PACIFIC VIEW RESORT NO 2 LIMITED

ABN: 81 010 318 297

Financial Report For The Year Ended
31 December 2015

Pacific View Resort No 2 Limited

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Financial Report For The Year Ended 31 December 2015

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

Your directors present their report on the company for the financial year ended 31 December 2015.

Directors

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

Gregory H Suhr
Brenda J Suhr
Keith N Martin
Kenneth B Durston
Jasper W Glover
Barbara J Ferdinands

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 deficit of the company for the financial year after providing for income tax amounted to $75,926.

A review of the operations of the company during the financial year and the results of those operations found that the deficit has arisen primarily due to the continued refurbishment of kitchens in the units which will be completed over the next 3 years.

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 during the financial year 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.

Options

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.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

Insurance premiums of $1,860 have been paid, during or since the end of the financial year, for any person who is or has been an officer 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.

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

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.

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

Director ______________________________
Brenda J Suhr

Dated this 26th day of February 2016

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 2015 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Name of Firm ***sps audit***

Name of Principal Stephen J Shirley

Date 19-Feb-16

Address Shop 7, Buderim Mall
86 Burnett Street
BUDERIM QLD 4556

PACIFIC VIEW RESORT NO 2 LIMITED
ABN: 81 010 318 297
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Sales revenue	2	985,541	1,024,663
Other income	2	-	7,405
Employee benefits expense		(376,021)	(353,052)
Impairment of financial assets		(19,842)	(31,466)
Depreciation and amortisation expense		(37,346)	(38,989)
Loss on disposal of property, plant and equipment		(10)	-
Administration expenses		(73,334)	(72,540)
Property expenses		(479,833)	(333,238)
Resort operating expenses		(77,019)	(86,965)
Profit before income tax		(77,864)	115,818
Tax (expense)/income	4(a)	1,938	(4,481)
Profit for the year		(75,926)	111,338
Other comprehensive income:			
		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(75,926)	111,338

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 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	931,972	920,045
Trade and other receivables	9	95,710	99,448
Other current assets	10	64,917	63,797
TOTAL CURRENT ASSETS		1,092,599	1,083,290
NON-CURRENT ASSETS			
Trade and other receivables	9	-	-
Property, plant and equipment	11	292,414	325,988
Deferred tax assets	13	-	-
Other non-current assets	10	-	-
TOTAL NON-CURRENT ASSETS		292,414	325,988
TOTAL ASSETS		1,385,013	1,409,278
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	629,222	579,235
Current tax liabilities	13	-	-
Provisions	14	21,582	20,872
TOTAL CURRENT LIABILITIES		650,804	600,107
NON-CURRENT LIABILITIES			
Trade and other payables	12	4,797	5,469
Deferred tax liabilities	13	51,046	52,984
Provisions	14	29,037	25,463
TOTAL NON-CURRENT LIABILITIES		84,880	83,916
TOTAL LIABILITIES		735,684	684,023
NET ASSETS		649,329	725,255
EQUITY			
Issued capital	15	1,584	1,584
Retained earnings		647,745	723,671
TOTAL EQUITY		649,329	725,255

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 2015

	Note	Share Capital		Retained Earnings (accumulated losses)	Total
		Ordinary	Partly paid ordinary shares		
		$	$	$	$
Balance at 1 January 2014		1,584		612,333	613,917
Comprehensive income					
Surplus / (deficit) for the year				111,338	111,338
Total comprehensive income for the year attributable to members of the entity		-	-	111,338	111,338
Transactions with owners, in their capacity as owners, and other transfers					
Total transactions with owners and other transfers		-	-	-	-
Balance at 31 December 2014		1,584	-	723,671	725,255
Balance at 1 January 2015		1,584	-	723,671	725,255
Comprehensive income					
Surplus / (deficit) for the year				(75,926)	(75,926)
Total comprehensive income for the year attributable to members of the entity		-	-	(75,926)	(75,926)
Transactions with owners, in their capacity as owners, and other transfers					
Total transactions with owners and other transfers		-	-	-	-
Balance at 31 December 2015		1,584	-	647,745	649,329

