

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

INDEX	PAGE
Report of the Responsible Entity	3 - 5
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 22
Responsible Entity's Directors' Declaration	23
Independent Auditor's Report	24 -
Unaudited Detailed Statement of Profit or Loss	

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
REPORT OF THE RESPONSIBLE ENTITY

The Directors of the Responsible Entity, Primary Securities Ltd A.B.N. 96 089 812 635 (**Primary**), submit the financial report of Phillip Island Resort Scheme (the Scheme) for the year ended 31 December 2018.

Directors

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

David Sydney Butterfield		Chairman
Robert Garton Smith		Director
Natasha Olsen	(appointed 16 October 2018)	Director
Ian Mackenzie Murchison	(resigned 8 March 2019)	Director
Anthony Wamsteker	(resigned 18 April 2018)	Director

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

Principal Activities

During the financial year the principal continuing activities of the Scheme consisted of conducting a hotel letting pool for the benefit of the Scheme members. This letting pool is managed by Resort Management by Wyndham Pty Ltd (**the Manager**) as agent for the Responsible Entity.

Review and Results of Operations

The Scheme was registered on 12 February 2012 and commenced operation of its principal activities on 30 May 2012. The Scheme comprised of 125 Villas (2017: 125 Villas) within the entire complex of 211 Villas, with an assigned 782 Villa entitlements (2017: 782) of a total 1,338 Villa entitlements as at 31 December 2018.

For the financial year ended 31 December 2018, the Scheme recorded a profit from continuing operations of \$137,932 (2017: \$27,771). Average occupancy during the year was 60.8% (2017: 63.4%) at an average rate of \$162 (2017: \$162) resulting in total revenues of \$5,269,183 (2017: \$5,409,190).

Gross Operating Profit (GOP) was \$2,407,253 (2017: \$2,657,209) with a GOP margin of 45.7% (2017: 49.1%). The Scheme manages and services 52 rooms on behalf of Worldmark South Pacific Club and received a total of \$737,770 (2017: \$691,267) in housekeeping and management fees during the year. The Scheme also paid the Manager management, marketing and royalty fees of \$517,258 (2017: \$631,431).

As at 31 December 2018, the value of the total assets was \$799,854 (2017: \$1,636,150). The valuation method for these is disclosed in Note 1 to the financial statements.

Distributions

Subject to clause 13.4 and 25 in the constitution, distribution entitlements will be calculated at the end of a distribution period and remitted to Scheme Members. The amount approved for distribution at 31 December 2018 is \$97,681 (2017: Nil).

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
REPORT OF THE RESPONSIBLE ENTITY

Responsible Entity Fees

During the financial year, the Scheme incurred fees of \$163,854 (2017: \$343,107) from Primary Securities for acting as the Responsible Entity. As at 31 December 2018, the Responsible Entity does not hold any direct interest in the Scheme.

Events Subsequent to Balance Date

The Directors confirm that there have been no events subsequent to the balance date which have had a material effect on the 2018 result.

Upon completion of the audit of the Financial Statements the Scheme will be wound up and a final distribution paid to villa owners.

Options

The Scheme 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 Scheme Interests.

Interests of the Responsible Entity and Associates

The Responsible Entity and its associates did not hold any interests in the Scheme as at 31 December 2018.

Termination of the Scheme

At a meeting of villa owners held in October 2018 it was resolved to terminate the scheme. The Scheme terminated effective 31 December 2018.

Environmental Issues

The Scheme's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory legislation.

Indemnities and Insurance Premiums for Officers or Auditors

During or since the end of the financial period no insurance premiums have been paid out of the Scheme's assets in relation to insurance cover for the Responsible Entity, officers and employees, the Compliance Committee or auditors of the Scheme.

The Responsible Entity have made agreements to indemnify all respective directors and executive officers for liabilities incurred as an officer or director. The respective insurance contracts specifically prohibit disclosure of the nature of the insured liabilities and of the premium in respect of this policy.

