for the estimate are based on historical data and recent trends.

Key Judgments - Classification of financial instruments

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

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

(n) Date of registration

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

(o) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New accounting standards and interpretations

Adoption of new and revised Accounting Standards and Interpretations
In the current period, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the entity's accounting policies. Also, the adoption of these new and revised Standards and Interpretations did not result in any changes to the reported results or financial position for the current or prior year.

(q) New accounting standards for application in future periods
At the date of authorisation of the financial report, the Standards and Interpretations listed below were issued but not yet effective.

Standard/Interpretation	Operative Date	Expected to be initially applied	Impact on the entity
AASB 9: Financial Instruments AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The standard also introduces additional new disclosures.	1 January 2018	31 December 2018	The Club has assessed that financial assets, other than equity instruments, recognised in the year ending 31 December 2017 do not meet the SPPI criterion given the financial assets have other cash flows that are not solely payments of princial and interest. Therefore no impact attributable to the new standard is noted and adjustment to the initial recognition of the financial assets is not required. In line with AASB 9, the financial assets have been classified and measured at fair value and any realised and unrealised gains and losses arising from changes in the fair value of these assets will be included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. All recognised financial assets have been assessed for indicators of changes in fair value as at the reporting date and no significant movement from the acquisition value has been established.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New accounting standards for application in future periods (continued)

Standard/Interpretation	Operative Date	Expected to be initially applied	Impact on the entity
AASB 15: Revenue from Contracts from Customers This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: - contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; - determine the transaction price, adjusted for the time value of money excluding credit risk; - allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and - recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.	1 January 2018	31 December 2018	The Club has analysed all revenue streams and concluded there will be insignificant changes required to the reporting of revenue. As a result of AASB15, from 1 January 2018 the Club will amend the presentation of reporting revenue derived from third parties for commission earned on selling third party goods and services. Revenue will be reported on a net basis rather than presented as gross with associated cost of sale. Prior year comparatives will be restated in the half-year and annual Financial Statements in 2018. The estimated impact on revenue disclosure in the 2017 financial year is $730,000.
AASB 16: Leases This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).	1 January 2018	31 December 2018	The Club is conducting a full review of all lease agreements where the Club is Lessee and Lessor to determine the impact of any changes to AASB 16. The Club will adopt any changes to the accounting treatment of leases effective 1 January 2019. Upon initial assessment, no material impacts have been identified.

NOTE 2 (a) RESORT AND OTHER INCOME

	2017	2016
Resort income	**$**	**$**
Reservation income	8,580,216	8,253,443
Income from sale of goods and services	5,459,082	5,242,775
	14,039,298	13,496,218
Other income		
Interest income	1,064,573	1,011,431
Other	969,479	1,283,197
	2,034,052	2,294,628

NOTE 2 (b) EXPENDITURE

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

	2017	2016
Employee benefit expense	19,111,537	17,848,166
Depreciation	7,430,673	6,379,309
Management fees	6,267,903	5,652,848
Superannuation	1,495,537	1,371,905
Credit card fees	650,150	624,317
Owner newsletter and resort guide	350,282	298,735
Impairment of receivables	311,001	214,270
Auditors' remuneration	99,979	79,200
Custodial fees	88,834	78,000
Compliance Committee fees and Compliance Audit fees	45,629	53,857

NOTE 3 INCOME TAX

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

	2017	2016
Profit before income tax	3,467,104	4,249,277
Prima facie tax payable on profit before income tax at 30% (2016: 30%)	1,040,131	1,274,783
Adjustments for the tax effect of:		
Amounts excluded under Principle of Mutuality	(942,735)	(884,222)
Deferred tax assets (utilised)	(135,235)	(276,281)
Income tax (benefit) / expense	(37,839)	114,280

Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in note 1 occur based on corporate tax rate of 30% (2016: 30%):

	2017	2016
Tax losses	7,610,958	7,997,316
Potential tax benefit	2,283,287	2,399,195
Temporary differences		
Other	4,697	5,395
Provisions	31,170	94,900
Potential tax benefit	10,761	30,088
Total deferred tax benefits not brought to account	2,294,048	2,429,283

NOTE 4 CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash on hand and bank balances at call	48,603,111	40,007,483
	48,603,111	40,007,483

The Call Deposit account interest is variable, with a rate of 1.50% as at 31 December 2017 (2016: 1.40%).

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 2017 amounted to $33,668,718 (2016: $28,772,736). These funds are made up of a combination of cash and cash equivalents.

