PACIFIC VIEW RESORT NO 2 LIMITED

ABN: 81 010 318 297

Financial Report For The Year Ended
31 December 2019

Pacific View Resort No 2 Limited

ABN: 81 010 318 297

Financial Report For The Year Ended 31 December 2019

CONTENTS **Page**

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 2019.

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
Kenneth B Durston
Jasper W Glover
Barbara J Ferdinands
Anne Kerby

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 $45,129.

A review of the operations of the company during the financial year and the results of those operations found that an increase in property expenses (predominantly repairs and maintenance) and resort operating expenses has led to the loss. The company is expected to return to budget in the 2020 year.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs 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

The company will continue to operate the Pacific View Resort as efficiently as possible and maintaining a high standard of care. Operations are expected to be within budget in the current year.

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 $2,580 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 the 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 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	2020

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pacific View Resort No 2 Limited. As the lead audit principal for the audit of the financial report of Pacific View Resort No 2 Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of 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-20

Address Suite 8b, Matlow Place
19 Birtwill Street
COOLUM BEACH QLD 4573

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 2019

	Note	2019 $	2018 $
Sales revenue	2	1,071,524	1,048,308
Other income	2	-	8,986
Employee benefits expense		(418,189)	(404,496)
Impairment of financial assets		21	(1,580)
Depreciation and amortisation expense		(24,493)	(29,799)
Administration expenses		(77,558)	(69,558)
Property expenses		(500,955)	(455,278)
Resort operating expenses		(102,135)	(86,011)
Profit before income tax		(51,785)	10,572
Tax (expense) income	4(a)	6,656	(1,981)
Profit for the year		(45,129)	8,591
Other comprehensive income:			
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(45,129)	8,591

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 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,025,658	1,096,563
Trade and other receivables	9	19,577	16,248
Other current assets	10	66,320	63,561
TOTAL CURRENT ASSETS		1,111,555	1,176,372
NON-CURRENT ASSETS			
Trade and other receivables	9	-	-
Property, plant and equipment	11	216,856	241,349
Other non-current assets	10	-	-
TOTAL NON-CURRENT ASSETS		216,856	241,349
TOTAL ASSETS		1,328,411	1,417,721
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	533,006	570,188
Current tax liabilities	13	-	-
Provisions	14	89,455	86,538
TOTAL CURRENT LIABILITIES		622,461	656,726
NON-CURRENT LIABILITIES			
Trade and other payables	12	1,455	4,715
Deferred tax liabilities	13	48,676	55,332
Provisions	14	-	-
TOTAL NON-CURRENT LIABILITIES		50,131	60,047
TOTAL LIABILITIES		672,592	716,773
NET ASSETS		655,819	700,948
EQUITY			
Issued capital	15	1,584	1,584
Retained earnings		654,235	699,364
TOTAL EQUITY		655,819	700,948

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 2019

	Note	Share Capital		
		Ordinary	Retained Earnings (accumulated losses)	Total
		$	$	$
Balance at 1 January 2018		1,584	690,773	692,357
Comprehensive income				
Profit / (loss) for the year			8,591	8,591
Other comprehensive income for the year			-	-
Total comprehensive income for the year attributable to owners of the entity		-	8,591	8,591
Transactions with owners, in their capacity as owners, and other transfers				
Dividends paid or provided for	7		-	-
Total transactions with owners and other transfers		-	-	-
Balance at 31 December 2018		1,584	699,364	700,948
Balance at 1 January 2019		1,584	699,364	700,948
Comprehensive income				
Profit / (loss) for the year			(45,129)	(45,129)
Other comprehensive income for the year			-	-
Total comprehensive income for the year attributable to owners of the entity		-	(45,129)	(45,129)
Transactions with owners, in their capacity as owners, and other transfers				
Dividends paid or provided for	7		-	-
Total transactions with owners and other transfers		-	-	-
Balance at 31 December 2019		1,584	654,235	655,819

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 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,018,722	1,034,217
Payments to suppliers and employees		(1,104,216)	(1,015,709)
Interest received		14,589	15,280
Net cash provided by operating activities	18(a)	(70,905)	33,788
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	26,000
Purchase of property, plant and equipment		-	(50,996)
Net cash (used in)/provided by investing activities		-	(24,996)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - other		-	-
Repayment of borrowings - other		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		(70,905)	8,792
Cash and cash equivalents at beginning of financial year		1,096,563	1,087,771
Cash and cash equivalents at end of financial year	8	1,025,658	1,096,563

The accompanying notes form part of these financial statements.

