PACIFIC VIEW RESORT NO 2 LIMITED

ABN: 81 010 318 297

Financial Report For The Year Ended
31 December 2012

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PACIFIC VIEW RESORT NO 2 LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2012.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Kenneth E Park
Gregory H Suhr
Brenda J Suhr
Keith N Martin
Kenneth B Durston
Jasper W Glover

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

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to $41,349.

Significant maintenance to the pool area of the Resort was undertaken during the year which has led to the loss being incurred for the year. The special levy raised to fund the pool maintenance was included in the previous financial year.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Principal Activities

The principal activities of the company was the management of the Pacific View Resort timeshare scheme. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared since the start of the financial year.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

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.

The company was not a party to any such proceedings during the year.

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 2.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director G. H. Suhr

Gregory H Suhr

Dated this 15th day of March 2013

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PACIFIC VIEW RESORT NO 2 LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 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.

Name of Firm	***sps audit***
Name of Principal	Stephen J Shirley
Date	14-Mar-13
Address	P O Box 486
	Buderim Qld 4556

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
Sales revenue	2	933,418	976,867
Other income	2	27,148	29,491
		960,566	1,006,358
Expenses			
Employee benefits expense		308,856	283,104
Impairment of financial assets		27,754	19,224
Depreciation and amortisation expense		49,359	35,982
Administration expenses		65,377	51,120
Property expenses		482,037	335,637
Resort operating expenses		70,499	96,360
Loss on disposal of property, plant and equipment		147	-
Total expenses		1,004,029	821,427
Profit before income tax		(43,463)	184,931
Income tax (expense)/benefit	4(a)	2,114	662
Profit for the year		(41,349)	185,593
Other comprehensive income:			
GST input tax recovery		-	142,544
Other comprehensive income for the year, net of tax		-	142,544
Total comprehensive income for the year		(41,349)	328,137
Profit attributable to:			
Members of the entity		(41,349)	185,593
Total comprehensive income attributable to:			
Members of the entity		(41,349)	328,137

The accompanying notes form part of these financial statements.

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	781,663	668,863
Trade and other receivables	7	75,618	169,575
Other current assets	8	48,800	50,260
TOTAL CURRENT ASSETS		906,081	888,698
NON-CURRENT ASSETS			
Trade and other receivables	7	-	-
Property, plant and equipment	9	370,208	414,939
Deferred tax assets	11	-	-
Other non-current assets	8	-	-
TOTAL NON-CURRENT ASSETS		370,208	414,939
TOTAL ASSETS		1,276,289	1,303,637
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	575,733	564,120
Current tax liabilities	11	-	-
Provisions	12	17,231	15,948
TOTAL CURRENT LIABILITIES		592,964	580,068
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	-
Deferred tax liabilities	11	31,622	33,736
Provisions	12	18,662	15,443
TOTAL NON-CURRENT LIABILITIES		50,284	49,179
TOTAL LIABILITIES		643,248	629,247
NET ASSETS		633,041	674,390
EQUITY			
Issued capital	13	1,584	1,584
Retained earnings		631,457	672,806
TOTAL EQUITY		633,041	674,390

The accompanying notes form part of these financial statements.

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Share Capital			
		Ordinary	Partly paid ordinary shares	Retained Earnings (accumulated losses)	Total
		$	$	$	$
Balance at 1 January 2011		1,584		344,669	346,253
Comprehensive income					
Profit for the year				185,593	185,593
Other comprehensive income for the year				142,544	142,544
Total comprehensive income for the year attributable to members of the entity		-	-	328,137	328,137
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year					-
Dividends paid or provided for	5			-	-
Total transactions with owners and other transfers		-	-	-	-
Balance at 31 December 2011		1,584	-	672,806	674,390
Balance at 1 January 2012		1,584	-	672,806	674,390
Comprehensive income					
Profit for the year				(41,349)	(41,349)
Other comprehensive income for the year					-
Total comprehensive income for the year attributable to members of the entity		-	-	(41,349)	(41,349)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year					-
Dividends paid or provided for	5			-	-
Total transactions with owners and other transfers		-	-	-	-
Balance at 31 December 2012		1,584	-	631,457	633,041

The accompanying notes form part of these financial statements.

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,047,898	930,287
Payments to suppliers and employees		(957,784)	(774,513)
Interest received		27,461	26,525
Income tax paid		-	-
Net cash provided by/(used in) operating activities	15(a)	117,575	182,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	11,450
Purchase of property, plant and equipment		(4,775)	(141,293)
Net cash provided by/(used in) investing activities		(4,775)	(129,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		112,800	52,456
Cash at beginning of financial year		668,863	616,407
Cash at end of financial year	6	781,663	668,863

The accompanying notes form part of these financial statements.

These financial statements and notes represent Pacific View Resort No 2 Limited.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company 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.

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

Class of Fixed Asset	Depreciation Rate
Buildings	3%
Plant and equipment	15% - 66%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost i*s calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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.

(e) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(j) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(m) Comparative Figures

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

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 company.

