

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**ABN 81 010 318 297**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**ABN 81 010 318 297**

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**PACIFIC VIEW RESORT NO 2 LIMITED**

**ABN 81 010 318 297**

**DIRECTOR'S REPORT**

The directors submit herewith the financial report for the year ended 31 December 2009, and report in accordance with a resolution of the directors as follows:

1 The following persons were directors during the year:

Kenneth E Park	Brenda J Suhr
Gregory H Suhr	Beverley E Marsh
Jasper W Glover (resigned 18 April 2009)	Kenneth Dursten (appointed 18 April 2009)
Keith N Martin	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

- 2 The principal activity of the company in the course of the financial year has been that of timeshare resort management. No significant change occurred in this activity during the year.
- 3 The net loss after tax of the company for the year ended 31 December 2009 was \$141,147 (2008: Profit \$158,224).
- 4 No dividend has been recommended for the year ended 31 December 2009 nor has any dividend been paid or declared since the end of the previous financial year.
- 5 There were no significant changes in the state of affairs of the company during the financial year.
- 6 No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:
- (a) the company's operations;
  - (b) the results of those operations; or
  - (c) the company's state of affairs.
- 7 The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.
- 8 No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- 9 No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.
- 10 No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
- 11 Particulars of directors' qualifications, experience, special responsibilities, shares in the company or related body corporate, as at the date of this report, are as follows:

<b>NAME</b>	<b>QUALIFICATIONS AND EXPERIENCE</b>	<b>SPECIAL RESPONSIBILITY</b>
Kenneth E Park	Engineer ( <i>retired</i> )	Chairman
Gregory Suhr	Director of a farming enterprise Director of a hospital and aged care complex	Finance

**PACIFIC VIEW RESORT NO 2 LIMITED**

**ABN 81 010 318 297**

**DIRECTOR'S REPORT**

<b>NAME</b>	<b>QUALIFICATIONS AND EXPERIENCE</b>	<b>SPECIAL RESPONSIBILITY</b>
Brenda Suhr	Deputy Head - Independent Girls School Director of a farming enterprise	-
Keith N Martin	Senior Inspector with the DPI Qualified as a carpenter	Secretary
Beverley Marsh	Small Business Operator	-
Kenneth Durston	Company director Sales management	-

12 During the financial year, 4 meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

<b>Name</b>	<b>Number of Meetings Held While a Director</b>	<b>Number of Meetings Attended</b>
Kenneth E Park	7	6
Jasper W Glover	3	3
Brenda Suhr	7	5
Gregory H Suhr	7	5
Keith N Martin	7	6
Beverley E Marsh	7	5
Kenneth Durston	3	2

13 Since the end of the financial year, no director has received or become entitled to receive a benefit by reason of any contract made by the company with any director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

**14 Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of directors at Caloundra, 28 February 2010.



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Kenneth E Park  
Chairman

PACIFIC VIEW RESORT NO 2 LIMITED  
ABN 81 010 318 297

**AUDITORS INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF PACIFIC VIEW RESORT NO.2 LIMITED**

I declare to the best of my knowledge and belief, during the year ended 31 December 2009 there have been:

- (i) no contraventions of the auditors 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.



**WHK HORWATH**



**DON LANGDON  
PRINCIPAL**

Signed at Brisbane, 11 March 2010

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*Total Financial Solutions*

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Each member of the Association is a separate and independent legal entity.

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
<b>REVENUE</b>			
Maintenance fee		738,081	730,207
Bad debts recovered		-	-
Rental pool commission		15,403	17,593
Interest received		17,337	15,245
Sundry revenue		14,268	13,485
		<hr/>	<hr/>
<b>TOTAL REVENUE</b>		<b>785,089</b>	<b>776,530</b>
		<hr/>	<hr/>
<b>EXPENSES</b>			
Accountancy fees		18,863	9,120
Administration expenses		32,610	26,728
Depreciation expenses		30,095	28,458
Employee benefits expenses		267,261	231,433
Property expenses		456,634	234,102
Resort operating expenses		105,463	73,467
Bad Debts		22,759	11,393
		<hr/>	<hr/>
<b>TOTAL EXPENSES</b>		<b>933,685</b>	<b>614,701</b>
		<hr/>	<hr/>
Net Profit/(loss) before income tax expense		(148,596)	161,829
Income tax expense/(revenue)	3	(7,449)	3,605
		<hr/>	<hr/>
Net Profit/(loss) after income tax expense		(141,147)	158,224
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(141,147)</b>	<b>158,224</b>
		<hr/>	<hr/>

