



SANCTUARY LAKES  
RESORT SERVICES LTD  
**ANNUAL REPORT 2012/13**

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Directors	<p>Ian Brown (<i>Chairman</i>) <i>appointed 6 June 2013</i></p> <p>John Anderson <i>appointed 6 June 2013</i></p> <p>Theo Krug <i>appointed 6 June 2013</i></p> <p>Joseph Matina <i>appointed 6 June 2013</i></p> <p>Craig Pitts <i>appointed 6 June 2013</i></p> <p>Garry Sleeman <i>appointed 6 June 2013</i></p> <p>Warrick Stapleton <i>appointed 6 June 2013</i></p> <p>Stephen Head <i>resigned 6 June 2013</i></p> <p>Colin Cass <i>resigned 6 June 2013</i></p> <p>Ken Roche AO <i>resigned 6 June 2013</i></p> <p>Nicholas Roche <i>resigned 22 November 2012</i></p>
Company Secretary	Susan Quill
Registered Office	<p>600 Thompson Road</p> <p>Sandhurst Victoria 3977</p>
Main Business Address	<p>72 Greg Norman Drive</p> <p>Sanctuary Lakes Victoria 3030</p>
Auditors	<p>Stannards Accountants and Advisors Pty Ltd</p> <p>Level 1, 60 Toorak Road</p> <p>South Yarra Victoria 3141</p>

## KEY PERSONNEL

General Manager	Tony Ferreri
Community Manager	Garry Theobald
Resort Facilities Manager	John Pollard
Resort Maintenance Manager	Greg Fryer
Community Development Manager	Kevin Birtles
Architectural Review Committee Manager	George Phua
Recreation Centre Manager	Dan Tipples
<b>Total Number of Employees</b>	37 (including part-time and casual employees)

**I**t gives me great pleasure to present this Annual Report for 2013 on behalf of the Board of Sanctuary Lakes Resort Services Limited (SLRS).

This year's Annual Report is the first delivered by a member-elected Board and marks an historic moment in the history of our wonderful Resort.

Transition from the Developer-appointed Board to the current resident Board took place on 6 June 2013 with all members of the Executive of SLRAAC taking up a Board position. Over the past 6 years, many hours of intense work has gone into transition negotiations and creation of the transition documents. I would like to recognise here the support of all the Executive members and in particular the outstanding contribution of John Anderson and Tony Ferreri as a part of the transition team for their steadfast commitment over the journey to the gaining of a fair and equitable settlement not only for residents but for all parties involved.

In another significant move, as of 1st July 2013 the position of General Manager was transferred from ClubLINKS to SLRS. The General Manager is now an employee of SLRS and reports directly to the Board.

SLRS is a not-for-profit company owned by the owners corporations at Sanctuary Lakes. I am pleased to report that the extensive 2012/13 budget was implemented in full and any funding for works not undertaken transferred to the 2013/14

budget. The cash flow of the company remained positive, mainly due to the close attention to debtors, meaning that there was no need to borrow to cover any shortfall. This strategy will be continued in the coming years.

The year in review was again conducted under the stewardship of the Executive of SLRAAC acting under a power of delegation from the old Board. It had held the power of delegation since November 2010. As such, the focus of the activities has widened considerably from the usual internal matters to include the development of external contacts at local and state government level to ensure that the voice of the residents of Sanctuary Lakes is well represented on key topics affecting their wellbeing.

To this end, following intense lobbying on our part, Wyndham City Council has approved both the renewal of the sensitive environmental maintenance contract for our Parks and Gardens and a major program of Parks development in this year's Council budget. Strong representation has been made to the State Government on changes to public bus services in the Point Cook area. We continue to lobby for a service into Sanctuary Lakes. We were more successful in having the increased pricing of recycled water reviewed, although the final increase was still quite large. On the commercial front, Telstra was effectively lobbied to make ADSL2+ broadband available to all residents, overcoming a serious internet service problem for many residents.

Internally a range of initiatives has been undertaken to ensure the delivery of superior service standards whilst controlling costs. The Board recognises the efforts of all Management and staff who have contributed to the achievement of this objective.

As well, the Board recognised the contribution made by all its external service providers, in particular ClubLINKS represented by Mark Brayshaw and Sue Quill for their contribution to transition, Garry Theobald for his expert advice on Owners Corporation matters and their team for contributing to the effective running of the company.

