

Sanctuary Lakes Resort Services Limited

Resident Owned, Resident Run

ANNUAL REPORT 2013-14



Living the Lifestyle

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Living the Lifestyle

Corporate Information

Directors for the 2013/2014 Financial Year

Ian Brown (Chairman)
John Anderson
Theo Krug
Joseph Matina
Craig Pitts
Garry Sleeman
Warrick Stapleton

Company Secretary

Susan Quill

Registered Office

600 Thompson Road
Sandhurst Victoria 3977

Main Business Address

72 Greg Norman Drive
Sanctuary Lakes Victoria 3030

Auditors

Stannards Accountants
& Advisors Pty Ltd
Level 1, 60 Toorak Road
South Yarra Victoria 3141



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Sanctuary Lakes Resort Services
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Key Personnel

General Manager	Tony Ferreri
Finance Manager	Trent Curwood
Community Manager	Garry Theobald
Resort Facilities Manager	John Pollard
Resort Presentation Manager	Greg Fryer
Community Development Manager	Kevin Birtles
Architectural Review Committee Manager	George Phua
Recreation Centre Manager	Dan Tipples

Total Number of Employees 39 (including part-time and casual employees)

Introduction

Sanctuary Lakes Resort Services Limited (SLRS) is a licensed owners corporation management company established by the original owners corporations of Sanctuary Lakes Resort. All new owners corporations were entitled to, and received, membership of SLRS upon being registered.

The objective of SLRS is to act on behalf of Sanctuary Lakes Resort owners corporations in all matters delegated under the management contract, ensure that all services are delivered equally to each lot owner in each owners corporation, ensure lot owners rights are protected by ensuring that all owners corporations meet their legal requirements, and to provide best practice advice to all members.

Separately, SLRS has the responsibility of managing and maintaining assets, such as the lake, community centre, security hut, tennis courts, wharves and piers, which were handed over by the developers to SLRS, in trust for all Lot Owners within Sanctuary Lakes Resort.

The unique additional role for our management company is a wide brief to interface with external entities to ensure that Sanctuary Lakes Resort receives appropriate support and services.

All of the directors of SLRS are residents and/or lot owners.

SLRS is a non profit organisation which is resident owned and resident run.

Sanctuary Lakes Resort Services Limited
Resident Owned, Resident Run



The SLRS Mission Statement

To maintain a high quality residential lifestyle through:

- Protecting and developing the community assets.
- Providing efficient and cost effective services to owners corporations and residents.
- Valuing our staff and volunteers for their contribution.
- Developing and encouraging a strong community spirit.

The strategic planning and actions undertaken by the Board of Directors of SLRS are directed at the delivery of the Mission Statement. The inputs of members and the results of the 2013 Residents Satisfaction Survey assisted in determining priorities and timings.



Chairman's Review

The Year in Review

On behalf of the Board of Directors I am pleased to report that the year under review, which is our first in full member control, has been one of great achievement. With transition now almost finalized, a number of strategically important topics, largely ignored for the previous 10 years, have been successfully addressed and will deliver on-going positive benefits to all lot owners and residents within the Resort.

I would like to highlight five of these achievements.

1. Costs and Investment

For the past two years many costs have been reduced on a per Lot basis so that the fee increase has produced the cash to enable a much needed maintenance program on ageing key infrastructure to be completed. Structural work to the Community Centre, presentation of the Boulevard entry, refurbishment of the Boulevard walls, greatly improve Lake maintenance and streetscape presentation have all contributed to a vastly improved Resort presentation.

2. SLRS Capabilities

During the year SLRS implemented a strategy of building in-house capability with the aim of reducing our dependence on outside contractors and improving services to members all at reduced costs. The lake maintenance program has now been fully implemented and the Administration reorganisation is also being implemented and should be completed by the end of November 2014. Both are significant initiatives and the projected benefits are already flowing.

3. Working with the City of Wyndham

This program has delivered approval for a number of benefits to the Resort. Two major projects are to be delivered:

- (i) a \$510,000 neighbourhood playground and reserve will be constructed at our Regatta Cove Reserve in early 2015, and
- (ii) a \$320,000 neighbourhood playground and reserve in the south of Sanctuary Lakes Resort is programmed for the Y2015/16 year.

