

INTERCHANGE VACATION CLUB

ARSN 096 286 369

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

INTERCHANGE VACATION CLUB

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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INTERCHANGE VACATION CLUB

Responsible Entity's Report 31 December 2020

The directors of Classic Clubs Limited (the 'Responsible Entity') present their report on Interchange Vacation Club (the 'Club') for the financial year ended 31 December 2020.

Directors

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

Ramy Filo	Geoff Missen
Karim Filo	Caroline Scott
Mark Stephenson	

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 registered managed investment scheme. No significant change in the nature of these activities occurred during the year.

Review of Operations

The directors of the responsible entity have reviewed the operations for the year ended 31 December 2020 and report that the operations have been consistent with the 2020 operating budget and long term expectations.

The result from operations was a profit after tax for the year ended 31 December 2020 of \$5,936 (2019: loss after tax of \$54,361).

During the year, the responsible entity issued nil (2019: nil) points rights, nil (2019: nil) term points, nil (2019: nil) select points and nil (2019: nil) provisional points.

At the end of the financial year, the developer had the right to sell 949,674 (2019: 1,018,593) points rights.

During the year, 137 (2019: 115) members withdrew from the Club and the responsible entity forfeited 689,197 (2019: 613,240) points from members under the Constitution of the Club.

The number of points rights issued at the end of the financial year was 9,517,741 (2019: 10,206,938) points, 34,714 (2019: 69,498) term points, 3,695,122 (2019: 3,987,580) select points and nil (2019: nil) provisional points.

The total net book value of the Club's assets at the end of the financial year was \$4,562,140 (2019: 4,764,355). The basis for the valuation of the Club's assets is disclosed in Note 1 to the financial statements.

Significant Changes in State of Affairs

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

Distributions

No distributions are permitted by the constitution of the Club, other than in the event of winding up. Accordingly no distribution has been made or recommended to members of the Club (2019: \$nil).

INTERCHANGE VACATION CLUB

Responsible Entity's Report 31 December 2020

Matters Subsequent to the End of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is still ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is ongoing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel and closure restrictions and any economic stimulus that may be provided.

No other 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.

Responsible Entity's Transactions with the Scheme and Interest Held in the Scheme

Fees paid to the responsible entity out of scheme funds during the financial year are disclosed in Note 18 to the financial statements.

The number of units in the scheme held by the responsible entity and its related parties as at the end of the reporting period together with the number of units issued to and withdrawals by the responsible entity and its related parties during the financial year are disclosed in Note 18.

Environmental Regulation

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

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.

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 officers of the responsible entity. The indemnity applies, notwithstanding that they may 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 of the responsible entity 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.

INTERCHANGE VACATION CLUB

Responsible Entity's Report

31 December 2020

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

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the Responsible Entity's Report.

No officer or director of the responsible entity is or has been a partner / director of any auditor of the scheme.

Signed in accordance with a resolution of the Board of Directors of Classic Clubs Limited.



.....
Ramy Filo
Director

Signed at Varsity Lakes on 24 March 2021

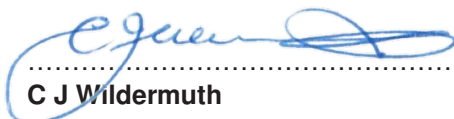
INTERCHANGE VACATION CLUB

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CLASSIC CLUBS LTD, THE RESPONSIBLE ENTITY FOR INTERCHANGE VACATION CLUB

I declare that, to the best of my knowledge and beliefs, during the year ended 31 December 2020 there have been no contraventions of:

- (a) the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the audit of Interchange Vacation Club; and
- (b) any applicable code of professional conduct in relation to the audit of Interchange Vacation Club.

Wilco Chartered Accountants


.....
C J Wildermuth

Signed at Gold Coast on 24 March 2021

INTERCHANGE VACATION CLUB

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
Revenue	2	2,354,402	2,450,852
Administrative and other expense		(58,878)	(66,556)
Audit and accounting fees		(6,669)	(7,816)
Depreciation	3	(37,052)	(36,621)
Bad and doubtful debts	3	(186,339)	(206,035)
Finance costs		(10,671)	(4,452)
Property and accommodation costs		(1,599,892)	(1,700,928)
Responsible entity fees		(448,965)	(482,805)
Profit / (loss) before income tax	3	5,936	(54,361)
Income tax expense	4	-	-
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS		5,936	(54,361)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at FVOCI - net change in fair value		13,090	57,335
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR ATTRIBUTABLE TO MEMBERS		19,026	2,974