Leave of Proceedings

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

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
REPORT OF THE RESPONSIBLE ENTITY

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity - Primary Securities Ltd.



Robert Garton Smith
Managing Director
For and on behalf of Primary Securities Ltd

15th April 2019
Date

Auditor's Independence Declaration

As auditor of Phillip Island Resort Scheme for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Phillip Island Resort Scheme.



Crowe Horwath Brisbane



Logan Meehan
Partner

Signed at Brisbane, 16 April 2019

Crowe Horwath Brisbane is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

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 Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE			
Resort Income	2(a)	4,490,900	4,674,659
Other Income	2(a)	778,233	734,531
TOTAL REVENUE		<u>5,269,133</u>	<u>5,409,190</u>
EXPENDITURE			
Resort Operation Costs		(4,045,305)	(4,091,797)
Administration Costs		(1,085,896)	(1,289,622)
TOTAL EXPENDITURE		<u>(5,131,201)</u>	<u>(5,381,419)</u>
Profit for the year	2(b)	137,932	27,771
Income tax expense		-	-
Profit attributable to Unitholders		137,932	27,771
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS		<u>137,932</u>	<u>27,771</u>

Notes to and forming part of the financial statements are attached

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	586,913	518,506
Trade and other receivables	4	212,941	218,025
Inventories	5	-	4,706
Other current assets	6	-	894,913
TOTAL CURRENT ASSETS		799,854	1,636,150
TOTAL ASSETS			
		799,854	1,636,150
CURRENT LIABILITIES			
Trade and other payables	7	702,173	1,371,497
Distribution payable	8	97,681	-
Other current liabilities	9	-	111,069
Employee benefit	10	-	23,794
TOTAL CURRENT LIABILITIES		799,854	1,506,360
NON-CURRENT LIABILITIES			
Employee benefit	10	-	20,041
TOTAL NON-CURRENT LIABILITIES		-	20,041
TOTAL LIABILITIES			
		799,854	1,526,401
NET ASSETS			
		-	109,749
EQUITY			
Unitholders funds		97,681	(69,920)
Undistributed Income		(97,681)	-
Refurbishment reserve	11	-	179,669
		-	109,749

Notes to and forming part of the financial statements are attached

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Unitholders Funds \$	Refurbishment Reserve \$	Undistributed Income \$	Total \$
Opening balance at start of period		(203,845)	285,823	-	81,978
Total comprehensive income for the financial period		27,771	-	-	27,771
Transactions with Unitholders in their capacity as Unitholders:					
Distributions paid	8	-	-	-	-
Transfers between reserves		(120,443)	120,443	-	-
Amounts paid from Refurbishment Reserve		226,597	(226,597)	-	-
Closing balance 31 December 2017		<u>(69,920)</u>	<u>179,669</u>	<u>-</u>	<u>109,749</u>
Total comprehensive income for the financial year		137,932	-	-	137,932
Transactions with Unitholders in their capacity as Unitholders:					
Distributions paid	8	(150,000)	-	-	(150,000)
Transfers between reserves		64,261	(64,261)	-	-
Amounts paid from Refurbishment Reserve		115,408	(115,408)	-	-
Undistributed income		-	-	(97,681)	(97,681)
Closing balance 31 December 2018		<u>97,681</u>	<u>-</u>	<u>(97,681)</u>	<u>-</u>

Notes to and forming part of the financial statements are attached

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,688,087	5,907,011
Interest received		1,290	1,524
Payments to suppliers and employees		(5,247,663)	(5,889,722)
GST paid		(223,307)	(237,216)
Net cash provided by/(used in) operating activities	12(a)	218,407	(218,403)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(150,000)	-
Net cash used in financing activities		(150,000)	-
Net increase/(decrease) in cash and cash equivalents held		68,407	(218,403)
Cash and cash equivalents at the beginning of the financial year		518,506	736,909
Cash and cash equivalents at the end of the financial year	12(b)	586,913	518,506

Notes to and forming part of the financial statements are attached

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover the economic entity of Phillip Island Resort Scheme (the Scheme) as an individual entity. The Scheme is a registered managed investment scheme and is domiciled in Australia.