In my view, SLRS with the support of all its constituent members is now very well placed to build further on the sound platform created by the hard work of the past few years and move forward completely in control of its own destiny.

This year will be the first that members will elect the Board under the provisions outlined in the Constitution. Members should be aware that one of the critical elements in the transition process was for the outgoing Board to have confidence in the incoming Board as, under the Corporations Act, they still have a deferred responsibility for the performance of the Company for a period of time after their resignations. Following three years of operating under the power of delegation, the confidence of the old Board was obtained. I am therefore pleased to report that all of the members

of the new Board have indicated their willingness to stand again and I would strongly recommend to members that this group be re elected at the AGM. Such a result would provide the stability, talent, continuity and experience needed at Board level for SLRS to operate effectively. At subsequent AGMs, half the Board members will retire, allowing an orderly evaluation of performance, and elections for these positions will be held in line with the requirements of the Company's constitution.

My fellow directors join me in thanking the members for the support shown in the past and look forward to that support continuing in the future.



**IAN BROWN**

*Chairman - Sanctuary Lakes Resort Services*





## REPORT GENERAL MANAGER'S

Sanctuary Lakes Resort Services Limited (SLRS) is the licensed manager of the 40 owners corporations that currently make up the Sanctuary Lakes Resort. There are presently around 2,850 lots sold with around 100 remaining to complete the Resort – and there are now over 8,000 residents.

SLRS is a company limited by guarantee and therefore has members rather than shareholders – the members of SLRS are the 40 owners corporations mentioned above. SLRS operates only within Sanctuary Lakes Resort and solely for the benefit of the lot owners of Sanctuary Lakes Resort.

The 2012/2013 year was an extremely busy and very exciting year for all of our team members at SLRS. SLRS was activated, and its operations split out of Sanctuary Lakes Club Ltd, on 1st July, 2010 in anticipation of an early transition to control by lot owners. It has taken almost three years but finally that transition took place on 6th June, 2013.

The incoming Directors, having overseen our operations under an Instrument of Delegation since late 2010, are well known to the management team and we are delighted to now be working directly with them as they continue to convert Sanctuary Lakes Resort from a construction site into a community.

### General Management

SLRS is responsible for the following activities within Sanctuary Lakes Resort:

**OWNERS CORPORATION MANAGEMENT** – working with the OC Committees to manage the OCs, resident/ neighbour disputes, billing and collection of fees, oversight of the Architectural Review Committee (ARC), enforcement of OC and Building Code rules;

**SECURITY** – oversight of the provision of the Security service and co-ordination of the work of the Security service with other services such as the ARC and OC and Building Code rules compliance;

**RECREATION** – oversight of the Recreation Centre management and maintenance of the Recreation Centre facility including the tennis courts;

**RESORT AND LAKE MAINTENANCE** – maintenance of the boulevard, parks and gardens, roll out of recycled water to the boulevard, parks, gardens and all street trees, management of the lake to standards agreed with Melbourne Water, and;

**ADMINISTRATION** – management of Sanctuary Lakes Resort Services Limited, its people, its contracts with third parties, and its assets which now include our Lake (with 2 wharves and our fleet of lake management equipment), the Waterfront Building (including the Recreation Centre, Waterstone Café and SLRS office), the Security Hut and the Tennis Courts.

SLRS is required to operate to service standards set in consultation with the Board of Directors

In addition, Management, in cooperation with the incoming Directors, has also been involved in a range of issues aimed at maintaining and enhancing the attraction of Sanctuary Lakes Resort as a place to live. Those activities include:

- Renewal of our maintenance contract with the City of Wyndham whereby we are able to maintain our streetscape, parks and gardens to a superior standard,
- Negotiations with insurance companies to dramatically reduce the flood risk rating applied to Sanctuary Lakes leading to significantly reduce flood levies applied to house insurance premiums,
- Negotiations with Public Transport Victoria and the Victorian Government to improve bus services in the Sanctuary Lakes area, and
- Negotiations with the City of Wyndham for improved playground and general facilities in our parks leading to the allocation of \$500k for a significant new park and playground at Regatta Cove as well as funds for the installation of utilities (power and water) at Breezewater Park.

As regards property developments within Sanctuary Lakes Resort, construction of the 70 townhouse, Lakeside Central development is about to commence and plans for the commercial precinct comprising a restaurant, 10-12 shops and a commercial office building are with Wyndham City Council for final approval.