NOTE 5 TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Current		
Owner levies receivable	67,437,261	60,538,845
Provision for impairment	(20,631)	(22,012)
Other receivables	423,536	485,562
Interest receivable	76,547	55,947
Related Party Receivables:		
Resort Management by Wyndham Pty Ltd	2,559	32,741
Wyndham Vacation Resorts (Thailand) Ltd	7,354	3,677
Total related party receivables	9,913	36,418
Total current trade and other receivables	67,926,626	61,094,760

NOTE 6 INVENTORIES

	2017 $	2016 $
Resort inventories - finished goods at cost	173,410	126,438

NOTE 7 OTHER CURRENT ASSETS

	2017 $	2016 $
Prepayments	2,901,922	2,329,400

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Freehold land & buildings at cost	353,236,076	329,153,605
Leasehold land & buildings at cost	39,642,303	39,642,303
Building - common area at cost	3,415,053	3,415,053
Furniture, fittings & equipment at cost	80,743,143	72,819,816
Less: accumulated depreciation	(44,418,566)	(38,635,543)
Furniture, fittings & equipment at net book value	36,324,577	34,184,273
Office equipment, leasehold improvements and investment property	286,994	305,419
Less: accumulated depreciation	(24,987)	(30,145)
Office equipment, leasehold improvements and investment property at net book value	262,007	275,274
Total property, plant and equipment	432,880,016	406,670,508

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Freehold land & buildings $	Leasehold land & buildings $	Building - common area $	Furniture, fittings & equipment $	Office equipment, leasehold improvements and investment property $	Total $
1 Jan 17	329,153,605	39,642,303	3,415,053	34,184,273	275,274	406,670,508
Additions and transfers	25,287,699	-	-	9,845,829	11,958	35,145,486
Disposals at written down value	-	-	-	(192,165)	(238)	(192,403)
Depreciation	-	-	-	(7,405,686)	(24,987)	(7,430,673)
Effects of foreign exchange translation	(1,205,228)	-	-	(107,674)	-	(1,312,902)
31 Dec 17	353,236,076	39,642,303	3,415,053	36,324,577	262,007	432,880,016

	Freehold land & buildings $	Leasehold land & buildings $	Building - common area $	Furniture, fittings & equipment $	Office equipment, leasehold improvements and investment property $	Total $
1 Jan 16	293,452,171	38,778,134	3,415,053	32,469,989	297,320	368,412,667
Additions and transfers	35,155,002	864,169	-	8,384,679	8,099	44,411,949
Disposals at written down value	-	-	-	(334,333)	-	(334,333)
Depreciation	-	-	-	(6,349,164)	(30,145)	(6,379,309)
Effects of foreign exchange translation	546,432	-	-	13,102	-	559,534
31 Dec 16	329,153,605	39,642,303	3,415,053	34,184,273	275,274	406,670,508

NOTE 9 FINANCIAL ASSETS

	2017 $	2016 $
Timeshare weeks	5,671,804	-

The Club owns registered interests in real estate represented by Vacation Ownership Interests in resorts at Pahio at Ka 'Eo Kai Phase II and Phase III and Bali Hai Villas, all of which are located on the island of Kauai, Hawaii. Specifically, the Club has acquired perpetual Timeshare interests with an annual allocation of 173 weekly intervals in 1 bedroom standard rooms at Bali Hai Villas, 472 weekly intervals in 2 bedroom deluxe apartments at Bali Hai Villas, 584 weekly intervals in 2 bedroom standard apartments at Ka 'Eo Kai Resort and 305 weekly intervals in 2 bedroom deluxe apartments at Ka 'Eo Kai Resort.

NOTE 10 TRADE AND OTHER PAYABLES

	2017	2016
Current		
Trade payables	1,876,577	1,294,642
Other payables	761,074	720,393
Accrued expenses	5,614,800	4,673,382
GST payable	157,978	169,523
	8,410,429	6,857,940
Related Party Payables:		
Wyndham Vacation Resorts Asia Pacific Pty Ltd	721,395	764,215
Finance by Wyndham Pty Ltd	16,062	7,952
WorldMark by Wyndham (NZ) Limited	64	64
WVRAP (Denarau Island) Association Ltd	12,331	7,724
	749,852	779,955
	9,160,281	7,637,895

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 11 OTHER CURRENT LIABILITIES

	2017	2016
Owner levies deferred income	68,951,306	62,127,804
Reservations deposits received in advance	936,723	900,673
	69,888,029	63,028,477

NOTE 12 PROVISIONS

	2017	2016
Current		
Provision for annual leave	708,769	669,486
Provision for long service leave	359,907	304,891
	1,068,676	974,377
Non current		
Provision for long service leave	256,526	281,437

NOTE 13 EQUITY

Owner Vacation Credits on issue	**2017** **No. of units**	**2016** **No. of units**
Balance at 1 January	841,940,840	770,128,340
Authorised Vacation Credits issued	88,432,450	71,812,500
Balance at end of period	930,373,290	841,940,840
Vacation Credits on issue represented by:		
Authorised Vacation Credits issued and sold	909,214,760	835,522,760
Authorised Vacation Credits issued but unsold	21,158,530	6,418,080
	930,373,290	841,940,840