Upon completion of the audit of the Financial Statements the Scheme will be wound up. As such it can no longer be considered a going concern. Under the wind up basis of accounting, assets are stated at their net realisable values and liabilities are stated at their anticipated settlement amounts. The valuation of assets and liabilities requires estimates and assumptions and therefore there are uncertainties inherent in carrying out a wind up. As a result, the actual realisation of assets and settlement of liabilities could be higher or lower than amounts indicated in this financial report. The assumptions, judgments and estimates used are based on current market conditions and information available as at balance date.

The following is a summary of the significant accounting policies adopted by the Scheme in the preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

The financial statements comply with all International Financial Reporting Standards (IFRS) in their entirety.

This financial report was authorised for issue by the Board of Directors of the Responsible Entity on 15 April 2019.

(b) Distribution and Taxation

Under current legislation the Scheme is not subject to income tax as its taxable income (including realised capital gains) is distributed in full to the unitholders. The Scheme fully distributes its distributable income, calculated in accordance with the Scheme constitution and applicable legislation, to the unitholders who are presently entitled to the income under the constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

(c) Villa entitlements

The Villa entitlement is the factor assigned to each Villa that determines its participation in the Scheme as outlined in the Scheme's Constitution and Product Disclosure Statements.

(d) Distributions Paid and Payable

Distributions paid and payable are recognised in the Statement of Financial Position as a liability until paid. Distributions paid are included in the cash flows from financing activities in the Statement of Cash Flows.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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 Statement of Financial Position.

Cash flows are included in the 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.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates.

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

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.

(g) 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.

(h) 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.

(i) Financial Instruments

Classification of financial assets and financial liabilities

The Company has adopted AASB 9 Financial Instruments which came effective in the current year. The requirements of AASB 9 represent a significant change from AASB 139 Financial Instruments: Recognition and Measurement.

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.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (Continued)

Loans and receivables are now classified at amortised cost.

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

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 Company 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.

(j) 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 Scheme. There were no key adjustments during the year which required accounting estimates and judgments.

Key Estimates - Impairment

The Scheme assesses impairment at each reporting date by evaluating conditions specific to the Scheme 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.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Date of Registration

The Scheme was registered by the Australian Securities & Investments Commission on 12 February 2012.

(l) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non monetary benefits and annual 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 the provision for 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 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.

(m) Comparatives

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) New Accounting Standards and Interpretations

In the current period, the Scheme has adopted all 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 Scheme's accounting policies and did not result in any changes to the reported results or financial position for the current or prior year.

Summary of new and revised Standards adopted is per the table below.

Standard/Interpretation	Operative Date	Initially applied
AASB 9 'Financial Instruments' AASB 9 replaces the "incurred loss" impairment model in <i>AASB 139 Financial Instruments: "Recognition and Measurement"</i> with a forward-looking "expected credit loss" (ECL) model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. The new impairment model applies to financial assets at amortised cost and contract assets under AASB 15 Revenue from Contracts with Customers. The adoption of AASB 9 has had no material impact on the results and financial position for the current and prior years.	01-Jan-17	31-Dec-18
AASB 15 'Revenue from Contracts with Customers' AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 replaced AASB 118 "Revenue", which covered revenue arising from sale of goods and rendering of services, and AASB 111 "Construction Contracts", which specified the accounting for construction contracts. Under AASB 15, revenue is recognised when the customer obtains control of the promised service in the contract. This may be at a single point in time or over time. The adoption of AASB 15 has had no significant impact on the Group's financial statements.	01-Jan-17	31-Dec-18

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
AASB 16 'Leases'	01-Jan-19	31-Dec-19