INTERCHANGE VACATION CLUB

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	82,257	126,122
Trade and other receivables	7	33,090	28,628
Other current assets	8	861,570	940,313
Financial assets	11	188,000	188,000
TOTAL CURRENT ASSETS		<u>1,164,917</u>	<u>1,283,063</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,353	1,278
Right of use assets	10	41,520	77,464
Financial assets	11	3,354,350	3,402,550
TOTAL NON-CURRENT ASSETS		<u>3,397,223</u>	<u>3,481,292</u>
TOTAL ASSETS		<u>4,562,140</u>	<u>4,764,355</u>
CURRENT LIABILITIES			
Trade and other payables	12	116,442	73,827
Unearned revenue	13	426,352	650,974
Borrowings	14	188,000	130,000
Lease liabilities	15	35,984	35,944
TOTAL CURRENT LIABILITIES		<u>766,778</u>	<u>890,745</u>
NON-CURRENT LIABILITIES			
Lease liabilities	15	5,536	41,520
TOTAL NON-CURRENT LIABILITIES		<u>5,536</u>	<u>41,520</u>
TOTAL LIABILITIES		<u>772,314</u>	<u>932,265</u>
NET ASSETS		<u>3,789,826</u>	<u>3,832,090</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS			
Members interests	16	5,572,843	5,634,133
Reserves	16	(2,218,493)	(2,231,583)
Retained income		435,476	429,540
TOTAL MEMBERS EQUITY		<u>3,789,826</u>	<u>3,832,090</u>

Notes to the financial statements are attached.

INTERCHANGE VACATION CLUB

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2020

	Members Interests \$	Revaluation Reserve \$	Retained Income \$	Total \$
<i>Balance at 1 January 2019</i>	5,911,068	(2,288,918)	483,901	4,106,051
Total comprehensive income:				
Profit / (loss) for the year	-	-	(54,361)	(54,361)
Other comprehensive income	-	57,335	-	57,335
Total comprehensive profit for the year	-	57,335	(54,361)	2,974
Interests redeemed during the year	(276,935)	-	-	(276,935)
<i>Balance at 31 December 2019</i>	5,634,133	(2,231,583)	429,540	3,832,090
<i>Balance at 1 January 2020</i>	5,634,133	(2,231,583)	429,540	3,832,090
Total comprehensive income:				
Profit for the year	-	-	5,936	5,936
Other comprehensive income	-	13,090	-	13,090
Total comprehensive profit for the year	-	13,090	5,936	19,026
Interests redeemed during the year	(61,290)	-	-	(61,290)
<i>Balance at 31 December 2020</i>	5,572,843	(2,218,493)	435,476	3,789,826

INTERCHANGE VACATION CLUB

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 Inflows (Outflows) \$	2019 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		2,126,741	2,569,807
Payments to suppliers		(2,210,666)	(2,501,610)
Interest received		1,994	4,032
GST recovered		17,193	14,919
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	17	<u>(64,738)</u>	<u>87,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(791)	-
Investment in term deposits		-	(188,000)
NET CASH USED IN INVESTING ACTIVITIES		<u>(791)</u>	<u>(188,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		58,000	130,000
Repayments of lease liabilities		(36,336)	(35,695)
NET CASH FROM FINANCING ACTIVITIES		<u>21,664</u>	<u>94,305</u>
Net decrease in cash and cash equivalents held		(43,865)	(6,547)
Cash and cash equivalents at the beginning of the year		126,122	132,669
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	<u>82,257</u>	<u>126,122</u>

Notes to the financial statements are attached.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Interchange Vacation Club as an individual entity. The Club is a registered managed investment scheme established and domiciled in Australia.

The Club is primarily involved in the operation of a registered managed investment scheme in Australia.

The financial report was authorised for issue by the board of directors of the responsible entity on 24 March 2021.

Basis of Preparation

Statement of compliance

The financial report of Interchange Vacation Club is a general purpose financial report prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other pronouncements Australian Accounting Standards Board (AASB) and the Corporations Act 2001. International Financial Reporting Standards form the basis of the Australian Accounting Standards by the AASB.

The financial report of Interchange Vacation Club complies with all International Financial Reporting Standards (IFRS) in their entirety.

Reporting basis and conventions

The financial report is presented in Australian dollars.

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

- *Critical accounting estimates and judgements*

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

- *Key estimates — Impairment*

The Club assesses impairment at each reporting date by evaluating conditions specific to the Club that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required accounting estimates and judgements.