4. Public Bus Service

For three years the Board and Management have been advocating our case with Public Transport Victoria, Wyndham City Council and the Victorian State Government for a bus service within the Resort and have been disappointed at the lack of support. However, following the latest review of services, we have received advice that a bus service within the Resort will commence in April 2015.

5. Community Development

In response to the specific findings of the 2013 Residents Satisfaction Survey, a number of initiatives have been completed. Our website, combined with our e-mailed newsletter, has kept lot owners and residents informed on a range of topics. The exercise trail around the lake, with educational and informative signage, and our outdoor gym equipment were commissioned. The Good Samaritan Lookout was dedicated to deceased resident, Luke Mitchell, and recently a Garden Club and a Probus Club have been formed.

The Board considers that the combined impact of these initiatives will greatly enhance the overall lifestyle attraction of the Resort to current and future owners and residents.

SLRS does not operate for profit – its role is to deliver services to its members, the owners corporations. I am pleased to report that the extensive Y2013/14 budget was implemented in full and any funding for works not undertaken was transferred to the 2014/15 budget. The cash flow of the company remained positive, mainly due to close attention to the collection of owners corporation fees, and, as a result, there was no requirement for overdrafts or loans.

Importantly, the Board recognises the contribution made by the General Manager and all of SLRS's dedicated staff who have continued to deliver a high standard of services whilst operating in an environment of major change.

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

Whilst the Directors only met formally twice during the year, they do meet monthly to receive the General Manager's Report, review the monthly Management Accounts and deal with ongoing business and initiatives.

I believe that the work of the Board has been outstanding and I thank personally my colleagues for the dedication and professionalism they have displayed in discharging their duties.

In my view SLRS has, by skill and hard work over the past few years by a wide range of people, built a strong platform from which the company can manage the Resort into the future with great confidence.



IAN BROWN

Chairman
Sanctuary Lakes Resort Services Limited

General Manager's Report

Sanctuary Lakes Resort Services Limited (SLRS) is the licensed manager of over 40 owners corporations that make up the Sanctuary Lakes Resort. There are presently around 2,900 lots sold with around 50 remaining to complete the Resort – and there are now close to 9,000 residents.

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

During the year just ended we adopted a new branding statement for SLRS – “Resident Owned, Resident Run” to remind everyone that we are now free of the developer and masters of our own destiny.

Our experienced management team works closely with our seven resident directors as we continue to convert Sanctuary Lakes Resort from a construction site into a community.

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

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 & Lake Maintenance

presentation of the boulevard, parks and gardens, maintenance of the recycled water irrigation system to our parks, gardens and all street trees, management of the lake to standards agreed with Melbourne Water;

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 Community Centre (including the Recreation Centre, Waterstone Café and SLRS office), the Security Hut and the Tennis Courts; and

Knowledge Base

development of the knowledge and experience gained through the transition process, over four years of operation of SLRS, including representing OCs successfully at VCAT, and the many years of experience of SLRS staff within the Resort as a core competency that lot owners and residents can draw on as needed.

Enhancing the Resort

In addition, Management, in cooperation with the Resident Board of 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:

- Successful negotiations with Public Transport Victoria and the Victorian Government to bring bus services into Sanctuary Lakes Resort;
- Negotiations with the City of Wyndham for improved playground and general facilities in our parks leading to the allocation of \$320k for a second significant park and playground in Y2015/16 following on from an allocation of \$510k for the new park and playground at Regatta Cove which is scheduled for construction in early 2015; and
- Negotiations with City of Wyndham and the State Government for recognition of Sanctuary Lakes as a Suburb in its own right.

Budget for Y2014/15

It was pleasing to be able to limit our fee increase to 3% for the coming year.

Significant costs will be incurred in the early part of the year to restructure some of our operations leading to savings in the second half of the coming year and into the future. The restructure of our lake management operations and our back office accounting, human resources and information systems, detailed in a newsletter in early September, are well advanced with completion scheduled for November.



General Manager's Report

Continued on next page.

