CLASSIC HOLIDAY CLUB

ARSN 111 354 440

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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CLASSIC HOLIDAY CLUB

Responsible Entity's Report
30 June 2016

The directors of Classic Clubs Limited ('the responsible entity') submit the financial report of Classic Holiday Club for the financial year ended 30 June 2016, and report in accordance with a resolution of the directors as follows:

Directors

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

Karim Filo
Ramy Filo
Caroline Scott
Mark Stephenson
Anthony Wilson

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

Principal Activities

The principal activity of the club during the financial year was that of a Timeshare Managed Investment Scheme.

No significant change in the nature of these activities occurred during the year.

Operating Results

The directors have reviewed operations for the year ended 30 June 2016 and report that operations have been consistent with expectations.

The result from operations was a loss after tax for the year ended 30 June 2016 of $ 2,799 (2015: loss after tax of $ 704,729).

As at 30 June 2016, the value of the total assets was $ 9,274,743 (2015: $ 8,954,174). The valuation method for these is disclosed in Note 1 to the financial report.

As at 30 June 2016, the total number of units on issue were 99,208,320 (2015: 83,832,730). 15,375,590 units were issued during the year (2015: 17,681,100). Nil units were redeemed during the year (2015: 2,392,000).

During the year, the club incurred responsible entity fees amounting to $ 1,272,450 (2015: $ 1,090,001) to Classic Clubs Limited. As at 30 June 2016, the responsible entity does not hold any direct interest in the club.

Matters Subsequent to the End of the Financial Year

There have been no matters or circumstances since the end of the financial year which significantly affected or may significantly affect the operations of the club, the results of those operations, or the state of affairs of the club in future financial years.

Significant Changes in State of Affairs

No significant changes in the club's state of affairs occurred during the financial year.

Likely Developments

Likely developments in the operations of the club 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 club.

Environmental Issues

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

Indemnifying Officers or Auditor

The responsible entity has agreements with each of the directors and officers of the responsible entity in office at the date of this report indemnifying them against liabilities to any person other than the responsible entity that may arise from their acting as directors or offices of the responsible entity. The indemnity applies, notwithstanding that they must have ceased to hold office, other than where such liabilities arise out of conduct involving a wilful breach of duty, the improper use by the directors or officers of their position or of information to gain an advantage for themselves or someone else or to cause detriment to the responsible entity.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, as such disclosures are prohibited under the terms of the contract.

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

Proceedings on Behalf of the club

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

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

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2016 has been received and can be found on page 3 and forms part of the Responsible Entity's Report.

Signed in accordance with a resolution of the Board of Directors:

C Scott
....
Caroline Scott
Director

Signed at Varsity Lakes on 29 September 2016

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Classic Holiday Club

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of the Responsible Entity for Classic Holiday Club

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

Meehan

Logan Meehan

Partner – Audit & Assurance

Signed at Emerald Lakes

Date: 29/9/2016

CLASSIC HOLIDAY CLUB

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 $	2015 $
Revenue	2	9,377,909	8,487,102
Auditor's remuneration		(26,060)	(25,375)
Inventory holding costs		(5,908,365)	(5,704,127)
Impairment of receivables		(107,732)	(129,933)
Operating expenses		(3,338,551)	(2,930,646)
Impairment of timeshare weeks		-	(401,750)
Loss before income tax	3	(2,799)	(704,729)
Income tax expense		-	-
Loss for the year attributable to members		(2,799)	(704,729)
Other comprehensive income, net of income tax			
Reclassification of impaired available-for-sale assets to profit & loss		-	401,750
Fair value movements in available-for-sale financial assets		362,800	(1,009,750)
Other comprehensive income / (loss) for the year, net of tax		362,800	(608,000)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS		360,001	(1,312,729)

The accompanying notes form part of these financial statements.