The financial report has been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at the reporting date.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Income Tax (continued)

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Club will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Because of the principle of mutuality, only income arising from non-member activities is subject to income tax. The Club is able to identify all non-member income.

(b) Property, Plant and Equipment

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

Plant and equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Club 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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture and fittings	14% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting

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.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss in the period in which they arise.

(c) Leases

The Club assesses whether a contract is or contains a lease, at inception of the contract. The Club recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Club recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Club uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Club re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Club did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Club expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Club applies AASB 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Club has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Club allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(d) Financial Instruments

Classification of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Club becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit or Loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Club may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Net gains (apart from dividends) and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Club considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Club considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Club's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

Financial instruments and contract assets

The Club recognises loss allowances for expected credit losses on financial assets measured at amortised cost. The Club measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Club's historical experience and informed credit assessment and including forward-looking information. The Club assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Club considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Club in full, without recourse by the Club to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Club expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(e) Impairment of Assets

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

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

(f) Provisions

Provisions are recognised when the Club 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

(g) 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.

(h) Revenue

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

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 service performed at the reporting date.

Annual subscription fees are levied either at the beginning of each financial year or on the member's joining anniversary and recognised as revenue in the financial year. Provisional user charges are levied each financial year based on the number of points held by each respective member and is recognised as revenue in the financial year it relates. Additional user charge may be levied if the member's usage charge is higher than the provisional charge and is recognised when levied. Rental revenues are recognised based of when the provision of service has been completed.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The financial report is presented in Australian dollars which is the Club's functional and presentation

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on foreign currency transactions and the translation of monetary items are recognised in profit or loss for the year.

(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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative Figures

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

(m) Trade Creditors and Accruals

A liability is recorded for goods and services received prior to reporting date, whether invoiced or not. Trade creditors are settled in accordance with supplier payment terms.

(n) Statement of Cash Flows

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of any outstanding bank overdrafts.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 2 - REVENUE	2020	2019
	\$	\$
User charges	1,673,792	1,792,602
Subscription fees	496,528	530,320
Rental income	183,909	124,589
Interest received	1,809	4,694
Other income	(1,636)	(1,353)
Total revenue	<u>2,354,402</u>	<u>2,450,852</u>

NOTE 3 - PROFIT / (LOSS) BEFORE INCOME TAX

The profit / (loss) before income tax has been determined after:

Expenses

Impairment losses - financial assets		
- Trade receivables	186,339	206,035
Impairment losses - financial assets		
- Property, plant & equipment	716	926
- Right of use assets	36,336	35,695

NOTE 4 - INCOME TAX

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

Prima facie tax payable on profit / (loss) before income tax at 27.5% (2019: 27.5%)	1,632	(14,949)
Decrease in income tax expense due to:		
- Amounts excluded under Principle of Mutuality	3,270	17,747
- Prior year tax losses recouped	(4,902)	(2,798)
Income tax attributable to operating profit	<u>-</u>	<u>-</u>
Deferred tax assets, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in Note 1 occur based on corporate tax rate of 27.5% (2019: 27.5%):		
- Losses	12,654	17,556
	<u>12,654</u>	<u>17,556</u>

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION

Directors

Ramy Filo	Geoff Missen
Karim Filo	Caroline Scott
Mark Stephenson	

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 Club.

The directors act in an honorary capacity and did not receive any remuneration during the 2020 and 2019 years.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 6 - CASH AND CASH EQUIVALENTS		
Cash at bank	82,257	126,122

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

NOTE 7 - TRADE AND OTHER RECEIVABLES

Current

Trade receivables	202,513	182,881
Provision for impairment	(169,900)	(162,386)
	32,613	20,495
Other receivables	477	8,133
Total trade and other receivables	33,090	28,628

NOTE 8 - OTHER ASSETS

Current

Prepaid expenses	859,570	938,313
Security bond	2,000	2,000
Total current assets	861,570	940,313

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Furniture and fittings, at cost	20,696	19,905
Less accumulated depreciation	(19,343)	(18,627)
Total property, plant and equipment	1,353	1,278

Movements in carrying amounts

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

Furniture and fittings

Written down value at the beginning of the year	1,278	1,278
Additions	791	926
Depreciation expense	(716)	(926)
Written down value at the end of the year	1,353	1,278