General Manager's Report

Finance

SLRS recorded an audited after tax operating surplus for the year ended 30th June, 2014 of \$204,911 which underpins the required level of operating cash required to run the business. On a cash flow basis there was a net outflow of \$332,344. Nevertheless we had adequate funds at 30th June to provides for our cash flow requirements until the current year's fees were 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 96% of all current year fees, up from 94% in the previous year. SLRS has been particularly successful at VCAT in the collection of accounts from prior years, collecting \$822k of prior year accounts in the year just ended. This is an ongoing exercise.

The key financial highlights of the year was that the Operating Result was better than budget, primarily due to the failure of a City West Water meter which resulted in free recycled water for two months in summer.

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

Our Balance Sheet

As a result of the transition negotiations, finally completed on 6th of June 2013, SLRS received a transfer of some significant assets from the developer:

- The Community Centre including Recreation Centre, Waterstone Café and SLRS office;
- The Security Hut;
- The Lake, Canal and Regatta Beach;
- Two pier/wharf areas, and
- The Tennis Courts.

Our Balance Sheet has been greatly improved by \$1,247,500 with the receipt of most of those assets during the year and there will be a further minor improvement next year when the balance of those titles are received.

As a result we now have a very strong balance sheet to underpin the financial needs of the Resort.

Closing

I would like to take this opportunity to thank Ian Brown, his deputy John Anderson, and all of the directors for their support during the 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.

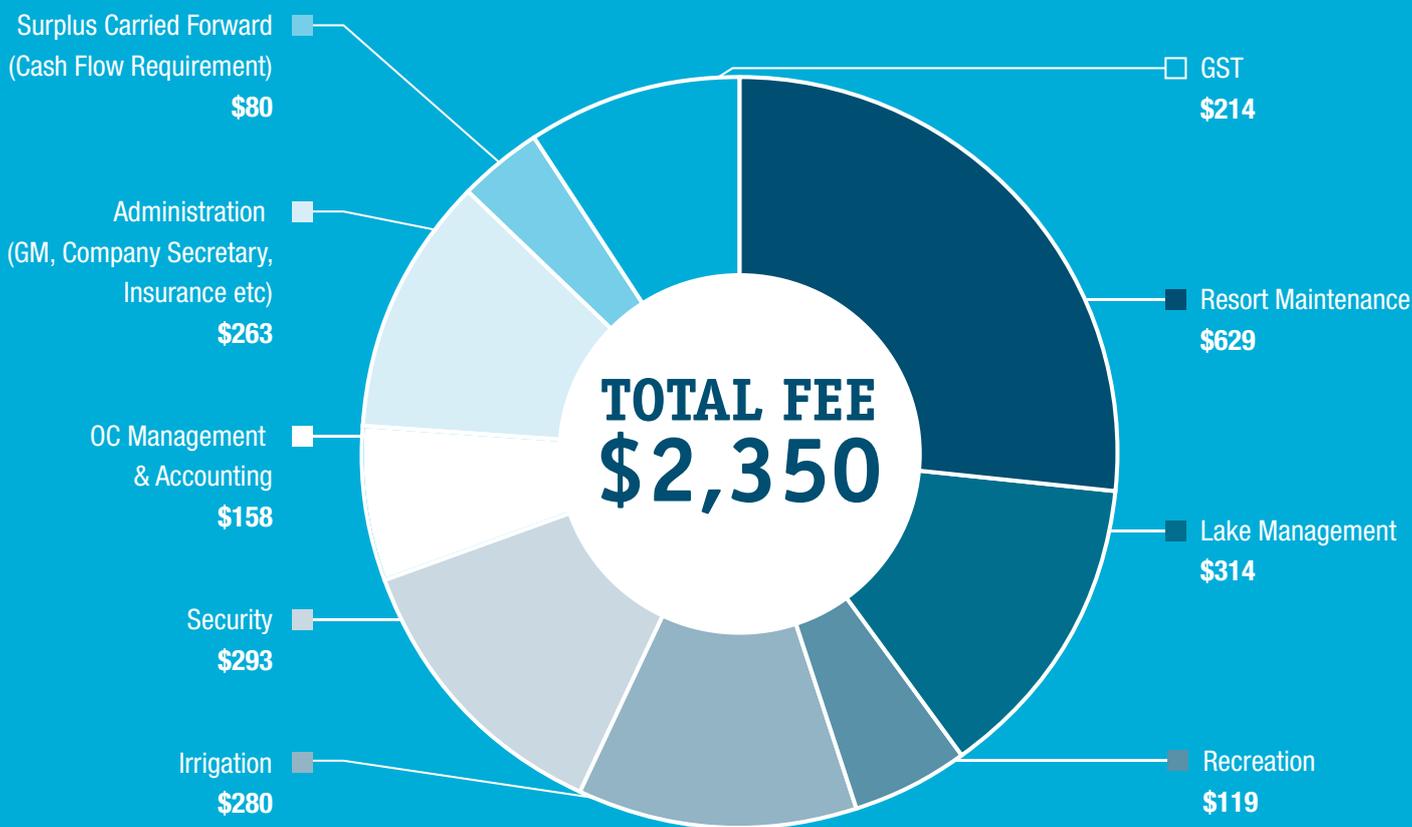
Finally I must thank my team leaders, Trent Curwood, Garry Theobald, John Pollard and Greg Fryer, and their teams for the fantastic job they have done in this first full year independent of the developer.