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$

NOTE 2 (a) - RESORT AND OTHER INCOME

Resort Income		
- Accommodation income - Short Term	4,490,900	4,674,659
<hr/>		
Other Income		
- Income from sale of goods and services	558,741	501,576
- Management fee	179,029	189,692
- Interest income	1,291	1,524
- Other	39,172	41,739
	<u>778,233</u>	<u>734,531</u>

NOTE 2 (b) - PROFIT BEFORE INCOME TAX

The profit before income tax was arrived at after crediting and charging the following specific items:

Charging as Expense:

As at 31 December 2018:	1,560,762	1,542,987
- Legal fees	362,405	318,540
- Merchant fees	41,822	36,526
- Responsible Entity fees	163,854	343,107
- Resort Rules levies	883,483	878,533
- Superannuation	141,039	141,492
- Utilities	220,964	219,080

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at bank - Operations	415,091	358,978
Cash at bank - Furniture, Fixtures & Equipment Refurbishment Reserve	169,822	157,528
Cash held in floats	2,000	2,000
	<u>586,913</u>	<u>518,506</u>

It is the Scheme's policy to accumulate in a separate bank account, sufficient funds to enable the future refurbishment of the Scheme's furniture and fixtures.

NOTE 4 - TRADE AND OTHER RECEIVABLES

Resort receivables	212,941	218,025
Total current receivables	<u>212,941</u>	<u>218,025</u>

NOTE 5 - INVENTORIES

Resort inventories	-	<u>4,706</u>
--------------------	---	--------------

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 6 - OTHER CURRENT ASSETS		
Deferred levies expense *	-	883,483
Prepayments	-	11,430
Total other current assets	-	894,913
* Phillip Island Resort Rules invoices levies annually in advance in December each year.		
NOTE 7 - TRADE AND OTHER PAYABLES		
Current		
Trade payables	196,338	122,511
Other payables	34,885	30,269
Accrued expenses*	395,150	1,209,881
GST payable	75,800	8,836
Total trade and other payables	702,173	1,371,497
All trade and other payables are current and settled within normal supplier terms and conditions. These accounts are non-interest bearing.		
* Includes an amount payable to Phillip Island Resort Rules in respect of the annual levies which are invoiced annually in December and are due on 1 January.		
NOTE 8 - DISTRIBUTIONS PAID AND PAYABLE		
Distributions paid	150,000	-
Final distribution payable	97,681	-
NOTE 9 - OTHER CURRENT LIABILITIES		
Accommodation advance deposits	-	111,069
NOTE 10 - PROVISIONS		
Current		
Provision for annual leave	-	23,794
Non Current		
Provision for long service leave	-	20,041
	-	43,835
NOTE 11 - REFURBISHMENT RESERVE		
Refurbishment Reserve	-	179,669

The Scheme maintains a Refurbishment Reserve Account for the purpose of replacement and or refurbishment of the Villas furniture, fittings and equipment.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$

NOTE 12 - CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operating activities with profit after income tax

Profit after income tax	137,932	27,771
Changes in assets and liabilities: <i>(Increase)/Decrease in:</i>		
Trade receivables	5,084	22,838
Inventories	4,706	1,932
Prepayments	894,913	(1,704)
<i>Increase/(Decrease) in:</i>		
Trade creditors	73,827	(25,334)
Other creditors and accruals	(810,115)	(197,823)
Advance deposits	(111,069)	(65,459)
Provision for employee entitlements	(43,835)	10,540
GST recovered/paid	66,964	8,836
Net cash provided by/(used in) operating activities	218,407	(218,403)

(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 Statement of Financial Position as follows:

Cash and cash equivalents per Note 3	586,913	518,506
Cash per Statement of Cash Flows	586,913	518,506

(c) Financing Facilities

The Scheme has no financing facilities with its bankers.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13 - FINANCIAL RISK MANAGEMENT

The Scheme's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

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

Significant accounting policies

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

Financial risk management

The main risks the Scheme is exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The Scheme'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 Scheme, 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 (the Directors) of the Responsible Entity and key management personnel.

Capital risk management

The Scheme 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 Unitholders funds, Undistributed income and Refurbishment reserve 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.