NOTE 10 - RIGHT OF USE ASSETS

Rental apartments, at cost	72,265	142,888
Less accumulated depreciation	(30,745)	(65,424)
Total property, plant and equipment	41,520	77,464

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
NOTE 10 - RIGHT OF USE ASSETS (continued)		
Movements in carrying amounts		
Movements in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial year:		
<i>Rental apartments</i>		
Written down value at the beginning of the year	77,464	-
Initial measurement	-	41,124
Additions	392	72,035
Depreciation expense	(36,336)	(35,695)
Written down value at the end of the year	<u>41,520</u>	<u>77,464</u>
NOTE 11 - FINANCIAL ASSETS		
Current		
<i>Financial assets at amortised cost</i>		
Term Deposits	<u>188,000</u>	<u>188,000</u>
Non-Current		
<i>Equity instruments at FVOCI</i>		
Timeshare weeks	5,572,843	5,634,133
Revaluation to fair value	<u>(2,218,493)</u>	<u>(2,231,583)</u>
	3,354,350	3,402,550
Total financial assets	<u>3,542,350</u>	<u>3,590,550</u>
During the year, accommodation assets amounting to nil (2019: nil) were introduced by the developer company, and accommodation assets amounting to \$61,290 (2019: \$276,935) were disposed of or returned to the developer company. The developer company is responsible for any gain or loss on disposal of accommodation assets.		
The valuation basis for equity instruments is disclosed at note 19(b) <i>Fair Value Measurements</i> .		
NOTE 12 - TRADE AND OTHER PAYABLES	2020	2019
	\$	\$
Current		
Trade payables	112,490	78,199
Sundry creditors and accrued expenses	<u>3,952</u>	<u>(4,372)</u>
Total trade and other payables	<u>116,442</u>	<u>73,827</u>
NOTE 13 - UNEARNED REVENUE		
Current		
Members' charges paid in advance	<u>426,352</u>	<u>650,974</u>
NOTE 14 - BORROWINGS		
Current		
Unsecured loan - Beneficium (Int) Pty Ltd	<u>188,000</u>	<u>130,000</u>

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 15 - LEASE LIABILITIES	2020	2019
	\$	\$
<i>Apartment Leases - at amortised cost</i>		
Current	35,984	35,944
Non-current	5,536	41,520
Total lease liabilities	<u>41,520</u>	<u>77,464</u>
Maturity analysis		
Year 1	35,984	35,944
Year 2	5,536	35,984
Year 3	-	5,536
	<u>41,520</u>	<u>77,464</u>

Apartment leases are non-cancellable leases with terms between one to two years with rent payable weekly in advance. Options exist to renew the leases at the end of the term.

NOTE 16 - MEMBERS INTERESTS

Points rights	<u>5,572,843</u>	<u>5,634,133</u>
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The beneficial interests in the Club are divided equally into points of equal value, but a point does not confer an interest in any specific part of the Club. Term points are issued in the same manner as points rights, but only exists for the period for which the accommodation entitlement is available to the Club. When the accommodation entitlement ends, the associated term points cease to exist.

At 31 December 2020, there were 34,714 (2019: 69,498) term points issued.

Members are issued provisional points where they enter into finance arrangement with a financier, and with the consent of the responsible entity, their interest in their provisional points are security for their finance. Once the financier has discharged the finance obligation, the member will be issued the equivalent points rights and the provisional points will be cancelled.

At 31 December 2020, there were nil (2019: nil) provisional points issued.

The founder member has no rights under the Constitution other than the exclusive right to licence and direct the issue of points to developer companies. No change to the Constitution can be made to the founder member rights without the approval of the founder member. The founder member will retain developer companies to introduce accommodation assets into the Club.

The developer has rights to sell points rights, in return for introducing accommodation assets to the Club. When accommodation is introduced, subject to the responsible entity's approval, points rights based on the accommodation's points ranking, resort rating and demand and time period priority of the accommodation being introduced will be made available to the developer company that introduced the accommodation. If points rights have been issued to the developer, the points rights are held in trust by the responsible entity.

The Club has the first lien on each member's points for all amounts owed by a member to the Club. If, under the Constitution, a member's points are forfeited, the responsible entity must take steps to advise any financier and sell such points at fair market price using reasonable endeavours, but if unsuccessful must cancel the points of the defaulting member.

Member liability is limited to the charges specifically provided by the Constitution and members are not liable to indemnify the responsible entity or any creditor of it in the event of any deficiency in the assets of the Club. The term of the Club will be 80 years from 4 April 2001 subject to early winding up provisions within the Constitution.