*Notes to the financial statements are attached.*

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	300	27,754
Trade and other receivables	5	28,299	27,452
Financial assets	6	542,437	612,058
Other current assets	7	44,094	41,500
<b>TOTAL CURRENT ASSETS</b>		<u>615,130</u>	<u>708,764</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	325,747	345,490
<b>TOTAL NON-CURRENT ASSETS</b>		<u>325,747</u>	<u>345,490</u>
<b>TOTAL ASSETS</b>		<u>940,877</u>	<u>1,054,254</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	470,484	460,438
Financial liabilities	10	25,309	-
Short term provisions	11	11,508	12,528
<b>TOTAL CURRENT LIABILITIES</b>		<u>507,301</u>	<u>472,966</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term provisions	11	9,165	8,281
Deferred tax liability	12	39,360	46,809
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>48,525</u>	<u>55,090</u>
<b>TOTAL LIABILITIES</b>		<u>555,826</u>	<u>528,056</u>
<b>NET ASSETS</b>		<u>385,051</u>	<u>526,198</u>
<b>EQUITY</b>			
Contributed equity	13	1,584	1,584
Retained profits		383,467	524,614
<b>TOTAL EQUITY</b>		<u>385,051</u>	<u>526,198</u>

*Notes to the financial statements are attached.*

**PACIFIC VIEW RESORT NO 2 LIMITED  
STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2009**

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$	\$
<b>At 1 January 2008</b>	1,584	366,390	367,974
Total Comprehensive Income	-	158,224	158,224
	<u>1,584</u>	<u>524,614</u>	<u>526,198</u>
<b>At 31 December 2008</b>	<u>1,584</u>	<u>524,614</u>	<u>526,198</u>
Total Comprehensive Income	-	(141,147)	(141,147)
	<u>1,584</u>	<u>383,467</u>	<u>385,051</u>
<b>At 31 December 2009</b>	<u>1,584</u>	<u>383,467</u>	<u>385,051</u>

*Notes to the financial statements are attached.*



**PACIFIC VIEW RESORT NO 2 LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members		784,766	806,792
Payments to suppliers and employees		(915,760)	(617,100)
Interest received		18,962	15,245
		<u>                    </u>	<u>                    </u>
<b>NET CASH (USED IN)/ PROVIDED BY OPERATING ACTIVITIES</b>	14(b)	<u>(112,032)</u>	<u>204,937</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(10,352)	(132,338)
		<u>                    </u>	<u>                    </u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(10,352)</u>	<u>(132,338)</u>
Net increase/(decrease) in cash held		(122,384)	72,599
Cash & cash equivalents at the beginning of the year		639,812	567,213
		<u>                    </u>	<u>                    </u>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	14(a)	<u>517,428</u>	<u>639,812</u>

*Notes to the financial statements are attached.*

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report covers Pacific View Resort No.2 Limited as an individual entity. Pacific View Resort No.2 Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The company is primarily involved in the operation of a timeshare resort in Australia.

The financial report was authorised for issue by the board of directors on 28 February 2010.

**Basis of Preparation**

*Statement of Compliance*

The financial report of Pacific View Resort No.2 Limited is a general purpose financial report prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards form the basis of Australian Accounting Standards adopted by the AASB.

The financial report of Pacific View Resort No.2 Limited complies with all Australian Equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

*Reporting Basis and Conventions*

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, revenue and expenses. The financial report is presented in Australian dollars and rounded to the nearest dollar.

- **Critical Accounting Estimates and Judgments**

The estimates and judgments incorporated into the financial report are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the company. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

**Basis of Preparation continued**

*Reporting Basis and Conventions*

- **Key Estimates — Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required accounting estimates and judgements.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, the current value of non-monetary assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

**(a) Property, Plant and Equipment**

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Property*

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the entity to have an independent valuation every three years, with annual appraisals being made by the director.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**(a) Property, Plant and Equipment (cont.)**

*Plant and equipment*

Plant and equipment are measured on the cost basis. The carrying amount of 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 which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

*Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

*Depreciation rates*

Depreciation rates used for each class of assets are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rates</u>
Plant & Equipment	15% - 66.6%
Motor Vehicles	20%

**(b) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

**(c) Cash and cash equivalents**

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than 3 months which are readily convertible to cash on hand at the investor's opinion and are subject to an insignificant risk of changes in value, and borrowings which are integral to the cash management function and which are not subject to a term facility.