(a) Market risk

Interest rate risk

The Scheme is not exposed to any significant interest rate risk.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Cash flow sensitivity analysis for variable rate instruments

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

At 31 December 2018, if the interest rates had changed by 1% from the year end rates with all other variables held constant, post-tax profit for the year for the Scheme would have been \$5,849 lower/higher mainly as a result lower/ higher interest income earned on cash and cash equivalents (2017: \$5,165).

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

	Carrying amount at 31 Dec 18	Carrying amount at 31 Dec 17	Profit 1% Equity	Profit -1% Equity
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	586,913	518,506	5,849	(5,849)
Total increase / (decrease)			5,849	(5,849)

Price risk

The Scheme is not exposed to any commodity price risk.

Foreign currency risk

The Scheme is not exposed to any foreign currency risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme's credit risk is mitigated by ensuring compliance with the Scheme's credit policy. The Scheme does not have any significant credit risk exposure to any single counterparty or 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 Scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

	0		0	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due (current)	177,873	-	197,252	-
Past due 30-59 days (30 day ageing)	28,620	-	18,918	-
Past due 60-89 days (60 day ageing)	6,448	-	1,693	-
Past due more than 90 days (+90 day ageing)	-	-	163	-
	212,941	-	218,025	-

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.

(c) Liquidity risk

The Scheme 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 Scheme is not exposed to any significant liquidity risk.

The following are contractual maturities of financial liabilities:

31 December 2018

	Carrying amount \$	Contractual cash flows \$	Less than one year \$	1-5 years \$
Trade and other payables	702,173	702,173	702,173	-
	702,173	702,173	702,173	-

31 December 2017

	Carrying amount \$	Contractual cash flows \$	Less than one year \$	1-5 years \$
Trade and other payables	1,371,497	1,371,497	1,371,497	-
	1,371,497	1,371,497	1,371,497	-

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 14 - KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel's Names

The key management personnel of the Responsible Entity (Primary Securities Ltd) who held office to the date of this report were as follows:

David Sydney Butterfield	Chairman
Robert Garton Smith	Director
Natasha Olsen (appointed 16 October 2018)	Director
Ian Mackenzie Murchison (resigned 8 March 2019)	Director
Anthony Wamsteker (resigned 18 April 2018)	Director

Key management personnel 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 Primary Securities Ltd were not remunerated for their role as key management personnel of the Responsible Entity in relation to the Scheme.

(c) Transactions with Other Related Entities

There were no transactions with other related parties of Primary Securities Ltd in relation to the Scheme.

At 31 December 2018 there was an intercompany receivable in the amount of \$72,127 due from WorldMark South Pacific, a related entity to the Scheme Manager, Resort Management by Wyndham.

NOTE 15 - AUDITORS' REMUNERATION

Remuneration of the auditor for:

- auditing or reviewing the financial statements
- non audit fees

	2018	2019
	\$	\$
	18,956	18,022
	-	-
	18,956	18,022

NOTE 16 - COMPANY DETAILS

The registered office and principal place of business of the Responsible Entity is 3 Shuffrey Street, Fremantle, Western Australia.

NOTE 17 - CONTINGENT LIABILITIES

The Directors confirm that there are no contingent liabilities as at the date of this report other than an order for costs in the legal proceedings if they are not successful.

NOTE 18 - SUBSEQUENT EVENTS

Upon completion of the audit of the Financial Statements the Scheme will be wound up and a final distribution paid to villa owners.

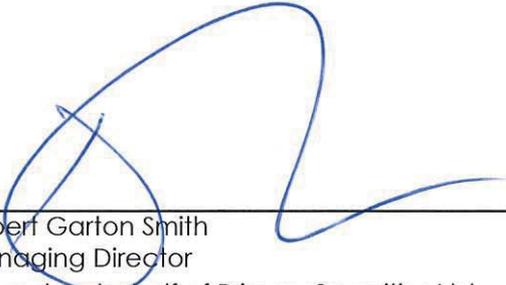
The Directors confirm that there have been no events subsequent to the balance date which have had a material effect on the 2018 result.