In framing the Budget for the Y2013/14, it was pleasing to be able to generally maintain cost increases at close to CPI, given some significant increases in the costs of gas, electricity and waste disposal. There was, however, one cost increase that we were not able to absorb and that was the 48% increase in the cost of recycled water to cover, primarily, the cost of the Victorian desalination plant. In addition, the Board chose to upgrade our security arrangements to provide additional patrols in response to an increase in reported incidents in the past year.

## Finance

SLRS recorded an audited after tax surplus for the year ended 30th June, 2013 of \$287,752. On a cash flow basis there was a net inflow of \$454,951 which puts the Resort in a sound position to face any unforeseen eventuality as we move forward without the safety blanket previously provided by the Developer. This cash surplus provides our cash flow until the following year's fees are received in late August.

It is critical that SLRS continues to successfully collect all owners corporation fees as and when they fall due and it is pleasing to note that in the year just ended SLRS collected 94% of all current year fees, up from 93% in the previous year. SLRS has been particularly successful at VCAT in the collection of accounts from prior years, collecting \$629,000 of prior year accounts in the year just ended. This is an ongoing exercise.

The key financial highlights of the year were:

1. The Operating Result was significantly better than budget;
2. OC Management, Administration, Resort Maintenance and Recreation expenses were all significantly under budget;
3. Lake Maintenance costs were significantly over budget as a result of increased costs of power and waste disposal, and;
4. The cash inflow was significantly better than budget.

The formal audited financial accounts follow later in this Annual Report.

## Closing

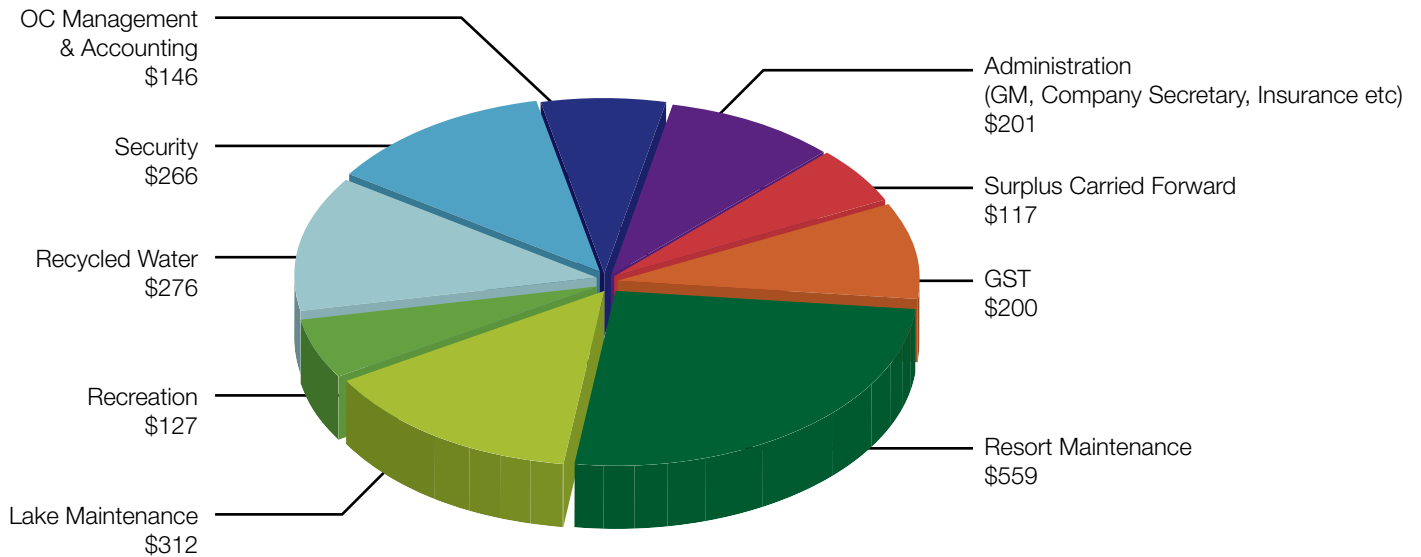
I would like to take this opportunity to thank Ian Brown, his deputy John Anderson, and all of the incoming and outgoing Directors for their support during this momentous year together with the Chairs and Committees of all Owners Corporations for their hard work, dedication and support and look forward to working with them in the year ahead.