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 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,021,090	977,367
Payments to suppliers and employees		(1,022,057)	(882,651)
Interest received		16,676	22,201
Net cash provided by/(used in) operating activities	18(a)	15,709	116,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	22,000
Purchase of property, plant and equipment		(3,782)	(47,900)
Net cash provided by/(used in) investing activities		(3,782)	(25,900)
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		11,927	91,017
Cash at beginning of financial year		920,045	829,028
Cash at end of financial year	8	931,972	920,045

The accompanying notes form part of these financial statements.

Note 1 Summary of Significant Accounting Policies

Pacific View Resort No 2 Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26 February, 2015 by the directors of the company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a for-profit entity for Financial Reporting purposes under Australian Accounting Standards. Material Accounting policies adopted in the preparation of these Financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(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) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(c) 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 buildings 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 freehold buildings 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(f) for details of impairment).

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(f) for details of impairment).

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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	2.5%
Plant and equipment	15.0% - 66.0%
Motor vehicles	20.0%

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.

(d) 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.

(e) 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 recognised as expenses in 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.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

(ii) 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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(f) 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, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 of disposal 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 (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). 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.

(g) Employee Benefits

Short-term employee benefits

Provision is made for the company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) 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.

(i) 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.

(j) 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.

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.

(k) 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(f) for further discussion on the determination of impairment losses.

(l) 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) 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 gross 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.

(n) 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 retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key estimates

(i) *Impairment - general*

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 (September 2011) as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(ii) *Provision for impairment of receivables*

An amount of $4,954 has been taken up as an impairment of receivables. This has been based on efforts to date to recover these amounts and the directors believe some of these funds may not be recovered.

Note 2 Revenue and Other Income

	2015 $	2014 $
Sales revenue:		
— Maintenance levies	948,243	982,778
— Rental pool commission	13,075	11,983
— Other income	7,547	7,701
Total sales revenue	968,865	1,002,462
Other revenue:		
— interest received		
— Bank accounts	16,676	22,201
Total interest revenue on financial assets not at fair value through profit of loss	16,676	22,201
Total sales revenue and other revenue	985,541	1,024,663
Other income:		
— gain on disposal of property, plant and equipment	-	7,405
Total other income	-	7,405

Note 3 Profit before Income Tax

Profit before income tax from continuing operations includes the following specific expenses:	2015 $	2014 $
(a) Expenses		
Employee benefits expense:		
— wages, salaries and superannuation	376,021	353,052
Other expenses:		
Bad and doubtful debts:		
— trade receivables	19,842	31,466
Total bad and doubtful debts	19,842	31,466

Note 4 Tax Expense

	Note	2015 $	2014 $
(a) The components of tax (expense)/income comprise:			
Current tax		-	-
Deferred tax	13	(1,938)	4,481
		(1,938)	4,481
(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% (2014: 30%)		(23,359)	34,745
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		11,205	11,697
— other non-allowable items		57,108	15,051
		44,954	61,493
Less:			
Tax effect of:			
— Amounts excluded under principle of mutuality		46,892	57,013
Income tax attributable to company		(1,938)	4,481

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2015 $	2014 $
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long term benefits	-	-
	-	-

Other KMP Transactions

For details of other transactions with KMP, refer to Note 20: Related Party Transactions.

Note 6 Auditors’ Remuneration

	2015 $	2014 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	11,671	11,374
	11,671	11,374

Note 7 Dividends

	2015 $	2014 $
Distributions paid		
There were no dividends declared or paid during the financial year.	-	-

Note 8 Cash and Cash Equivalents

	2015 $	2014 $
CURRENT		
Petty cash float	300	300
General bank account	22,929	13,073
Sinking fund account	495,155	482,459
Cash management account	413,588	424,213
	931,972	920,045

The effective interest rate on short-term bank deposits was 3.17% (2014: 3.47%); these deposits have an average maturity of 42 days.