Note 2 Revenue and Other Income

	2012 $	2011 $
Sales revenue:		
— Maintenance levies	907,819	867,031
— Rental pool commission	13,110	13,311
— Other income	12,489	96,525
Total sales revenue	933,418	976,867
Other revenue:		
— interest received		
— Bank accounts	27,148	29,491
Total interest revenue on financial assets not at fair value through profit of loss	27,148	29,491
Total other revenue	27,148	29,491
Total sales revenue and other revenue	960,566	1,006,358

Note 3 Profit before Income Tax

	2012 $	2011 $
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Employee benefits expense:		
— contributions to defined contribution superannuation funds	308,856	283,104
(b) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
— Loss on disposal of property, plant and equipment	147	-

Note 4 Income Tax Expense

	Note	2012 $	2011 $
(a) The components of tax expense comprise:			
Current tax		-	-
Deferred tax	11	2,114	662
		2,114	662
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)		(13,039)	55,479
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		14,808	1,875
		1,769	57,354
Less:			
Tax effect of:			
— Amounts excluded under principle of mutuality		3,883	58,016
Income tax attributable to company		(2,114)	(662)

Note 5 Dividends

	2012 $	2011 $
Distributions paid		
There were no dividends paid or declared by the Company during the year.	-	-

Note 6 Cash and Cash Equivalents

	2012 $	2011 $
CURRENT		
Petty cash float	300	300
General bank account	23,253	16,913
Sinking fund account	315,689	269,027
Cash management account	442,421	382,623
	781,663	668,863

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2012 $	2011 $
Cash and cash equivalents	781,663	668,863
	781,663	668,863

Note 7 Trade and Other Receivables

	Note	2012 $	2011 $
CURRENT			
Trade receivables		94,943	97,703
Provision for impairment	7(a)	(21,978)	(19,224)
		72,965	78,479
Other receivables		-	2,759
Interest receivable		2,653	2,966
GST refund receivable		-	85,371
Total current trade and other receivables		75,618	169,575

	Note	2012	2011
NON-CURRENT			
Trade receivables		-	-
Provision for impairment	7(a)	-	-
Total non-current trade and other receivables		-	-

(a) Provision For Impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 January 2011	Charge for the Year	Amounts Written Off	Closing Balance 31 December 2011
	$	$	$	$
Current trade receivables	-	19,224	-	19,224
	-	19,224	-	19,224

	Opening Balance 1 January 2012	Charge for the Year	Amounts Written Off	Closing Balance 31 December 2012
	$	$	$	$
Current trade receivables	19,224	(25,000)	27,754	21,978
	19,224	(25,000)	27,754	21,978

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

Note 8 Other Assets

	2012	2011
	$	$
CURRENT		
Prepayments	42,600	47,687
Trust account	6,200	2,573
	48,800	50,260
NON-CURRENT		
Prepayments	-	-
	-	-

Note 9 Property, Plant and Equipment

	2012	2011
	$	$
LAND AND BUILDINGS		
Buildings at:		
— at deemed cost	250,000	250,000
Accumulated depreciation	(59,375)	(53,125)
Total land and buildings	190,625	196,875
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	194,016	287,887
Accumulated depreciation	(36,088)	(98,646)
	157,928	189,241
Motor vehicle		
At cost	28,873	38,183
Accumulated depreciation	(7,218)	(9,360)
	21,655	28,823
Total plant and equipment	179,583	218,064
Total property, plant and equipment	370,208	414,939

(a) Movements in carrying amounts

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

	Buildings	Plant and Equipment	Motor Vehicles	Total
	$	$	$	$
Balance at 1 January 2011	203,125	107,560	9,130	319,815
Additions		104,508	38,183	142,691
Disposals - written down value		(2,505)	(9,080)	(11,585)
Depreciation expense	(6,250)	(20,372)	(9,360)	(35,982)
Carrying amount at 31 December 2011	196,875	189,191	28,873	414,939

Additions		4,775		4,775
Disposals - written down value		(147)		(147)
Depreciation expense	(6,250)	(35,891)	(7,218)	(49,359)
Carrying amount at 31 December 2012	190,625	157,928	21,655	370,208

Note 10 Trade and Other Payables

	Note	2012 $	2011 $
CURRENT			
Unsecured liabilities			
Trade payables		-	112
Sundry payables and accrued expenses		25,411	19,352
Amounts payable to:			
— Income received in advance		544,018	541,398
— Trust account creditors		6,200	3,258
— GST payable		104	-
	10(a)	575,733	564,120
NON-CURRENT			
Unsecured liabilities			
Trade payables		-	-
Sundry payables and accrued expenses		-	-
	10(a)	-	-

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2012	2011
Trade and other payables			
— Total Current		575,733	564,120
— Total Non-Current		-	-
		575,733	564,120
Less: Income received in advance		(544,018)	(541,398)
Financial liabilities as trade and other payables	18	31,715	22,722