Note 13 EQUITY (CONTINUED)

Owner Vacation Credits on issue

		2017	2016
		$	$
Balance at 1 January		423,295,359	383,938,734
Authorised Vacation Credits issued	Note 14 (d)	37,160,668	39,356,625
Balance at end of period		460,456,027	423,295,359

As at 31 December 2017, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

NOTE 14 CASH FLOW INFORMATION

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

	2017	2016
Profit after income tax	3,504,943	4,134,997
Adjust for non cash items:		
Depreciation	7,430,673	6,379,309
Provision for doubtful debts	(1,381)	1,383
Interest receivable	(20,600)	(13,130)
Loss on sale of property, plant and equipment	192,403	334,333
Movement in foreign currency reserve	124,264	30,941
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Trade receivables	(6,898,416)	(6,911,967)
Other receivables	62,026	(198,694)
Inventories	(46,972)	(12,646)
Prepayments	(572,522)	(195,119)
Increase/(Decrease) in:		
Trade payables	581,935	207,236
Income received in advance	6,859,552	6,957,352
Other payables and accrued expenses	982,099	(175,719)
Provision for employee entitlements	69,388	230,964
GST payable	(11,545)	(17,617)
Income tax payable	-	(22,393)
Net cash provided by operating activities	12,255,847	10,729,230

(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:

	2017	2016
Cash and cash equivalents per Statements of Cash Flows	48,603,111	40,007,483
Cash per Statement of Financial Position (Note 4)	48,603,111	40,007,483

(c) Financing facilities

The Consolidated Entity has no financing facilities with its bankers.

(d) Non-cash transactions

During the financial year, 73 resort apartments at eight resort locations valued at $37,160,668 (2016: 112 apartments at eight resort locations valued at $39,356,625) were acquired for the Consolidated Entity by Wyndham Vacation Resorts Asia Pacific Pty Limited - the Developer. In addition to these units a total of 1,534 weekly intervals at two resort locations in Hawaii valued at $5,671,804 (2016: Nil) were acquired for the Consolidated Entity by Wyndham Vacation Resorts Asia Pacific Pty Limited - the Developer. The Developer owns one special class of Vacation Credit known as the Developer Vacation Credit. Under the terms of the Constitution of the Consolidated Entity, in exchange for placing the resort apartments into the Consolidated Entity unencumbered, the Developer is entitled to the proceeds of the Vacation Credits, as and when they are issued to the general public by the Responsible Entity.

NOTE 15 FINANCIAL REPORTING BY SEGMENTS

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

The majority of administrative operations are carried out at the Consolidated Entity's head office in Queensland.

The members of the Consolidated Entity mainly reside in Australia, Fiji or New Zealand.

NOTE 16 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 2017 (2016: Nil).

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

Financial risk management

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

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

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

Capital risk management

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

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

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

The Consolidated Entity's overall strategy remains unchanged from the year ended 31 December 2016.

(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 is used to fund the NZ operations and all excess cash is maintained in NZ until such time as the Parent Entity requires the cash flow.

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

	2017 $	2016 $
Trade and other receivables	40,081	464,885
Trade and other payables	1,312,396	174,245

NOTE 16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 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:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due (current)	66,840,836	-	59,853,277	-
Past due 10-30 days (31 - 60 day ageing)	100,963	-	173,053	-
Past due 31-60 days (61 - 90 day ageing)	154,884	-	78,255	-
Past due more than 60 days (+91 day ageing)	850,574	(20,631)	1,012,187	(22,012)
Provision for doubtful debts		(15,000)		
	67,947,257	(35,631)	61,116,772	(22,012)

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:

	2017	2016
	$	$
Impairment		
Late fees and penalties imposed assessed as impaired at the beginning of the year	(22,012)	(20,629)
Annual impairment expense per the Statement of Profit or Loss and Other Comprehensive Income	(311,001)	(214,270)
Late fees and penalties waived or written off during the year	312,382	212,887
Late fees and penalties imposed assessed as impaired at the end of the year	(20,631)	(22,012)

(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 following are contractual maturities of financial liabilities:

31 December 2017 - Consolidated	Carrying amount $	Contractual cash flows $	Less than one year $	1-5 years $	Over 5 years $
Trade and other payables	9,160,281	9,160,281	9,160,281	-	-
31 December 2016 - Consolidated					
Trade and other payables	7,637,895	7,637,895	7,637,895	-	-

NOTE 16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2017						
Cash and cash equivalents	2.23%	48,603,111	-	-	-	48,603,111
Trade and other receivables		-	67,926,626	-	-	67,926,626
Total financial assets		48,603,111	67,926,626	-	-	116,529,737
Trade and other payables		-	9,160,281	-	-	9,160,281
Total financial liabilities		-	9,160,281	-	-	9,160,281

	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 2016						
Cash and cash equivalents	2.44%	40,007,483	-	-	-	40,007,483
Trade and other receivables		-	61,094,760	-	-	61,094,760
Total financial assets		40,007,483	61,094,760	-	-	101,102,243
Trade and other payables		-	7,637,895	-	-	7,637,895
Total financial liabilities		-	7,637,895	-	-	7,637,895

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 2017, 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 $390,408 lower/higher mainly as a result of lower/ higher interest income earned on cash and cash equivalents.