CLASSIC HOLIDAY CLUB

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTE	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	771,310	1,744,532
Trade and other receivables	6	10,300	103,417
Income tax asset		-	2,541
Other assets	7	359,933	174,684
TOTAL CURRENT ASSETS		1,141,543	2,025,174
NON-CURRENT ASSETS			
Financial assets	8	8,133,200	6,929,000
TOTAL ASSETS		9,274,743	8,954,174
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	169,387	191,420
Unearned revenue	10	3,098,100	3,956,899
TOTAL CURRENT LIABILITIES		3,267,487	4,148,319
NET ASSETS		6,007,256	4,805,855
EQUITY			
Issued units	11	10,652,901	9,811,501
Reserves	12	568,800	206,000
Accumulated losses	13	(5,214,445)	(5,211,646)
TOTAL EQUITY		6,007,256	4,805,855

CLASSIC HOLIDAY CLUB

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued Units $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2015	9,811,501	206,000	(5,211,646)	4,805,855
Loss for the year	-	-	(2,799)	(2,799)
Other comprehensive income:				
Fair value adjustment to financial assets	-	362,800	-	362,800
Total comprehensive income / (loss) for the year	-	362,800	(2,799)	360,001
Transactions with owners in their capacity as owners				
Units issued during the year	841,400	-	-	841,400
Balance at 30 June 2016	10,652,901	568,800	(5,214,445)	6,007,256
Balance at 1 July 2014	8,443,701	814,000	(4,506,917)	4,750,784
Loss for the year	-	-	(704,729)	(704,729)
Other comprehensive income:				
Reclassification of impairment to profit & loss	-	401,750	-	401,750
Fair value adjustment to financial assets	-	(1,009,750)	-	(1,009,750)
Total comprehensive loss for the year	-	(608,000)	(704,729)	(1,312,729)
Transactions with owners in their capacity as owners				
Units issued during the year	1,567,300	-	-	1,567,300
Units redeemed during the year	(199,500)	-	-	(199,500)
Balance at 30 June 2015	9,811,501	206,000	(5,211,646)	4,805,855

CLASSIC HOLIDAY CLUB

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Inflows (Outflows) $	2015 Inflows (Outflows) $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		8,680,408	10,144,241
Payments to suppliers		(9,678,167)	(9,310,593)
Interest received		21,996	24,297
Income tax paid		2,541	(1,320)
NET CASH (UTILISED IN) / FROM OPERATING ACTIVITIES	**14**	(973,222)	856,625
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net (decrease) / increase in cash and cash equivalents held		(973,222)	856,625
Cash and cash equivalents at the beginning of the year		1,744,532	887,907
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	771,310	1,744,532

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
Classic Holiday Club ('the club') is a registered managed investment scheme established and domiciled in Australia. The financial report covers Classic Holiday Club as an individual entity.

The principal activity of the club in the course of the financial year has been that of a Timeshare Managed Investment Scheme.

The financial statements were authorised for issue by the board of directors of the responsible entity on 29 September 2016.

Summary of Significant Accounting Policies

(a) Basis of Preparation
The financial statements of Classic Holiday Club are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements of Classic Holiday Club and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Rounding of amounts
The club is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

(b) Comparative Amounts
Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Income Tax
The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:
- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- Taxable temporary differences arising on the initial recognition of goodwill; and
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income Tax (Continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Revenue and Other Income
Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue from the rendering of a service is recognised upon the delivery of goods to the customer.

Revenue from the sale of goods is recognised upon the delivery of goods to the customer.

Levy penalties are recognised as received.

Rental revenue is recognised when the right to receive the payment is established.

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

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

(e) Goods and Services Tax (GST)
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goods and Services Tax (GST) (Continued)

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- available-for-sale financial assets.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The club's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The club's available-for-sale financial assets include timeshare weeks.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial Instruments (Continued)
Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of financial assets
At the end of the reporting period the club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost
If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets
A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(g) Cash and Cash Equivalents
Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) New Accounting Standards and Interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted. The club's assessment of the impact of the relevant new standards and interpretations is set out below:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods commencing 1 January 2018):
AASB9 addresses the classification and measurement of financial assets and is not applicable until 1 January 2018 but is available for early adoption. The club is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the club's financial statements.

AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018):
The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The club is yet to assess the full impact of the new standard however, initial indications are that the standard is not expected to have any impact on the club's financial statements.