Note 11 Tax

	2012 $	2011 $
CURRENT		
Income tax	-	-
Total	-	-

NON-CURRENT	Opening Balance	Charged to Income	Charged Directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
Deferred tax liability	$	$	$	$	$	$
Property, plant and equipment						
— tax allowance						75,000
Tax losses carried forward	(40,015)	(678)				(40,693)
Provision for employee entitlements	430	2				(428)
Provision for audit fees	158	15				(143)
Balance as at 31 December 2011	(39,427)	(661)	-	-	-	33,736
Property, plant and equipment						
— tax allowance	75,000					75,000
Tax losses carried forward	(40,693)	(2,114)				(42,807)
Provision for employee entitlements	(428)					(428)
Provision for audit fees	(143)					(143)
Balance as at 31 December 2012	33,736	(2,114)	-	-	-	31,622

Note 12 Provisions

	2012 $	2011 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 January 2012	15,948	12,188
Additional provisions raised during year	1,283	3,760
Amounts used	-	-
Balance at 31 December 2012	17,231	15,948
Total	17,231	15,948

NON-CURRENT		
Long-term Employee Benefits		
Opening balance at 1 January 2012	15,443	13,642
Additional provisions raised during year	3,219	1,801
Amounts used	-	-
Balance at 31 December 2012	18,662	15,443
Total	18,662	15,443

	2012 $	2011 $
Analysis of Provisions		
Current	17,231	15,948
Non-current	18,662	15,443
	35,893	31,391

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

Note 13 Issued Capital

	2012 $	2011 $
1,584 (2011: 1,584) fully paid ordinary shares	1,584	1,584
	1,584	1,584

(a) Ordinary Shares

	No. of shares	No. of shares
At the beginning of the reporting period	1,584	1,584
Shares issued during year		
At the end of the reporting period	1,584	1,584

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 14 Contingent Liabilities and Contingent Assets

	2012 $	2011 $
There were no contingent assets or liabilities identified by the directors as having to be reported at the date of preparation of this report.	-	-

Note 15 Cash Flow Information

	2012 $	2011 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	(41,349)	328,137
Non-cash flows in profit		
— depreciation	49,359	35,982
— impairment of financial assets	27,754	19,224
— net (gain)/loss on disposal of property, plant and equipment	147	(1,263)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— increase/(decrease) in trade and term debtors	66,203	(259,083)
— increase/(decrease) in other assets	1,460	(999)
— increase/(decrease) in financial assets	-	19,082
— increase/(decrease) in payables	11,613	36,320
— increase/(decrease) in deferred taxes payable	(2,114)	(661)
— increase/(decrease) in provisions	4,502	5,560
Net cash provided by operating activities	117,575	182,299

Note 16 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 17 Related Party Transactions

Company's main related parties are as follows:

(a) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

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
Brenda Suhr	1	Shares jointly held with G Suhr
Gregory H Suhr	1	Shares jointly held with B Suhr
Keith N Martin	2	Shares jointly held with R Martin
Kenneth Durston	3	Shares jointly held with P Durston
Jasper W Glover	1	

(b) Directors Remuneration and Retirement Benefits

There are no remuneration or retirement benefits provided to directors during the year (2011: nil)

(c) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Note 18 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	6	781,663	668,863
Loans and receivables	7	75,618	169,575
Total Financial Assets		857,281	838,438
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	10(a)	31,715	22,722
Total Financial Liabilities		31,715	22,722

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The directors' meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the directors' have otherwise assessed as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 7.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 7.

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

— preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;

— maintaining a reputable credit profile;
— managing credit risk related to financial assets;
— only investing surplus cash with major financial institutions; and
— comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Trade and other payables (excluding est. annual leave)	31,715	22,722					31,715	22,722
Total contractual outflows	31,715	22,722	-	-	-	-	31,715	22,722
less bank overdrafts							-	-
Total expected outflows	31,715	22,722	-	-	-	-	31,715	22,722
Financial assets — cash flows realisable								
Cash and cash equivalents	781,663	668,863					781,663	668,863
Trade, term and loans receivables	75,618	169,575					75,618	169,575
Other investments							-	-
Total anticipated inflows	857,281	838,438	-	-	-	-	857,281	838,438
on financial instruments	825,566	815,716	-	-	-	-	825,566	815,716

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the company to interest rate risk are limited to cash and cash equivalents.

ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The Company is not exposed to other price risk based on monies held as at the end of the financial year.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

Year ended 31 December 2012	Profit $	Equity $
+/- 1% in interest rates	7,817	7,817

Year ended 31 December 2011	Profit $	Equity $
+/- 1% in interest rates	6,689	6,689

Note 19 Company Details

The registered office of the company is:

Pacific View Resort No 2 Limited
34 Victoria Terrace
Caloundra QLd 4551

The principal place of business is:

Pacific View Resort No 2 Limited
34 Victoria Terrace
Caloundra QLd 4551

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

In accordance with a resolution of the directors of Pacific View Resort No 2 Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 16, are in accordance with the Corporations Act 2001 and:
   (a) 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);
   (b) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the company.
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.

Director G. H. Suhr
Gregory H Suhr

Dated this 15th day of March 2013

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

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 (the company), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, note comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation and fair presentation of the financial report that gives a true and fair view 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.

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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Pacific View Resort No 2 Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's 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 2012 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm: ***sps audit***

Name of Principal: Stephen J Shirley

Address: P O Box 486
BUDERIM QLD 4556

Dated this 16th day of March 2013