Finally I must thank my team leaders, Garry Theobald, John Pollard and Greg Fryer, and their teams for the fantastic job they have done this year under very difficult conditions. As a result of their efforts, our financial position has never been stronger, our residents have never been safer and our Resort has never looked better.

## Tony Ferreri

*General Manager - Sanctuary Lakes Resort Services Ltd*

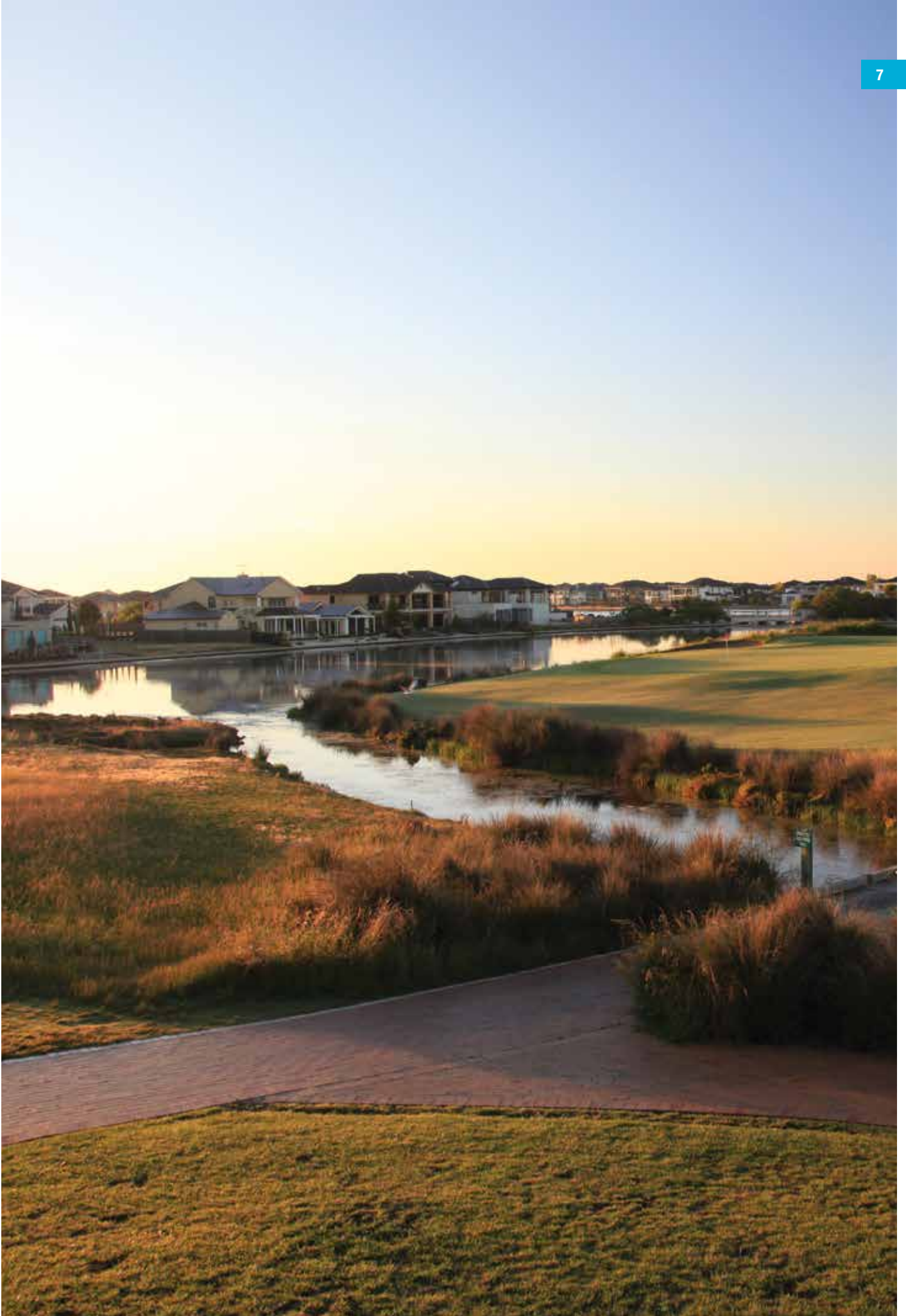
## CHARTS SANCTUARY LAKES RESORT OC FEES BREAKDOWN FOR THE FINANCIAL YEAR 2012-13



**TOTAL FEE \$2,205.00**









## **AUDITED ACCOUNTS**

CONCISE FINANCIAL STATEMENTS  
FOR YEAR ENDING 30 JUNE 2013

## **SANCTUARY LAKES RESORT SERVICES LTD**

ACN 092 610 449

The Directors of Sanctuary Lakes Resort Services Limited (formerly known as Sanctuary Lakes Residents Association Limited) submit herewith their report together with the concise accounts of the Company for the year ended 30 June 2013.