PHILLIP ISLAND RESORT SCHEME (In Winding Up)
A.R.S.N. 155 658 307
"RESPONSIBLE ENTITY" DIRECTORS' DECLARATION

The Directors of the Responsible Entity declare that:

- (a) the financial statements and notes of Phillip Island Resort Scheme set out on pages 7 to 22 are in accordance with the Corporations Act 2001, which:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the Scheme as at 31 December 2018 and its performance for the year ended on that date; and
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) in the Directors' opinion:
 - (i) at the date of this declaration, there are reasonable grounds to believe that the Scheme 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 Fremantle, 15 April 2019.



Robert Garton Smith
Managing Director
For and on behalf of Primary Securities Ltd

15th April 2019
Date

Phillip Island Resort Scheme

Independent Auditor's Report to the Members of Phillip Island Resort Scheme

Opinion

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

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

- (a) Giving a true and fair view of the Scheme's financial position as at 31 December 2018 and of its financial performance for the year then ended.
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The Scheme is intended to be wound up within the next 12 months from balance date, and the financial report has therefore been prepared on a liquidation basis with all assets and liabilities being stated at the lower of carrying value and fair value less costs to sell.

Other Information

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

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

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

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

Responsibilities of the Directors 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



Crowe Horwath Brisbane



Logan Meehan
Partner

Signed at Brisbane, 16 April 2019

PHILLIP ISLAND RESORT SCHEME
A.R.S.N. 155 658 307
UNAUDITED DETAILED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Revenue		
Rental Income	4,490,899	4,674,658
Housekeeping Revenue	558,741	501,576
Management Fees - Club & Associate	179,029	189,692
Other Revenue	39,172	41,739
Interest Income	1,291	1,524
Total Revenue	5,269,132	5,409,189
Expenses		
Annual Leave Expense	27,203	37,506
Bank Service Charges	968	1,197
Brochures & Handouts	5,004	8,262
Cleaning Supplies	14,064	16,489
Credit Card Fees	41,822	36,526
Equipment Rental	34	1,206
General Supplies	3,158	3,871
Guest Supplies	94,814	88,691
IT Costs	1,838	3,106
Laundry & Linen Service	341,465	318,601
Long Service Leave	14,788	7,278
Miscellaneous Expense	154,019	51,035
Payroll Taxes	75,519	73,089
As at 31 December 2018, the value of the	1,779	2,545
Printing & Postage	6,364	9,025
R&M - Electrical	10,066	3,846
R&M - Equipment & Furniture	134,422	95,130
R&M - Other	14,973	16,856
Salaries & Wages	1,378,077	1,335,714
Sales & Marketing Costs	22,667	60,000
Sponsorship	3,700	3,300
Superannuation Expense	141,039	141,492
Tax, Audit & Professional Fees	18,956	18,022
Telephone	9,715	11,898
Travel Agent Fees	304,843	327,725
Uniforms	2,948	2,626
Web Advertising	4,115	11,453
Workcover Premiums	35,518	65,492
Sub Total Operating Expenses	2,863,879	2,751,980
Gross Operating Profit	2,405,253	2,657,209
GOP Margin %	45.6%	49.1%
Fixed Charges		
Body Corporate Expense (Resort Rules)	883,483	878,533
Capital reserve expenditure	108,710	226,597
General Insurance	10,647	12,149
Group Sales & Marketing & Royalty Fee	112,303	116,866
Management Fees	404,955	514,565
Utilities - Electricity	113,213	97,779
Utilities - Gas	107,751	121,301
Sub Total Fixed Charges	1,741,062	1,967,791
Scheme Administration Fees		
Responsible Entity Fees	163,854	343,107
Legal Fees	362,405	318,540
Sub Total Scheme Administration Fees	526,259	661,646
Profit for the year	137,932	27,771