NOTE 2 - REVENUE	2016 $	2015 $
Levy income	2,669,831	2,113,005
Account fees	3,566,287	3,248,761
Sale of use points & vouchers	3,001,277	2,973,985
Levy penalties	89,785	92,256
Rental income	20,397	31,173
Interest received	21,996	24,297
Other income	8,336	3,625
	9,377,909	8,487,102

NOTE 3 - INCOME TAX

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

Prima facie tax receivable on loss before income tax at 30% (2015: 30%)	(840)	(211,419)
Tax effect of:		
- Amounts (included) / excluded under Principle of Mutuality	(6,172)	204,960
- Other	7,012	6,459
Income tax attributable to operating loss	-	-

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION

Directors

Karim Filo
Ramy Filo
Caroline Scott
Mark Stephenson
Anthony Wilson

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

The directors of the responsible entity act in an honorary capacity and did not receive any remuneration during the 2016 and 2015 years.

NOTE 5 - CASH AND CASH EQUIVALENTS	2016 $	2015 $
Cash at bank	771,310	1,744,532

Cash at bank is invested with Westpac Banking Corporation and earns interest at the current variable rate.

CLASSIC HOLIDAY CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6 - TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Levies and account fees receivable	562,211	732,970
Less provision for impairment of receivables	(556,261)	(646,009)
Other receivables	4,350	16,456
	10,300	103,417

Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2016	2015
Balance at the beginning of the year	646,009	691,166
Impairment expense per the statement of comprehensive income	107,732	129,933
Trade and other receivables assessed as impaired and written off during the year	(197,480)	(175,090)
Balance at the end of the year	556,261	646,009

The following table details the club's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the club and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the club.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

	2016		2015	
	Gross $	Impairment $	Gross $	Impairment $
Not past due (current)	8,593	-	16,456	-
Past due 0-30 days (30 day ageing)	1,707	-	-	-
Past due 31-60 days (60 day ageing)	-	-	-	-
Past due more than 60 days (+90 day ageing)	556,261	(556,261)	732,970	(646,009)
	566,561	(556,261)	749,426	(646,009)

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

	2016	2015
NOTE 7 - OTHER ASSETS	**$**	**$**
Current		
Prepayments and deposits	359,933	174,684

NOTE 8 - FINANCIAL ASSETS		
Non-Current		
Available for sale financial assets		
Timeshare weeks at fair value	8,133,200	6,929,000

NOTE 9 - TRADE AND OTHER PAYABLES		
Current		
Trade payables	136,428	162,274
Other payables and accruals	32,959	29,146
	169,387	191,420

NOTE 10 - UNEARNED REVENUE		
Current		
Levies & account fees in advance	422,565	1,100,341
Unearned sale of use points & voucher sales	2,675,535	2,856,558
	3,098,100	3,956,899

	2016	2015
NOTE 11 - ISSUED UNIT CAPITAL	**Number**	**Number**
Number of units on issue		
At the beginning of the year	83,832,730	68,543,630
Units issued	15,375,590	17,681,100
Units redeemed	-	(2,392,000)
At the end of the year	99,208,320	83,832,730

	2016	2015
	$	**$**
Dollar value of units on issue		
At the beginning of the year	9,811,501	8,443,701
Units issued	841,400	1,567,300
Units redeemed	-	(199,500)
At the end of the year	10,652,901	9,811,501

Transfers of units are restricted and must be approved by the responsible entity.

Owners may have their holiday entitlements forfeited and on-sold at the discretion of the responsible entity where levies are outstanding for a period greater than 3 months.

The holders of Classic Points, Limited Classic Points and the Founder Point have a right to vote at a meeting of members in the manner specific in the Constitution, and holders of Classic Points and the Founder Point are only entitled to distribution of income or capital upon termination of the club.

NOTE 12 - RESERVES

The revaluation reserve was created to record the movement in fair value of available-for-sale financial assets.