The following persons were Directors of the Company during the financial year:

- Stephen Head *resigned 6 June 2013*
- Colin Cass *resigned 6 June 2013*
- Ken Roche *resigned 6 June 2013*
- Nick Roche *resigned 22 November 2012*
- Ian Brown (*Chairman*) *appointed 6 June 2013*
- John Anderson *appointed 6 June 2013*
- Joseph Matina *appointed 6 June 2013*
- Garry Sleeman *appointed 6 June 2013*
- Warrick Stapleton *appointed 6 June 2013*
- Craig Pitts *appointed 6 June 2013*
- Theo Krug *appointed 6 June 2013*

## RESULTS

The profit of the Company for the financial year was \$ 287,752 (2012: profit \$ 1,059,974).

## PRINCIPAL ACTIVITIES

The Company acts as manager of each of the Owners Corporations (OC) contained within Sanctuary Lakes Resort with the exception of the Quest apartments that are managed independently. Pursuant to the management agreements with each Owners Corporation, the Company provides management, administration and maintenance services throughout Sanctuary Lakes Resort. Members' funds from each Owners Corporation are pooled to provide economies of scale throughout the Sanctuary Lakes residential community, with any surpluses generated being carried forward to reduce the financial impost to member's in subsequent financial years.

## DIVIDENDS

Pursuant to Clause 4.1 of the Company's Constitution, the Company cannot pay or declare dividends.

## STATE OF AFFAIRS

On June the 6th 2013, the initial Directors resigned and control of the Company was transferred to a Board of Directors that is representative of the Community. This process known as transition was pursuant to a number of agreements between the Sanctuary Lakes Developments Pty Ltd, the Company and Sanctuary Lakes Club Ltd.

## LIKELY DEVELOPMENTS

In the opinion of the Directors, disclosure of information regarding likely developments in the Company's operations and the expected results of its operations in future financial years would prejudice its interests.

## DIRECTORS' INTERESTS AND BENEFITS

No Director of the Company has received or become entitled to receive any benefit (because of a contract made by the Company or a related body corporate with the director, a firm of which the Director is a member or a company in which the Director has a substantial financial interest) other than:

- (i) a benefit included in the aggregate amount of remuneration received or due and receivable by Directors; or
- (ii) amounts paid or payable as disclosed in the notes to the accounts.

**REPORT CONT. DIRECTORS' REPORT****DIRECTORS' MEETINGS**

The number of Directors' meetings held and attended by each director of the Company during the financial period up to and including the date of this report were:

	Number of Meetings attended	Number of Meetings held whilst in office
Stephen Head	2	2
Ken Roche	2	2
Nicholas Roche	1	1
Colin Cass	2	2
Ian Brown	0	1
John Anderson	1	1
Joseph Matina	1	1
Garry Sleeman	0	1
Warrick Stapleton	0	1
Craig Pitts	1	1
Theo Krug	1	1

**OTHER MATTERS**

There are no unissued shares under option as at the date of this report.

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company:

- (i) indemnified them or made any relevant agreement for indemnifying them against a liability including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium for them in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

**CONTROLLED ENTITY**

The Company owns the Share Capital of Sanctuary Lakes Residents Association Pty Ltd which has been dormant since its incorporation. As this subsidiary has not traded and its Net Assets are nil the Directors have not disclosed its value within the accompanying financial reports as they have deemed it immaterial.

**ENVIRONMENTAL ISSUES**

The Company's operations are believed to be in accordance with all significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Signed in accordance with a resolution of the Directors made pursuant to the Corporations Act.

On behalf of the Directors,



**Ian Brown**  
Chairman



**John Anderson**  
Director

Dated 29 October 2013

Dated 29 October 2013



**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF Sanctuary Lakes Resort Services Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 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.