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

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

NOTE 16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (continued)

	Carrying amount at 31 Dec 17	Carrying amount at 31 Dec 16	+1%		-1%	
			Profit	Equity	Profit	Equity
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents and other financial assets	48,603,111	40,007,483	390,408	390,408	(390,408)	(390,408)
Total increase / (decrease)			390,408	390,408	(390,408)	(390,408)

NOTE 17 KEY MANAGEMENT PERSONNEL

(a) Key management personnel

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

Liam Rayden Crawley	Chief Financial Officer	
Gary Martin Croker	Director	
Adam Geneave	VP Customer Experience	
Bruce Harkness	SVP Human Resources	
Ross Stanley Nicholas	VP of Public Relations and Corporate Marketing	
Jorge de la Osa	Director	
Barry Alan Robinson	President & Managing Director	
Elizabeth Irene Collinson	SVP Legal and Compliance	Appointed June 2017
Matthew James Taplin	Director	
Kieran McKenna	SVP Sales	
Tiffany Rose	SVP Legal and Compliance	Resigned June 2017

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 Resorts 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 other related entities

(i) During the financial year, the Consolidated Entity incurred fees amounting to $6,267,903 (2016: $5,652,848) for the management of the entity by the Responsible Entity. As at 31 December 2017, the Responsible Entity does not hold any direct interest in the Consolidated Entity.

(ii) The Developer is Wyndham Vacation Resorts Asia Pacific Pty Limited. During the year, the Developer acquired 73 resort apartments (2016: 112 apartments) and 1,534 weekly intervals which is equivalent to 29.5 apartments (2016: Nil weekly intervals) which it has placed into the Consolidated Entity unencumbered. Refer to note 14(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 2017, the Developer levies received were $516,667 (2016: $399,914).

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

NOTE 18 AUDITORS' REMUNERATION

	2017 $	2016 $
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	77,804	70,750
Taxation and other services	22,175	8,450
	99,979	79,200

NOTE 19 CONTROLLED ENTITY

	Country of incorporation	Percentage of Ownership 2017 %	2016 %
Parent entity			
WorldMark South Pacific Club	Australia	-	-
Subsidiary of WorldMark South Pacific Club			
WorldMark by Wyndham (NZ) Limited	New Zealand	100	100

NOTE 20 COMPANY DETAILS

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

NOTE 21 SUBSEQUENT EVENTS

On 20 January 2018, one (1) resort apartment at Ramada Perth, Australia, was placed into the Consolidated Entity for occupancy and 796,200 Vacation Credits valued at $453,000 were authorised.

Apart from the matters discussed above, there are no other matters of significance that have occurred since 31 December 2017 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 22 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information

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

	2017 $	2016 $
Balance sheet		
Current assets	115,541,803	99,822,962
Total assets	554,287,063	505,056,066
Current liabilities	79,726,155	71,245,299
Total liabilities	80,007,592	71,526,736
Unitholders equity:		
Vacation Credits on issue	460,456,027	423,295,359
Retained earnings	13,848,356	10,233,971
	474,304,383	433,529,330
Profit for the year	3,614,386	3,864,653
Total comprehensive income	3,614,386	3,864,653

(b) Guarantees entered into by the parent entity

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

WORLDMARK SOUTH PACIFIC CLUB AND CONTROLLED ENTITY
A.R.S.N. 092 334 015
"RESPONSIBLE ENTITY" DIRECTORS' DECLARATION

The Directors of the Responsible Entity declare that:

(a) the financial statements and notes of WorldMark South Pacific Club and Controlled Entity set out on pages 7 to 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 2017 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.

Matthew Taplin ______________________ 21 March 2018

Director

For and on behalf of Wyndham Vacation Resorts South Pacific Limited

Crowe Horwath Brisbane
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WorldMark South Pacific Club and Controlled Entity

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

Opinion

We have audited the financial report of WorldMark South Pacific Club and Controlled Entity (the Scheme), which comprises the consolidated statement of financial position as at 31 December 2017, 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 2017 and of its financial performance for the year then ended.

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

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Responsible Entity for the year ended 31 December 2017, 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.

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

Logan Meehan
Partner

Signed at Brisbane, 21 March 2018

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VACATION RESORTS
ASIA PACIFIC

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