TONY FERRERI

General Manager
Sanctuary Lakes Resort Services Limited

Fee Breakdown

For the year ended 30 June 2014



Note:

Under the Terms of the Maintenance Contract between Sanctuary Lakes Resort Services Ltd and the City of Wyndham, lot owners received a Sanctuary Lakes Rebate of \$180 in Y2013-14 (\$186 in Y2014-15)

AUDITED ACCOUNTS

Concise financial statements
for year ended 30 June 2014

Sanctuary Lakes Resort Services Limited
ACN 092 610 449



Directors' Report

The Directors of Sanctuary Lakes Resort Services Limited submit herewith their report together with the accounts of the Company for the year ended 30 June 2014.

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

- Ian Brown
- John Anderson
- Theo Krug
- Joseph Matina
- Craig Pitts
- Garry Sleeman
- Warrick Stapleton

Results

The net surplus of the Company for the financial year was \$204,911 (2013: surplus \$287,752).

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 members 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 6th of June 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 Sanctuary Lakes Developments Pty Ltd, the Company and Sanctuary Lakes Club Ltd.

As a result the property & buildings described below were transferred to the Company on the 17th of January 2014 and as such have been recognised in the following report based on an independent valuation undertaken by Charter Keck Kramer.

The assets transferred to date are as follows;

- **THE COMMUNITY CENTRE** - Lot AQ on Plan of Subdivision 645360;
- **THE LAKE CANAL** - Lot V on Plan of Subdivision 417942;
- **THE REMAINING AREAS OF THE LAKE** - Lots W, C, G, AF & AB on Plans of Subdivision 420273, 428866, 423642 and 511700;
- **THE REGATTA BEACH WALKWAY** - Lot AA on Plan of Subdivision 511700; and
- **THE WHARF NO.2** - Lot S46 on Plan of Subdivision 511700.

Furthermore the following assets have also been recognised at valuation despite the appropriate titles not as yet being registered;

- **THE SECURITY HUT** - Lot AL on Plan of Subdivision 645360;
- **THE WHARF AND BOAT RAMP** - Lot AP on Plan of Subdivision 645360; and
- **THE TENNIS COURTS** - Lot AT on Proposed Plan of Subdivision 718248.

The titles for these assets are expected to be registered in the near future and such assets have been recognised as the Company can demonstrate control and ownership despite the titles not being registered.

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.

Directors' Report Cont.

Directors' Meetings

The number of Directors' meetings held and attended by each director of the Company during the financial period were:

	Number of Meetings attended	Number of Meetings held whilst in office
Ian Brown	2	2
John Anderson	2	2
Theo Krug	1	2
Joseph Matina	2	2
Craig Pitts	2	2
Gary Sleeman	2	2
Warrick Stapleton	2	2

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.

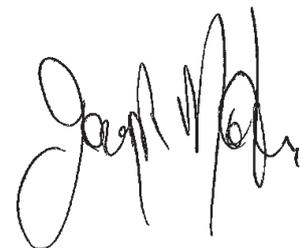
Signed in accordance with a resolution of the Directors made pursuant to the Corporations Act.