**(d) Revenue**

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(e) Income Tax**

The charge for current income tax expense is based on the profit 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 sheet date.

Deferred tax is accounted for using the balance sheet 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 credited in the income statement except where it relates to items 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.

Because of the principal of mutuality, only income arising from non-member activities is subject to income tax.

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial Instruments**

*Recognition*

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

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*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 company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company 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 taken directly to equity.

*Financial liabilities*

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

*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 each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**(h) Impairment of Assets**

At each reporting date, the company reviews the carrying value of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

**(i) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(j) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2009 reporting periods. The company has reviewed these amendments and is not aware of any which would have a material impact on the company.

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	\$	\$
<b>NOTE 2 - EXPENSES</b>		
Profit / (Loss) has been determined after:		
<i>Expenses</i>		
Depreciation	30,095	28,458
Bad and doubtful debts	22,759	11,393
Superannuation expense	17,374	13,368
Auditors remuneration		
- audit	7,500	7,250
- other services	-	2,150
<b>NOTE 3 - INCOME TAX EXPENSE</b>		
The prima facie tax on profit/(loss) before income tax is reconciled to the statement of comprehensive income as follows:		
Prima facie tax payable on loss before income tax @ 30%	(44,579)	48,549
Add tax effect of:		
- Amounts excluded under Principle of Mutuality	35,255	(46,819)
- Non-deductible depreciation	1,875	1,875
- Under provision prior year	-	-
	(7,449)	3,605
The components of tax expense comprise:		
- Current tax	-	-
- Deferred tax	(7,449)	3,605
	(7,449)	3,605
<b>NOTE 4 - CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	300	300
Cash at Bank	-	27,454
	300	27,754
<b>NOTE 5 - TRADE AND OTHER RECEIVABLES</b>		
<i>Current</i>		
Trade & Other Receivables	64,059	36,552
Provision for impairment	(36,428)	(11,393)
Interest Receivable	668	2,293
	28,299	27,452
<b>NOTE 6 - OTHER FINANCIAL ASSETS</b>		
Trust Account	7,321	7,440
Term Deposit - Sinking Fund Account	269,982	258,859
Cash Management Account	265,134	345,759
	542,437	612,058

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 \$	2008 \$
<b>NOTE 7 - OTHER CURRENT ASSETS</b>		
<i>Current</i>		
Prepayments	44,094	41,500
	44,094	41,500
<b>NOTE 8 - PROPERTY, PLANT &amp; EQUIPMENT</b>		
Buildings, at Deemed Cost	250,000	250,000
Accumulated depreciation	(40,625)	(34,375)
	209,375	215,625
Plant and equipment, at cost	171,389	161,037
Accumulated depreciation	(66,430)	(45,438)
	104,959	115,599
Motor Vehicle, at cost	25,943	25,943
Accumulated depreciation	(14,530)	(11,677)
	11,413	14,266
Total property, plant and equipment	325,747	345,490
<i>Movements in Carrying Amounts</i>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:		
	<i>Property, Plant &amp; Equipment</i>	<i>Total</i>
Written down value at the beginning of the year	345,490	345,490
Additions at cost	10,352	10,352
Depreciation expense	(30,095)	(30,095)
Written down value at the end of the year	325,747	325,747
<b>NOTE 9 - TRADE AND OTHER PAYABLES</b>		
<i>Current</i>		
Income Received in Advance	450,184	405,909
Trust Creditors / Undistributed Rent	6,153	7,440
Sundry Creditors	14,147	47,089
	470,484	460,438
<b>NOTE 10 - FINANCIAL LIABILITIES</b>		
<i>Current</i>		
Bank Overdraft	25,309	-
<b>NOTE 11 - PROVISIONS</b>		
<i>Current</i>		
Provision for Annual Leave	11,508	12,528
<i>Non current</i>		
Provision for LSL	9,165	8,281
Number of employees at year end	1	2