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:

	2015	2014
Cash and cash equivalents	931,972	920,045
	931,972	920,045

Note 9 Trade and Other Receivables

	Note	2015 $	2014 $
CURRENT			
Trade receivables		98,765	106,922
Provision for impairment	9(a)	(4,954)	(9,768)
		93,811	97,154
Interest receivable		1,899	2,294
Total current trade and other receivables		95,710	99,448
NON-CURRENT			
Trade receivables		-	-
Provision for impairment	9(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 2014 $	Charge for the Year $	Amounts Written Off $	Closing Balance 31 December 2014 $
Current trade receivables	23,389	17,845	(31,466)	9,768
	23,389	17,845	(31,466)	9,768

	Opening Balance 1 January 2015 $	Charge for the Year $	Amounts Written Off $	Closing Balance 31 December 2015 $
Current trade receivables	9,768	19,842	(24,656)	4,954
	9,768	19,842	(24,656)	4,954

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 9. 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 10 Other Assets

	2015 $	2014 $
CURRENT		
Prepayments	56,947	55,147
Trust account	7,970	8,650
	64,917	63,797
NON-CURRENT		
Prepayments	-	-
	-	-

Note 11 Property, Plant and Equipment

	2015 $	2014 $
LAND AND BUILDINGS		
Buildings:		
— at cost	250,000	250,000
Accumulated depreciation	(78,125)	(71,875)
Total buildings	171,875	178,125
Total land and buildings	171,875	178,125
Carrying amount of buildings had they all been carried under the cost model		
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	193,626	196,581
Accumulated depreciation	(103,648)	(89,466)
	89,978	107,115
Motor vehicle		
At cost	47,900	47,900
Accumulated depreciation	(17,339)	(7,152)
	30,561	40,748
Total plant and equipment	120,539	147,863
Total property, plant and equipment	292,414	325,988

(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 2014	184,375	131,056	16,241	331,672
Additions			47,900	47,900
Disposals - written down value			(14,594)	(14,594)
Depreciation expense	(6,250)	(23,941)	(8,799)	(38,990)
Carrying amount at 31 December 2014	178,125	107,115	40,748	325,988
Additions		3,782		3,782
Disposals - written down value		(10)		(10)
Depreciation expense	(6,250)	(20,909)	(10,187)	(37,346)
Carrying amount at 31 December 2015	171,875	89,978	30,561	292,414

Note 12 Trade and Other Payables

	Note	2015 $	2014 $
CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		20,092	18,584
Amounts payable to:			
— Income received in advance		601,160	552,001
— Trust account creditors		7,970	8,650
	12(a)	629,222	579,235
NON-CURRENT			
Unsecured liabilities			
Amounts payable to:			
— Income received in advance		4,797	5,469
	12(a)	4,797	5,469

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

Trade and other payables			
— Total Current		629,222	579,235
— Total Non-Current		4,797	5,469
		634,019	584,704
Less: other payables (net amount of GST payable)		(605,957)	(557,470)
Financial liabilities as trade and other payables	21	28,062	27,234

Note 13 Tax

	2015	2014
	$	$
CURRENT		
Income tax payable	51,046	52,984
Total	51,046	52,984

NON-CURRENT	Opening Balance	(Charged)/ Credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
Deferred tax liabilities	$	$	$	$	$	$
Tax allowance on property, plant and equipment	75,000					75,000
Tax losses carried forward	(24,901)	4,559				(20,342)
Provision for employee entitlements	(1,341)	(66)				(1,407)
Provision for audit fees	(254)	(13)				(267)
Balance as at 31 December 2014	48,504	4,480	-	-	-	52,984
Tax allowance on property, plant and equipment	75,000					75,000
Tax losses carried forward	(20,342)	(1,799)				(22,280)
Provision for employee entitlements	(1,407)	(132)				(1,407)
Provision for audit fees	(267)	(7)				(267)
Balance as at 31 December 2015	52,984	(1,938)	-	-	-	51,046