Stannards, Accountants & Advisors



Michael Shulman  
Partner

Dated: 29/6/13





**Independent Auditors Report  
to the Members of Sanctuary Lakes Resort Services Ltd**

**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report, being a special purpose concise financial report of Sanctuary Lakes Resort Services Limited which comprises the Statement of Financial Position as at 30 June 2013, Statement of Comprehensive Income, Statement of Changes in Members' Equity, and Statement of Cash Flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Declaration by the Directors of Sanctuary Lakes Resort Services Ltd.

**DIRECTORS RESPONSIBILITY FOR THE CONCISE FINANCIAL REPORT**

The Company's Directors are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the needs of the Members. The Directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making estimates that are responsible in the circumstances.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports".

The financial report has been prepared for distribution to Members for the purpose of fulfilling the Company's financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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


**INDEPENDENCE**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the Independence declaration required by the Corporations Act 2001, provided to the Directors would be in the same terms if provided to the Directors as at the date of this auditor's report.

**AUDIT OPINION**

In our opinion the concise financial report of Sanctuary Lakes Resort Services Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".

  
Stannards, Accountants and Advisors

  
Michael Shulman  
Partner  
Melbourne

Dated: 29/10/13

As detailed in Note 1 to the financial report the Company is not a reporting entity because in the Directors' opinion, it is unlikely there are users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This financial report is therefore a "Special Purpose Financial Report" that has been prepared solely for the Directors and Members of the Company.

The Directors of the Company declare that:

- (i) The financial statements and notes present fairly the Company's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with the Corporations Act 2001 and Accounting Standards as detailed in Note 1; and


The financial statements have been derived from and are consistent with the Company's full financial report and AASB 1039: Concise Financial Reports.

On behalf of the Directors,



**Ian Brown**  
Chairman

Dated 29 October 2013



**John Anderson**  
Director

Dated 29 October 2013

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Revenue from Ordinary Activities	6,429,709	6,637,383
	<b>6,429,709</b>	<b>6,637,383</b>
Employment Expenses	(1,886,718)	(1,925,836)
Administration Expenses	(1,107,206)	(859,134)
Resort Maintenance Expenses	(1,257,765)	(978,407)
Lake Maintenance Expenses	(707,170)	(596,894)
Security Monitoring & Patrolling Expenses	(779,338)	(787,349)
Recreation Club Expenses	(359,050)	(393,744)
	<b>(6,097,247)</b>	<b>(5,541,364)</b>
Operating Surplus before income tax	332,462	1,096,019
Income Tax Expense/(Benefit)	44,710	36,045
Net Surplus for the year	287,752	1,059,974
Other Comprehensive Income for the year	-	-
<b>Total Comprehensive Income for the year</b>	<b>287,752</b>	<b>1,059,974</b>

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2013

	2013 \$	2012 \$
<b>Current Assets</b>		
Cash & Cash Equivalents	1,711,853	1,256,902
Trade & Other Receivables	1,428,340	1,386,086
Inventory	50,148	41,924
<b>Total Current Assets</b>	<b>3,190,341</b>	<b>2,684,912</b>
<b>Non Current Assets</b>		
Improvements at Cost	37,462	19,941
Plant & Equipment	529,846	522,842
<b>Total Non Current Assets</b>	<b>567,308</b>	<b>542,783</b>
<b>Total Assets</b>	<b>3,757,649</b>	<b>3,227,695</b>
<b>Current Liabilities</b>		
Trade & Other Payables	1,686,815	1,493,349
Provisions	142,418	109,172
Financial Liabilities	162,627	132,562
<b>Total Current Liabilities</b>	<b>1,991,860</b>	<b>1,735,083</b>
<b>Non Current Liabilities</b>		
Provisions	8,839	20,012
Financial Liabilities	143,391	146,793
<b>Total Non Current Liabilities</b>	<b>152,230</b>	<b>166,805</b>
<b>Total Liabilities</b>	<b>2,144,090</b>	<b>1,901,888</b>
<b>Net Assets</b>	<b>1,613,559</b>	<b>1,325,807</b>
<b>Members' Equity</b>		
Members' Surplus	925,964	638,212
Members' Reserve	687,595	687,595
<b>Total Members' Equity</b>	<b>1,613,559</b>	<b>1,325,807</b>