These financial statements and notes represent Pacific View Resort No 2 Limited. 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 26th February, 2019 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

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 and International Financial Reporting Standards as issued by the International 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 cash flow information, have been prepared on an accrual 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.

(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 profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax 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: (i) a legally enforceable right of set-off exists; and (ii) 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 instruments, 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 land and 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 land and buildings is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. 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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) 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	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

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.16.

Classification and Subsequent Measurement
Financial liabilities

Financial instruments are subsequently measured at:

— amortised cost; or
— fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

— a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
— held for trading; or
— initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

— it is incurred for the purpose of repurchasing or repaying in the near term;
— part of a portfolio where there is an actual pattern of short-term profit taking; or
— a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

— amortised cost;
— fair value through other comprehensive income; or
— fair value through profit or loss.

Measurement is on the basis of two primary criteria:

— the contractual cash flow characteristics of the financial asset; and
— the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

— the financial asset is managed solely to collect contractual cash flows; and
— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
— the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

— it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
— it is in accordance with the documented risk management or investment strategy, and information about the groupings is documented appropriately, so that the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
— it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

— the right to receive cash flows from the asset has expired or been transferred;
— all risk and rewards of ownership of the asset have been substantially transferred; and
— the Company no longer controls the asset (ie it has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Company recognises a loss allowance for expected credit losses on:

— financial assets that are measured at amortised cost or fair value through other comprehensive income;
— lease receivables;
— contract assets (eg amounts due from customers under contracts);
— loan commitments that are not measured at fair value through profit or loss; and
— financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

— financial assets measured at fair value through profit or loss; or
— equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9:

— the general approach
— the simplified approach
— the purchased or originated credit impaired approach; and
— low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and:

— if the credit risk of the financial instrument has increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
— if there is no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(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. 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(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 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 corporate 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 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 Recognition

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

Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

Interest income is recognised using the effective interest method.

(k) 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.

(l) 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 statements is presented.

(m) 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.

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	2019 $	2018 $
Continued operations			
Other sources of revenue	2(a)	1,071,524	1,048,308
		1,071,524	1,048,308
Other income	2(b)	-	8,986

(a) Other sources of revenue		
Total interest received	14,589	15,280
Sales revenue	1,056,935	1,033,028
Total other sources revenue	1,071,524	1,048,308
(b) Other income		
— Gain on disposal of property, plant and equipment	-	8,986
Total other income	-	8,986

Note 3 Profit before Income Tax

Profit before income tax from continuing operations includes the following specific expenses:	2019 $	2018 $
(a) Expenses		
— Employee benefits expense	418,189	404,496
Other expenses:		
Loss allowance on trade receivables	(21)	1,580
	(21)	1,580

Note 4 Tax Expense

	Note	2019 $	2018 $
(a) The components of tax (expense) income comprise:			
Current tax		-	-
Deferred tax	13	(6,656)	1,981
		(6,656)	1,981
(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 27.50% (2018: 27.50%)		(14,241)	2,907
Add:			
Tax effect of:			
— non-deductible depreciation and amortisation		6,736	8,195
— other non-allowable items		276,211	277,433
		268,705	288,535
Less:			
Tax effect of:			
— Amounts excluded under principle of mutuality		275,361	286,554
Income tax attributable to company		(6,656)	1,981
Weighted average effective tax rates		12.9%	18.7%

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:

	2019 $	2018 $
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long term benefits	-	-
	-	-

Other KMP Transactions

For details of other transactions with KMP, refer to Note 15: Issued Capital.