On behalf of the Directors,



JOHN ANDERSON
Deputy Chairman
Sanctuary Lakes Resort Services Limited

Dated: 9 October 2014



JOSEPH MATINA
Director
Sanctuary Lakes Resort Services Limited

Dated: 9 October 2014

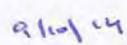
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SANCTUARY LAKES RESORT SERVICES LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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  9/10/14

**Independent Audit Report
To The Members of Sanctuary Lakes Resort Services Limited**

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 2014, 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 Limited.

Directors' responsibility for the 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.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

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 Pty Ltd



Michael B Shulman
Partner

Dated: 11/10/14

Declaration by Directors

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 2014 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.

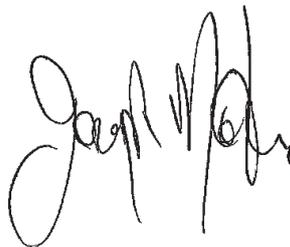
On behalf of the Directors,



JOHN ANDERSON

Deputy Chairman
Sanctuary Lakes Resort Services Limited

Dated: 9 October 2014



JOSEPH MATINA

Director
Sanctuary Lakes Resort Services Limited

Dated: 9 October 2014

Statement of Comprehensive Income

FOR FINANCIAL YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
Revenue from Ordinary Activities	6,795,087	6,429,709
	6,795,087	6,429,709
Employment Expenses	(2,248,558)	(1,886,718)
Administration Expenses	(1,193,071)	(1,107,206)
Resort Maintenance Expenses	(1,253,108)	(1,257,765)
Lake Maintenance Expenses	(676,345)	(707,170)
Security Monitoring & Patrolling Expenses	(857,272)	(779,338)
Recreation Club Expenses	(338,882)	(359,050)
	(6,567,236)	(6,097,247)
Operating Surplus before income tax	227,851	332,462
Income Tax Expense/(Benefit)	22,940	44,710
Net Surplus for the year	204,911	287,752
Other Comprehensive Income for the year	-	-
Assets Transferred from Developer at Valuation	1,247,500	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,452,411	287,752



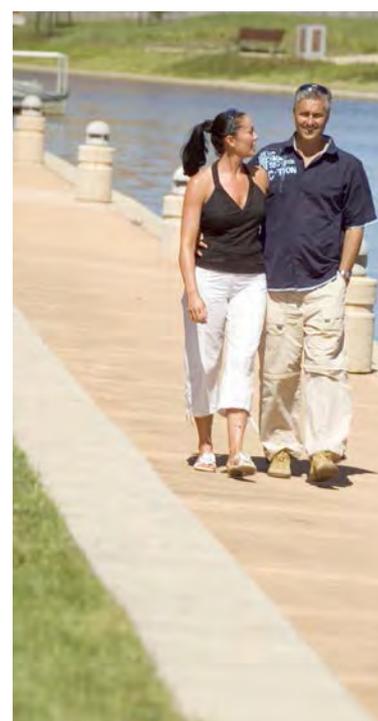
Statement of Financial Position

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Statement of Financial Position

AS AT 30 JUNE 2014

	2014 \$	2013 \$
Current Assets		
Cash & Cash Equivalents	1,379,509	1,711,853
Trade & Other Receivables	1,257,884	1,428,340
Inventory	34,137	50,148
Total Current Assets	2,671,530	3,190,341
Non Current Assets		
Property, Plant & Equipment	2,161,869	529,846
Improvements at Cost	93,850	37,462
Total Non Current Assets	2,255,719	567,308
TOTAL ASSETS	4,927,249	3,757,649
Current Liabilities		
Trade & Other Payables	1,424,061	1,686,815
Provisions	202,530	142,418
Financial Liabilities	80,576	162,627
TOTAL CURRENT LIABILITIES	1,707,167	1,991,860
Non Current Liabilities		
Provisions	18,441	8,839
Financial Liabilities	135,671	143,391
TOTAL NON CURRENT LIABILITIES	154,112	152,230
TOTAL LIABILITIES	1,861,279	2,144,090
NET ASSETS	3,065,970	1,613,559
Members' Equity		
Members' Surplus	1,130,875	925,964
Members' Reserve	1,935,095	687,595
TOTAL MEMBERS' EQUITY	3,065,970	1,613,559



Statement of Changes in Members' Equity

Continued on next page.