# STATEMENT OF CHANGES IN MEMBERS' EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Members' Surplus \$
Balance at 1 July 2011	265,833
<i>Surplus / (Deficit) attributable to Members</i>	<i>1,059,974</i>
<i>Transfer to Members' Reserve</i>	<i>(687,595)</i>
Balance at 30 June 2012	638,212
<i>Surplus / (Deficit) attributable to Members</i>	<i>287,752</i>
<i>Balance at 30 June 2013</i>	<i>925,964</i>



**STATEMENT OF CASH FLOW**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	6,889,365	6,365,477
Developer Gift	-	687,595
Payments to Suppliers and Employees	(6,188,946)	(5,861,198)
Interest Paid	77,864	(45,631)
<b>Net Cash from Operating Activities</b>	<b>778,283</b>	<b>1,237,505</b>
<b>Cash Flows from Investing Activities</b>		
Equipment Finance Repayments	13,414	(91,923)
Plant and Equipment (Net of Lease Financed Assets)	(336,746)	(147,874)
<b>Net Cash (used in) Investing Activities</b>	<b>(323,332)</b>	<b>(239,797)</b>
<b>Cash Flows from Financing Activities</b>		
Loan from Sanctuary Lakes Club Ltd	-	(687,595)
<b>Net Cash (used in) Financing Activities</b>	<b>-</b>	<b>(687,595)</b>
Net Increase/(Decrease) in Cash	454,951	310,113
<b>Cash Held at the Beginning of the Financial Year</b>	<b>1,256,902</b>	<b>946,789</b>
<b>Cash Held at the End of the Financial Year</b>	<b>1,711,853</b>	<b>1,256,902</b>

# NOTES TO AND FORMING PART OF ACCOUNTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Financial Reporting Framework

This concise financial report is a special purpose financial report prepared for use by the Directors and members of the Company. The Directors have determined that the Company is not a reporting entity, and therefore there is no requirement to apply all applicable accounting standards or other mandatory professional reporting requirements in the preparation and presentation of this report for the year ended 30 June 2013.

The information contained within this concise financial report has been derived from and is consistent with the special purpose full financial report of the Company for the year ended. For a full understanding of the Company's performance and results, reference to the special purpose full financial report is recommended.

The full financial report was prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Accounting Interpretations:

AASB 107	Cash Flow Statements;
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 110	Events after the Balance Sheet Date;
AASB 117	Leases;
AASB 1031	Materiality;
AASB 1048	Interpretation and Applicable Standards.

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board were applied.

#### New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The

Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit and loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive

# NOTES CONT. TO AND FORMING PART OF ACCOUNTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### 1. SUMMARY OF ACCOUNTING POLICIES CONT.

income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2013. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Company's financial statements.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company does not believe this will have a significant impact on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties

that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Company's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Company.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Company.

# NOTES CONT. TO AND FORMING PART OF ACCOUNTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### 1. SUMMARY OF ACCOUNTING POLICIES CONT.

*AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

*AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).*

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Company's financial report as a whole.

*AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

*AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts reported by the Company.

*AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.*

This Standard is not expected to significantly impact the Company's financial statements.

*AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).*

# NOTES CONT. TO AND FORMING PART OF ACCOUNTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

### 1. SUMMARY OF ACCOUNTING POLICIES CONT.

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Company's financial statements.

*AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;

- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Company's financial statements.

### Taxation

The Directors of the Company believe that the Company is largely exempt from income tax based on the principal of mutuality. Income tax is payable on any non-mutual income earned in a financial year less any non-mutual deductible expenses incurred in deriving such income.

### 2. RELATED PARTIES

The Directors of the Company are named in the Directors' Report.

During the year, the Company raised fees and other charges with the following related entities on normal commercial terms and conditions:

Entity	General Services	
	2013 \$	2012 \$
SLJV (i) (ii) (iii) (iv)	-	712,595
	-	<b>712,595</b>

SLJV Sanctuary Lakes Joint Venture

- (iii) Stephen Head is a Director of this entity
- (iv) Ken Roche is a Director of this entity
- (v) Nicholas Roche is a Director of this entity
- (vi) Colin Cass is a Director of this entity

### 3. SHARE CAPITAL

The Company is limited by guarantee (i.e. it has no share capital). Each member is entitled to one vote at members meetings. On winding up of the Company, any surplus assets (after all debts are settled) will be distributed to a company with similar objects and similar constitutional restrictions.