Note 6 Auditor's Remuneration

	2019 $	2018 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	11,550	11,385
	11,550	11,385

Note 7 Dividends

	2019 $	2018 $
There were no dividends paid or declared duirng the year.	-	-

Note 8 Cash and Cash Equivalents

	2019 $	2018 $
CURRENT		
Petty cash float	300	300
General bank account	33,360	63,855
Sinking fund account	586,819	543,214
Cash management account	405,179	489,194
	1,025,658	1,096,563

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:

	2019 $	2018 $
Cash and cash equivalents	1,025,658	1,096,563
	1,025,658	1,096,563

Note 9 Trade and Other Receivables

	Note	2019 $	2018 $
CURRENT			
Trade receivables		26,371	26,623
Provision for impairment		(6,794)	(10,375)
Total current trade and other receivables	9(a)	19,577	16,248
NON-CURRENT			
Trade receivables		-	-
Provision for impairment		-	-
Total non-current trade and other receivables	9(a)	-	-

(a) Financial Assets Measured at Amortised Cost

	Note	2019 $	2018 $
Trade and other receivables			
— Total current		19,577	16,248
— Total non-current		-	-
Total financial assets classified as loans and receivables	20	19,577	16,248

(b) Collateral Pledged

No collateral is held over trade and other receivables.

Note 10 Other Assets

	2019 $	2018 $
CURRENT		
Prepayments	66,320	63,561
	66,320	63,561
NON-CURRENT		
Prepayments	-	-
	-	-

Note 11 Property, Plant and Equipment

	2019 $	2018 $
LAND AND BUILDINGS		
Buildings:		
— at cost	250,000	250,000
Accumulated depreciation	(103,125)	(96,875)
Total land and buildings	146,875	153,125

Carrying amount of all buildings had they been carried under the cost model

PLANT AND EQUIPMENT

Plant and equipment:		
At cost	193,626	193,626
Accumulated depreciation	(152,697)	(144,138)
	40,929	49,488
Motor vehicle		
At cost	50,996	50,996
Accumulated depreciation	(21,944)	(12,260)
	29,052	38,736
Total plant and equipment	69,981	88,224
Total property, plant and equipment	216,856	241,349

(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 2018	159,375	60,000	17,791	237,166
Additions	-	-	50,996	50,996
Disposals - written down value	-	-	(17,614)	(17,614)
Depreciation expense	(6,250)	(10,512)	(12,437)	(29,199)
Carrying amount at 31 December 2018	153,125	49,488	38,736	241,349
Balance at 1 January 2019	153,125	49,488	38,736	241,349
Depreciation expense	(6,250)	(8,559)	(9,684)	(24,493)
Carrying amount at 31 December 2019	146,875	40,929	29,052	216,856

Note 12 Trade and Other Payables

		2019	2018
		$	$
CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		23,659	29,217
Income received in advance		509,347	540,971
		533,006	570,188
NON-CURRENT			
Unsecured liabilities			
Income received in advance		1,455	4,715
		1,455	4,715

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

Trade and other payables			
— Total Current		533,006	570,188
— Total Non-Current		1,455	4,715
		534,461	574,903
Less: other payables (net amount of GST payable)		-	-
Financial liabilities as trade and other payables	21	534,461	574,903

Note 13 Tax

	2019	2018
	$	$
CURRENT		
Income tax payable	-	-
Total	-	-

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 liability on:	$	$	$	$	$	$
Tax allowance on property, plant and equipment	75,000					75,000
Tax losses carried forward	(19,674)	1,734				(17,940)
Provision for employee entitlements	(1,562)	75				(1,487)
Provision for audit fees	(413)	172				(241)
Balance as at 31 December 2018	53,351	1,981	-	-	-	55,332

Tax allowance on property, plant and equipment						
	75,000					75,000
Tax losses carried forward	(17,940)	(2,341)				(20,281)
Provision for employee entitlements	(1,487)	(3,836)				(5,323)
Provision for audit fees	(241)	(479)				(720)
Balance as at 31 December 2019	55,332	(6,656)	-	-	-	48,676

The benefits of the above temporary differences and unused tax losses will be realised when the conditions for deductibility set out in Note 1(a) occur. These amounts have no expiry date.