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	\$	\$
<b>NOTE 12 - TAX</b>		
Deferred tax liability comprises:		
- Tax losses and temporary differences	(35,640)	(28,191)
- Asset revaluation adjustments taken to equity	75,000	75,000
	39,360	46,809
<b>NOTE 13 - CONTRIBUTED EQUITY</b>		
Paid up Capital	1,584	1,584
	1,584	1,584
<b>NOTE 14 - CASH FLOW INFORMATION</b>		
(a) Reconciliation of cash & cash equivalents		
Cash at Bank	300	27,754
Bank Overdraft	(25,309)	-
Other Cash Assets	542,437	612,058
	517,428	639,812
(b) Reconciliation of net cash to operating profit/(loss) after income tax		
Operating profit/(loss) after income tax	(141,147)	158,224
<i>Adjustment for non-cash and other disclosure items</i>		
Depreciation	30,095	28,458
Provision for impairment	25,035	11,393
<i>Adjust for changes in assets and liabilities</i>		
<i>(Increase)/decrease in:</i>		
Trade and other receivables	(25,882)	(21,004)
Other current assets	(2,594)	25,134
Trade and other payables	10,046	(4,368)
Provision for employee benefits	(136)	3,495
Deferred tax liability	(7,449)	3,605
Net cash (used in)/ provided by operations	(112,032)	204,937

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 15 - RELATED PARTY TRANSACTIONS**

(a) Directors' Names

The names of directors who have held office during the financial year and their shares in the company are:

Kenneth E Park	2	Shares jointly held with F Park
Jasper W Glover	-	
Brenda Suhr	2	Shares jointly held with G Suhr
Gregory H Suhr	2	Shares jointly held with B Suhr
Keith N Martin	2	Shares jointly held with R Martin
Beverley E Marsh	1	
Kenneth Durston	3	Shares jointly held with P Durston

(b) Directors' Remuneration and Retirement Benefits:

There are no remuneration or retirement benefits provided to directors during the year.

(c) Executive remuneration

The directors of the resort are directly accountable and responsible for the strategic direction and operational management of the resort and are responsible for managing the resort. During the year there were no executives of the resort.

(d) There are no transactions between the company and directors and director related entities

**NOTE 16 - CONTINGENT LIABILITIES**

The company has no contingent liabilities at the date of this report.

**NOTE 17 - SUBSEQUENT EVENTS**

No material events occurred after balance date and to the date of this report requiring disclosure.

**NOTE 18 - SEGMENT INFORMATION**

The company's principal activity is that of a timeshare resort property management in Australia.

**NOTE 19 - NET FAIR VALUE**

The net fair value of trade and other receivables, other financial assets and trade & other payables approximates their carrying values.

**NOTE 20 - MEMBER RENTAL POOL**

The rental pool is maintained by Pacific View Resort No. 2 Ltd for and on behalf of timeshare owners.

The rental pool does not form part of the company's financial report for the year ended 31 December 2009.



**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 21 - FINANCIAL RISK MANAGEMENT**

(a) Financial Risk Management

The companies financial instrument consist of deposits with banks and short term investments. The company does not have any derivative instruments at 31 December 2009.

i. Treasury Risk Management

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

ii. Financial Risks

The main risk the company is exposed to through financial instruments are interest rate risk, liquidity risk and credit risk.

iii. Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates

iv. Liquidity risk

The company manages liquidity by monitoring cash flows and ensuring that there are sufficient reserves to meet expected outlays.

v. Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying, amount net of any provisions for those assets, as disclosed in the statement of financial position and noted to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

vi. Price risk

The company is not exposed to any material commodity price risk

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 21 - FINANCIAL RISK MANAGEMENT (continued)**

***Interest Rate Risk***

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

	<b>Weighted Average Effective Interest Rate</b>	<b>Floating Interest Rate</b>	<b>Non Interest Bearing</b>	<b>Fixed Interest Rate Maturing</b>		<b>Total</b>
<b>31 December 2009</b>	%	\$	\$	<b>&lt;1 Year</b>	<b>1-5 Years</b>	\$
				\$	\$	
Cash and cash equivalents	-	300	300	-	-	600
Trade and other receivables	-	-	28,299	-	-	28,299
Other financial assets	3.85	542,437	-	-	-	542,437
<b>Total Financial Assets</b>		<b>542,737</b>	<b>28,599</b>	<b>-</b>	<b>-</b>	<b>571,336</b>
Trade and other payables	-	-	470,484	-	-	470,484
Bank overdraft	-	25,309	-	-	-	25,309
<b>Total Financial Liabilities</b>		<b>25,309</b>	<b>470,484</b>	<b>-</b>	<b>-</b>	<b>495,793</b>