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 16 - MEMBERS INTERESTS (continued)

Revaluation reserve

The revaluation reserve was created to record the movement in fair value of financial assets through other comprehensive income.

	2020	2019
	\$	\$
NOTE 17 - CASH FLOW INFORMATION		
Reconciliation of net cash (used in) / from operating activities to profit / (loss) after income tax:		
Net profit / (loss) after income tax	5,936	(54,361)
Adjustment for non cash items		
Depreciation	37,052	36,621
Adjustment for changes in assets and liabilities		
<i>Decrease / (increase) in:</i>		
Trade and other receivables	(1,702)	(17,179)
Other current assets	78,743	(46,738)
<i>(Decrease) / increase in:</i>		
Trade and other payables	39,855	21,968
Unearned revenue	(224,622)	146,837
Net cash (used in) / from operating activities	<u>(64,738)</u>	<u>87,148</u>

NOTE 18 - RELATED PARTY TRANSACTIONS

Transactions with directors and director related entities:

- (i) Responsible entity fees totalling \$448,965 (2019: \$482,805) were paid in the ordinary course of business to Classic Clubs Ltd.
- (ii) The developer company nominated by the founder member may introduce accommodation assets into the Club for consideration in points. The developer company is Beneficium (Int) Pty Ltd, a company of which Ramy Filo and Mark Stephenson are directors.

	2020	2019
Developer points held by the Club at balance date:		
- Points rights	<u>949,674</u>	<u>1,018,593</u>
(iii) At the end of the year an unsecured loan of \$188,000 (2019: \$130,000) is owed to the Developer. Interest charges totalling \$10,671 (2019: \$4,452) were charged by the Developer during the year.		
(iv) Fees for services totalling nil (2019: \$78) were paid in the ordinary course of business to Debt Management Australia Pty Ltd, a company of which Ramy Filo is a director.		
(v) Fees for accommodation and other services totalling \$22,833 (2019: \$70,843) were paid in the ordinary course of business to Classic Leisure Pty Ltd, a company of which Ramy Filo and Karim Filo are directors.		
(vi) Fees for accommodation rentals totalling \$183,909 (2019: \$130,232) were received in the ordinary course of business from Classic Leisure Pty Ltd, a company of which Ramy Filo and Karim Filo are directors.		
(vii) Fees for services totalling \$3,669 (2019: \$3,908) were paid in the ordinary course of business to The MBA Partnership Pty Ltd, an entity of which Geoff Missen is a director.		

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 19 - FINANCIAL INSTRUMENTS

Financial risk management

The Club's financial instruments consist mainly of deposits with banks, interests in managed investment schemes, accounts receivable and payable. The main purpose of the non-derivative financial instruments is to maintain assets for Club operations.

(a) Treasury risk management

Senior management of the Club meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury and currency management strategies in the context of the most recent economic conditions and forecasts.

(b) Financial risks

The main risks the Club is exposed to through its financial instruments are interest rate risk, foreign currency risks and liquidity risks.

Interest rate risks are managed with a movement of funds between accounts to maximise interest rate revenue.

Foreign currency risks arise due to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Clubs measurement currency. Senior management of the Club meet to monitor currency exposure and manage the exposure within determined parameters.

Liquidity risks are managed by monitoring forecast cash flows and ensuring that receivables management procedures are maintained. Unlisted investments at market values are reviewed biannually to ensure any decrement in fair values is recognised and managed.

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

	Weighted Average Interest Rate	Fixed Interest Rate \$	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
31 December 2020					
Financial assets					
Cash and cash equivalents	0.00%	-	82,257	-	82,257
Trade and other receivables		-	-	202,990	202,990
Other financial assets	0.52%	188,000		3,354,350	3,542,350
Total financial assets		188,000	82,257	3,557,340	3,827,597
Financial liabilities					
Trade and other payables		-	-	116,442	116,442
31 December 2019					
Financial assets					
Cash and cash equivalents	0.12%	-	126,122	-	126,122
Trade and other receivables		-	-	191,014	191,014
Other financial assets	1.08%	188,000		3,402,550	3,590,550
Total financial assets		188,000	126,122	3,593,564	3,907,686
Financial liabilities					
Trade and other payables		-	-	73,827	73,827

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 19 - FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

(b) Financial risks (continued)

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 carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Club's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	2020		2019	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due (current)	32,029	-	38,464	(9,836)
Past due 0-30 days (30 day ageing)	18,142	(17,081)	17,828	(17,828)
Past due 31-60 days (60 day ageing)	-	-	-	-
Past due more than 60 days (+90 day ageing)	152,819	(152,819)	134,722	(134,722)
Total trade and other receivables	202,990	(169,900)	191,014	(162,386)

The balance of the past due receivables at 31 December 2020 was not impaired because it is expected that these amounts will be received in full through various recovery actions in the normal course of business.