Note 14 Provisions

	2019	2018
CURRENT	$	$
Employee Benefits	89,455	86,538
Total current provisions	89,455	86,538
NON-CURRENT		
Employee Benefits	-	-
Total non-current provisions	-	-

	Employee Benefits	**Total**
Analysis of provisions	**$**	**$**
Opening balance at 1 January 2019	86,538	86,538
Additional provisions raised during year	2,917	2,917
Balance at 31 December 2019	89,455	89,455

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

	2019	2018
	$	$
1,584 (2018: 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
At the end of the reporting period	1,584	1,584

Ordinary shareholders 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.

(b) 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.

Note 16 Capital and Leasing Commitments

	2019	2018
	$	$
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

	2019 $	2018 $
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

	2019 $	2018 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	(45,129)	8,591
Non-cash flows in profit		
— depreciation	24,493	29,799
— bad and doubtful debts	-	1,580
— net gain on disposal of property, plant and equipment	-	(8,986)
Changes in assets and liabilities:		
— (increase)/decrease in trade and other receivables	(3,329)	477
— (increase)/decrease in other assets	(2,759)	(4,705)
— increase/(decrease) in income taxes payable	(6,656)	1,981
— increase/(decrease) in trade and other payables	(5,558)	(8,958)
— increase/(decrease) in provisions	2,917	14,877
— increase/(decrease) in income in advance	(34,884)	(868)
Net cash provided by operating activities	(70,905)	33,788

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.

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: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Financial assets at amortised cost:			
— Cash and cash equivalents	8	1,025,658	1,096,563
— Trade and other receivables	9	19,577	16,248
Total Financial Assets		1,045,235	1,112,811
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	12(a)	534,461	574,903
Total Financial Liabilities		534,461	574,903

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 main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 31 December 2019.

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.

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, which 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 9.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 9.

Credit risk related to balances with banks and other financial institutions is managed by the directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with banks with a high credit rating.

(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;
— obtaining funding from a variety of sources;
— 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Trade and other payables	534,461	574,903					534,461	574,903
Total contractual outflows	534,461	574,903	-	-	-	-	534,461	574,903
less bank overdrafts	-	-					-	-
Total expected outflows	534,461	574,903	-	-	-	-	534,461	574,903

Financial assets — cash flows realisable								
Cash and cash equivalents	1,025,658	1,096,563					1,025,658	1,096,563
Trade, term and loans receivables	19,577	16,248					19,577	16,248
Total anticipated inflows	1,045,235	1,112,811	-	-	-	-	1,045,235	1,112,811
on financial instruments	510,774	537,908	-	-	-	-	510,774	537,908

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 of 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 2019	**Profit $**	**Equity $**
+/- 1% in interest rates	10,257	10,257

Year ended 31 December 2018	**Profit $**	**Equity $**
+/- 1% in interest rates	10,966	10,966

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

Note 22 Fair Value Measurements

The directors of the company consider that fair value for all assets and liabilities is equivalent to cost and is measured in the financial statements on this basis.

Note 23 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 20, 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 2019 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 BJ Suhr

Brenda J Suhr

Dated this 26th day of February 2020

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

Opinion

We have audited the financial report of Pacific View Resort No 2 Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company 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 2019 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC VIEW RESORT NO 2 LIMITED

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

Auditor's name and signature: Stephen J Shirley
Registered Company Auditor No: 290262

Name of firm: ***sps audit***

Address: Suite 8b, Matlow Place
19 Birtwill Street
COOLUM BEACH QLD 4573

Dated this 26th day of February 2020