Note 14 Provisions

Analysis of Provisions

	2015	2014
CURRENT		
Employee Benefits	$	$
Opening balance at 1 January 2015	20,872	20,385
Additional provisions raised during year	710	487
Balance at 31 December 2015	21,582	20,872
Total current provisions	21,582	20,872
NON-CURRENT		
Employee Benefits		
Opening balance at 1 January 2015	25,463	21,786
Additional provisions raised during year	3,574	3,677
Balance at 31 December 2015	29,037	25,463
Total non-current provisions	29,037	25,463

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.

Note 15 Issued Capital

	2015	2014
	$	$
1,584 (2014: 1,584) fully paid ordinary shares	1,584	1,584
	1,584	1,584

(a) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

Note 16 Capital and Leasing Commitments

	2015 $	2014 $

There were no capital or leasing commitments held by the Company at the end of the financial period.

Note 17 Contingent Liabilities and Contingent Assets

	2015 $	2014 $
There were no contingent assets or liabilites identified by the directors as having to be reported at the date of preparation of this report.	-	-

Note 18 Cash Flow Information

	2015 $	2014 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	(75,926)	111,338
Non-cash flows in profit		
— depreciation	37,346	38,989
— bad and doubtful debts	19,842	31,466
— net (gain)/loss on disposal of property, plant and equipment	10	(7,405)
Changes in assets and liabilities		
— increase/(decrease) in trade and term debtors	(16,104)	(52,048)
— increase/(decrease) in other assets	(1,120)	(9,873)
— increase/(decrease) in payables	828	319
— increase/(decrease) in income in advance	48,487	(4,513)
— increase/(decrease) in deferred taxes payable	(1,938)	4,480
— increase/(decrease) in provisions	4,284	4,164
Net cash provided by operating activities	15,709	116,917

Note 19 Events After the Reporting Period

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

Note 20 Related Party Transactions

The 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.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

(b) 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.

(c) Transactions with related parties:

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

Note 21 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	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	8	931,972	920,045
Receivables	9	95,710	99,448
Total Financial Assets		1,027,682	1,019,493
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12(a)	28,062	27,234
Total Financial Liabilities		28,062	27,234

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 finance 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.

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 9.

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 9.

(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 operating, investing and financing activities;
— monitoring undrawn credit facilities;
— 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. The company does not hold any derivative financial liabilities directly.

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**	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Trade and other payables	28,062	27,234					28,062	27,234
Total contractual outflows	28,062	27,234	-	-	-	-	28,062	27,234
less bank overdrafts							-	-
Total expected outflows	28,062	27,234	-	-	-	-	28,062	27,234
Financial assets — cash flows realisable								
Cash and cash equivalents	931,972	920,045					931,972	920,045
Trade, term and loans receivables	95,710	99,448					95,710	99,448
Total anticipated inflows	1,027,682	1,019,493	-	-	-	-	1,027,682	1,019,493
on financial instruments	999,620	992,259	-	-	-	-	999,620	992,259

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.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. 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 2015	Profit $	Equity $
+/- 1% in interest rates	9,320	9,320

Year ended 31 December 2014	Profit $	Equity $
+/- 1% in interest rates	9,200	9,200

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Note 22 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 4 to 18, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards as stated in accounting policy Note 1 to the financial statements

   (b) give a true and fair view of the financial position as at 31 December 2015 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 ______ B J Suhr

Brenda J Suhr

Dated this 26th day of February 2016

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 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes 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 gives a true and fair view and 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 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.

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 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the 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: Shop 7, Buderim Mall
86 Burnett Street
BUDERIM QLD 4556

Dated this 26th day of February 2016