# OVERVIEW DEPARTMENTAL OVERVIEW OF INCOME & EXPENSES

## TRADING PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Owners Corporation Management		Administration		Resort Maintenance	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Owners Corp Management Fees	5,678,961	5,336,743	-	-	-	-
Maintenance & Admin Levies	254,829	164,978	-	-	-	-
Interest	88,786	92,354	77,864	45,637	-	-
Developer Gift	-	687,595	-	-	-	-
Other Revenue	82,872	103,512	152,278	62,332	69,639	120,232
<b>Total Revenue</b>	<b>6,105,448</b>	<b>6,385,182</b>	<b>230,142</b>	<b>107,969</b>	<b>69,639</b>	<b>120,232</b>
<b>Expenses</b>						
Employee Benefits	308,068	421,671	224,265	243,342	933,849	925,813
Management/Contractor Fees	150,000	-	100,000	106,092	-	-
Accounting, IT & Payroll Fees	74,445	84,363	154,980	148,758	-	-
Insurance	-	-	39,993	29,113	12,169	9,240
Occupancy Expenses	26,203	28,796	22,820	25,135	86,058	59,887
Materials & Landscaping Expenses	-	-	-	-	296,188	212,611
Equipment Maintenance & Depreciation	-	-	-	-	245,413	226,138
Recycled Water	-	-	-	-	-	-
Doubtful Debts	-	(31,473)	-	-	-	-
Other Expenses	280,258	211,489	258,507	256,861	79,481	80,770
<b>Total Expenses</b>	<b>838,974</b>	<b>714,846</b>	<b>800,565</b>	<b>809,301</b>	<b>1,653,158</b>	<b>1,514,459</b>
<b>Net Contribution</b>	<b>5,266,474</b>	<b>5,670,336</b>	<b>(570,423)</b>	<b>(701,332)</b>	<b>(1,583,519)</b>	<b>(1,394,227)</b>

**Note:** These allocations are arbitrary, detailed allocations are not presented due the complex nature of indirect expenditure items.

Lake Maintenance		Recycled Water		Security		Recreation		TOTAL RESORT	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	5,678,961	5,336,743
-	-	-	-	-	-	-	-	254,829	164,978
-	-	-	-	-	-	-	-	166,650	137,991
-	-	-	-	-	-	-	-	-	687,595
-	-	-	-	24,480	24,000	-	-	329,269	310,076
-	-	-	-	<b>24,480</b>	<b>24,000</b>	-	-	<b>6,429,709</b>	<b>6,637,383</b>
177,264	172,201	243,272	162,809	-	-	-	-	1,886,718	1,925,836
276,144	272,380	-	-	760,218	709,178	129,996	130,321	1,416,358	1,217,971
-	-	-	-	-	-	-	-	229,425	233,121
23,621	10,690	-	-	-	-	-	-	75,783	49,043
78,520	-	98,400	90,000	-	-	104,908	102,016	416,909	305,834
183,783	190,019	233,508	142,675	-	-	-	-	713,479	545,305
142,032	121,403	-	3,793	-	-	74,521	48,071	461,966	399,405
-	-	206,548	153,293	-	-	-	-	206,548	153,293
-	-	-	-	-	-	-	-	-	(31,473)
3,070	2,402	-	-	19,120	78,171	49,625	113,336	690,061	743,029
<b>884,434</b>	<b>769,095</b>	<b>781,728</b>	<b>552,570</b>	<b>779,338</b>	<b>787,349</b>	<b>359,050</b>	<b>393,744</b>	<b>6,097,247</b>	<b>5,541,364</b>
<b>(884,434)</b>	<b>(769,095)</b>	<b>(781,728)</b>	<b>(552,570)</b>	<b>(754,858)</b>	<b>(763,349)</b>	<b>(359,050)</b>	<b>(393,744)</b>	<b>332,462</b>	<b>1,096,019</b>
Current Income Tax Expense								<b>44,710</b>	<b>36,045</b>
Net PROFIT / (LOSS)								<b>287,752</b>	<b>1,059,974</b>

# ADDITIONAL INFORMATION ON THE 30 JUNE 2013 FINANCIAL STATEMENTS

## DISCLAIMER

The additional financial data presented on the following page is in accordance with the books and records of Sanctuary Lakes Resort Services Ltd ('our client') which has been subject to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2013. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.

  
 Stannards Accountants & Advisors

  
 Michael Shulman  
 Partner

Dated: 29/6/13







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