NOTE 13 - ACCUMULATED LOSSES	2016 $	2015 $
Other losses	2,125,945	2,123,146
Impairment of timeshare weeks	2,527,300	2,527,300
Realised loss on disposal of financial assets	561,200	561,200
	5,214,445	5,211,646

NOTE 14 - CASH FLOW INFORMATION

Reconciliation of net cash (utilised in) / from operating activities to operating loss after income tax:

	2016 $	2015 $
Loss after income tax	(2,799)	(704,729)
Adjustment for non cash items		
- Provision for impairment of receivables	107,732	129,933
- Impairment of timeshare weeks	-	401,750
Adjustment for changes in assets and liabilities:		
(Increase)/decrease in:		
- Trade and other receivables	(22,020)	(92,429)
- Other assets	(169,652)	(9,120)
- Income tax provision	2,541	(1,320)
(Decrease)/increase in:		
- Trade and other payables	(30,225)	(130,896)
- Income in advance	(858,799)	1,263,436
Net cash (utilised in) / from operating activities	(973,222)	856,625

NOTE 15 - NON CASH FINANCING ACTIVITIES

During the year, unit capital with a value of $ 841,400 (2015: $1,567,300) was issued in consideration for the acquisition of timeshare weeks and unit capital with a value of $ nil (2015: $199,500) was redeemed as consideration for the sale of timeshare weeks. As these represent non-cash transactions, the effects have not been recognised in the statement of cash flows.

NOTE 16 - RELATED PARTY TRANSACTIONS

(a) Directors' names

The names of directors of the responsible entity who have held office during the financial year are:

Karim Filo
Ramy Filo
Caroline Scott
Mark Stephenson
Anthony Wilson

(b) Transactions with directors and director related entities

Transactions, on an arms length basis, with the responsible entity, directors of the responsible entity and their director related entities:

(i) Responsible entity fees totalling $ 1,272,450 (2015: $ 1,090,001) were paid to Classic Clubs Limited in accordance with the Club's constitution.

(ii) Fees for services totalling $ 2,371 (2015: $ 8,782) were paid in the ordinary course of business to HWC Accountants a firm of which Anthony Wilson is the principal.

(iii) Fees for services totalling $ 47,920 (2015: $ 2,712) were paid in the ordinary course of business to Debt Management Australia Pty Ltd a company of which Ramy Filo is a director.

NOTE 16 - RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with directors and director related entities

Transactions in the ordinary course of business with Beneficium (Int) Pty Ltd (the Developer), a company of which Ramy Filo, Karim Filo and Mark Stephenson are directors, were:

(iv) Maintenance levies and account fees totalling $ 408,366 (2015: $ 391,537) received from the Developer relating to unissued points.

(v) Timeshare weeks at fair value amounting to $ 841,400 (2015: $ 1,567,300) transferred from or on behalf of the Developer to the club. All transfer costs were paid by the Developer.

(vi) Timeshare weeks were purchased by the Developer in the year at fair value totalling $ nil (2015: $ 199,500). All purchase costs were paid by the Developer.

(vii) Fees for purchase of use points totalling $ 52,727 (2015: $ 22,273) paid to the developer relating to unissued points.

(viii) At the end of the year, receivables totalling $ 209 (2015: $ nil) were owed by the Developer, and payables totalling $ nil (2015: $ 4,667) were owed to the Developer.

Transactions in the ordinary course of business with Classic Holiday Club Pty Ltd (the Marketer), a company of which Ramy Filo and Mark Stephenson are directors, were:

(ix) Maintenance levies and account fees totalling $ 525,018 (2015: $ 516,643) were received from the Marketer on behalf of new members.

Transactions in the ordinary course of business with Classic Leisure Pty Ltd (the Manager), a company of which Ramy Filo, Karim Filo and Carole Smith are directors, were:

(x) Accommodation costs totalling $ 2,597,488 (2015: $ 3,012,800) paid to the Manager.

(xi) Member Services and other service fees totalling $ 1,650,876 (2015: $ 1,453,539) paid to the Manager.

(xii) Points usage revenue totalling $ 68,310 (2015: $ 102,447) received from the Manager on behalf of members.