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

Movements in carrying amounts

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

	2020 \$	2019 \$
Trade and other receivables		
Assessed as impaired at the beginning of the year	162,386	139,330
Annual impairment expense per the statement of comprehensive income	186,339	206,035
Assessed as impaired and written off during the year	(178,825)	(182,979)
Assessed as impaired at the end of the year	169,900	162,386

Fair value measurements

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

INTERCHANGE VACATION CLUB

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 19 - FINANCIAL INSTRUMENTS (continued)

Fair value measurements (continued)

(a) Fair value heirachy (continued)

Recognised fair value measurements

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2020.

	Note	2020 \$	2019 \$
Level 2:			
<i>Equity instruments at FVOCI</i>			
Timeshare weeks	11	3,542,350	3,590,550

There were no transfers between levels for recurring fair value measurements during the year.

The entity's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

(b) Valuation techniques used to derive level 2 fair values

Beneficium (Int) Pty Ltd is the Developer Company of the club and is entitled to introduce or remove timeshare weeks in accordance with the club constitution, and is considered by the directors of the responsible entity to participate in the principal market for this asset type during normal operations.

The responsible entity determines fair values based on the values recommended by the Developer Company and other observable inputs from publicly available information that market participants would use when pricing similar assets.

(c) Fair values of current receivables and current payables

Due to their short-term nature, the carrying amounts of the current receivables and current payables is assumed to approximate their fair values.

NOTE 20 - CONTINGENT LIABILITIES

The Club has no contingent liabilities at the date of this report (2019: nil).

NOTE 21 - EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is still ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is ongoing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel and closure restrictions and any economic stimulus that may be provided.

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

NOTE 22 - SEGMENT INFORMATION

The Club operates in one business and geographical segment as a registered managed investment scheme in Australia.

NOTE 23 - CLUB DETAILS

The registered office of the Club is:

Interchange Vacation Club
c/o The MBA Partnership
Level 3 Pivotal Point
50 Marine Parade
Southport QLD 4215

The principal place of business is:

Interchange Vacation Club
Varsity One, Suite 403
Level 4, 1 Lake Orr Drive
Varsity Lakes QLD 4227

INTERCHANGE VACATION CLUB

Directors' Declaration

The directors of the responsible entity declare that:

- (a) The financial statements and notes, as set out on pages 5 to 23 are in accordance with the Corporations Act 2001 including:
 - (i) complying with Australian Accounting Standards including International Financial Reporting Standards as referred to in Note 1, and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Club's financial position as at 31 December 2020 and its performance for the year ended on that date; and
- (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 Clubs Limited.



.....
Ramy Filo
Director

Signed at Varsity Lakes on 24 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERCHANGE VACATION CLUB

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Interchange Vacation Club**, which comprises the statement of financial position as at **31 December 2020**, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Interchange Vacation Club is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Club's financial position as at **31 December 2020** and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- 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 Club 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 **Interchange Vacation Club**, 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.

Emphasis of Matter – Fair Value of Timeshare Weeks

We draw attention to note 19(b) in the financial report which details that the fair value of timeshare week assets is determined by the responsible entity based on the values recommended by the Developer Company, a related party who operates in a principal market for these assets, and on other observable inputs from publicly available information that market participants would use when pricing similar assets. If the Club were to transact outside this market, or receive funds upon the windup of the underlying timeshare scheme, the amounts realised may materially differ from those fair values disclosed at 31 December 2020. Our opinion is not modified in respect of this matter.

Other Information

The directors of the responsible entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Responsible Entity's Report 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 on the other information obtained prior to the date of this auditor's report, 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.



INTERCHANGE VACATION CLUB

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERCHANGE VACATION CLUB

Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Club 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 Club 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.

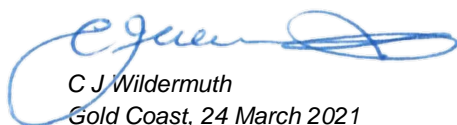
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 Club'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 Club'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 Club 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 Club to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Club 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Wilco Chartered Accountants



C J Wildermuth
Gold Coast, 24 March 2021