	<b>Weighted Average Effective Interest Rate</b>	<b>Floating Interest Rate</b>	<b>Non Interest Bearing</b>	<b>Fixed Interest Rate Maturing</b>		<b>Total</b>
<b>31 December 2008</b>	%	\$	\$	<b>&lt;1 Year</b>	<b>1-5 Years</b>	\$
				\$	\$	
Cash and cash equivalents	5.25	27,754	-	-	-	27,754
Trade and other receivables	-	-	27,452	-	-	27,452
Other financial assets	4.85	612,058	-	-	-	612,058
<b>Total Financial Assets</b>		<b>639,812</b>	<b>27,452</b>	<b>-</b>	<b>-</b>	<b>667,264</b>
Trade and other payables	-	-	460,438	-	-	460,438
<b>Total Financial Liabilities</b>		<b>-</b>	<b>460,438</b>	<b>-</b>	<b>-</b>	<b>460,438</b>

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 21 - FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

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

Trade payables are short term in nature. The company is not exposed to any significant liquidity risk. The following are contractual maturities of financial liabilities:

**31 December 2009**

	Carrying amount	Contractual cash flows	Less than one year	1-5 years	over 5 years
Trade and other payables	20,300	20,300	20,300	-	-

**31 December 2008**

	Carrying amount	Contractual cash flows	Less than one year	1-5 years	over 5 years
Trade and other payables	54,529	54,529	54,529	-	-

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company 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 company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	2009		2008	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not Past due (current)	-	-	-	-
Past due 0-30 days ( 30 day aging)	-	-	-	-
Past due 31-60 days ( 60 day aging)	-	-	-	-
Past due more than 60 days ( +90 day aging)	64,059	(36,428)	36,552	(11,393)
	<u>64,059</u>	<u>(36,428)</u>	<u>36,552</u>	<u>(11,393)</u>

The remaining balance of the past due receivables at 31 December 2009 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."

The other classes of other receivables do not contain impaired assets and are not past due. Based on the credit history of the receivables, it is expected that these amounts will be received when due.

**Movements in Carrying Amounts**

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

	Impairment
Trade and other receivables assessed as impaired at the beginning of the year	11,393
Annual Impairment expense per the income statement	22,757
Trade and other receivables assessed as impaired and written off during the year	<u>2,278</u>
Trade and other receivables assessed as impaired at the end of the year	<u>36,428</u>

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**NOTES FORMING TO AND PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**NOTE 21 - FINANCIAL RISK MANAGEMENT (continued)**

***Capital risk management***

The directors manage the capital to ensure that the company is able to continue as a going concern to be able to satisfy future capital needs of the resort, through the optimisation of debt and equity balances.

The capital structure of the company consists of cash and cash equivalents and equity comprising of share capital, reserves and retained earnings.

The board reviews this structure and the associated risks with each class of capital on a regular basis.

Capital risk management policies remain unchanged from the prior year.

**NOTE 22 - COMPANY DETAILS**

The registered office of the company is:  
Pacific View Resort No.2 Ltd  
34 Victoria Terrace  
CALOUNDRA QLD 4551

The principal place of business is:  
Pacific View Resort No.2 Ltd  
34 Victoria Terrace  
CALOUNDRA QLD 4551

**PACIFIC VIEW RESORT NO 2 LIMITED**  
**ABN 81 010 318 297**  
**DIRECTORS' DECLARATION**

The directors declare that :

- (1) the financial statements and notes set out on pages 4 to 18 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standards; and
  - (ii) give a true and fair view of the company's financial position as at 31 December 2009 and its performance for the year ended on that date; and
  
- (2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of the directors at Caloundra, 28 February 2010.



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Kenneth E Park  
Chairman

## INDEPENDENT AUDITOR'S REPORT

To the members of Pacific View Resort No.2 Limited

### Report on the Financial Report

We have audited the accompanying financial report of Pacific View Resort No.2 Limited which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the directors' declaration."

### The Responsibility of The Directors for The Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Audit Opinion**

In our opinion:

- (a) the financial report of Pacific View Resort No.2 Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



**WHK Horwath**



**Don W. Langdon**  
**Principal**

Signed at Brisbane on 11 March 2010