(xiii) At the end of the year, receivables totalling $ 6,944 (2015: $ 9,051) were owed by the Manager, and payables totalling $ 134,045 (2015: $ 151,955) were owed to the Manager by the club.

NOTE 17 - FINANCIAL INSTRUMENTS

Financial Risk Management

The club is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the club's objectives, policies and processes for managing and measuring these risks.

The club's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The club does not speculate in financial assets.

The most significant financial risks to which the club is exposed to are credit risk and liquidity risk.

Financial instruments used

The principal categories of financial instrument used by the club are:

- Trade receivables
- Cash at bank
- Trade and other payables

NOTE 17 - FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (Continued)

Objectives, policies and processes

Risk management policies are approved and reviewed by the club's risk management committee under the delegated power form the Board of Directors of the responsible entity, to ensure the risk exposure of the club is mitigated.

Specific information regarding the mitigation of each financial risk to which club is exposed is provided below.

Liquidity risk

Liquidity risk arises from the club's management of working capital. It is the risk that the club will encounter difficulty in meeting its financial obligations as they fall due.

The club's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The club maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The club manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities and the ability to sell long-term forecast assets.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the club expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will need to draw down any of the financing facilities.

The club's liabilities have contractual maturities which are summarised below:

	2016 $	2015 $
Trade and other payables		
Within one year	169,387	191,420

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the club. The club does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2016.

Credit risk is managed and reviewed regularly by the Board of Directors of the responsible entity. It arises from exposures to customers as well as through deposits with financial institutions.

NOTE 18 - FAIR VALUE MEASUREMENT

The club measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets – Timeshare weeks

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the:

	2016 $	2015 $
Level 2:		
Available-for-sale financial assets		
Timeshare weeks	8,133,200	6,929,000

The current use of each asset measured at fair value is considered to be its highest and best use.

Level 2 measurements are based on independent valuations obtained based on previous trading data of similar assets.

NOTE 19 - GOING CONCERN

At 30 June 2016 the club's current liabilities exceeded its current assets by $ 2,125,944 (2015: $ 2,123,145). However, due to the nature of the unearned revenue liability and other assets they are not settled through a cash transaction and therefore should not impact on the going concern calculations.

Taking the unearned revenue and other assets out of the calculation, at 30 June 2016 the club's current assets (less other assets) exceeded its current liabilities (less unearned revenue) by $ 612,223 (2015: $ 1,659,070). The directors of the responsible entity are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

NOTE 20 - CONTINGENT LIABILITIES

In the opinion of the directors, the club has no contingent liabilities at the date of this report.

NOTE 21 - EVENTS OCCURING AFTER THE REPORTING DATE

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

NOTE 22 - CLUB DETAILS

The registered office of the responsible

C/- The MBA Partnership
Level 3 Pivotal Point, 50 Marine Parade
Southport QLD 4215

The principal place of business is:

Classic Holiday Club
Bermuda Point
Suite 403, Level 4, Lake Orr Drive
Varsity Lakes QLD 4227

CLASSIC HOLIDAY CLUB

Directors' Declaration

The directors of the responsible entity declare that:

(a) The financial statements and notes, as set out on pages 4 to 18 are in accordance with the Corporations Act 2001, the Corporations Regulations and:

(i) comply with Accounting Standards, which, as stated in Note 1 to the financial report constitute explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the club's financial position as at 30 June 2016 and its performance for the year ended on that date.

(b) In the directors' opinion, there are reasonable grounds to believe that the club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of Classic Holiday Club.

....

Caroline Scott
Director

Signed at Varsity Lakes 29 September 2016

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Classic Holiday Club

Independent Audit Report to the members of Classic Holiday Club

Report on the Financial Statements

We have audited the accompanying financial report of Classic Holiday Club, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other 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.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 club's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the club's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the responsible entity, 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.

Classic Holiday Club

Independent Audit Report to the members of Classic Holiday Club

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*, which has been given to the directors of the responsible entity of Classic Holiday Club, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Classic Holiday Club is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the club's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

Meehan

Logan Meehan

Partner – Audit & Assurance

Signed at Emerald Lakes

Date 29/9/16