Statement of Changes in Members' Equity

FOR FINANCIAL YEAR ENDED 30 JUNE 2014

	Members' Surplus \$	Members' Reserve \$	Total Equity \$
Balance at 30 June 2012	638,212	-	638,212
Developer Gift	-	687,595	687,595
Surplus / (Deficit) attributable to Members	287,752	-	287,752
Balance at 30 June 2013	925,964	687,595	1,613,559
Surplus / (Deficit) attributable to Members	204,911	-	1,452,411
Assets Transferred from Developer at Valuation	-	1,247,500	-
Balance at 30 June 2014	1,130,875	1,935,095	3,065,970



Statement of Cash Flow

Continued on next page.

Statement of Cash Flow

FOR FINANCIAL YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
Cash Flows from Operating Activities		
Receipts from Customers	6,719,507	6,889,365
Payments to Suppliers and Employees	(6,311,902)	(6,188,946)
Interest Received	75,580	77,864
NET CASH FROM OPERATING ACTIVITIES	483,185	778,283
Cash Flows from Investing Activities		
Proceeds from the Disposal of Assets	8,000	-
Plant and Equipment (Net of Lease Financed Assets)	(733,757)	(336,746)
NET CASH (USED IN) INVESTING ACTIVITIES	(725,757)	(336,746)
Cash Flows from Financing Activities		
Equipment Finance Repayments	(89,772)	13,414
NET CASH (USED IN) FINANCING ACTIVITIES	(89,772)	13,414
Net Increase/(Decrease) in Cash	(332,344)	454,951
CASH HELD AT THE BEGINNING OF THE FINANCIAL YEAR	1,711,853	1,256,902
CASH HELD AT THE END OF THE FINANCIAL YEAR	1,379,509	1,711,853



Notes on Accounts

Continued on next page.

Notes to and Forming Part of Accounts

FOR FINANCIAL YEAR ENDED 30 JUNE 2014

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.

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 and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications

to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised

Notes to and Forming Part of Accounts

FOR FINANCIAL YEAR ENDED 30 JUNE 2014

1. Summary of Accounting Policies Cont.

in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the company's financial statements.

AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the company's financial statements.

AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are

also required. As the company does not meet the definition of an investment entity, 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. Directors Remuneration

The Directors of the Company received the following remuneration during the year.

2014	2013
\$	\$
24,000	-

3. Related Parties

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

During the year, the Company did not have transactions with related entities.

4. Share Capital

The Company is limited by guarantee. 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.

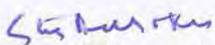
Living the Lifestyle



**ADDITIONAL INFORMATION ON THE
30 JUNE 2014 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 Limited ('our client') which has been subject to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2014. 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: 21/7/14

Departmental Overview of Income & Expenses

TRADING PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Owners Corporation Management		Administration		Resort Maintenance	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Revenue						
Owners Corp Management Fees	6,062,990	5,678,961	-	-	-	-
Maintenance & Admin Levies	287,554	254,829	-	-	-	-
Interest	101,895	88,786	75,580	77,864	-	-
Developer Gift	-	-	-	-	-	-
Other Revenue	118,032	82,872	64,938	152,278	51,006	69,639
TOTAL REVENUE	6,570,471	6,105,448	140,518	230,142	51,006	69,639
Expenses						
Employee Benefits	361,478	308,068	285,968	224,265	1,098,339	933,849
Management/Contractor Fees	148,713	150,000	61,500	100,000	-	-
Accounting, IT & Payroll Fees	76,306	74,445	157,875	154,980	-	-
Insurance	-	-	35,930	39,993	12,507	12,169
Occupancy Expenses	28,646	26,203	37,267	22,820	83,011	86,058
Materials & Landscaping Expenses	-	-	-	-	413,241	296,188
Equipment Maintenance & Depreciation	-	-	-	-	179,624	245,413
Recycled Water	-	-	-	-	-	-
Doubtful Debts	-	-	-	-	-	-
Other Expenses	339,877	280,258	306,957	258,507	49,779	79,481
TOTAL EXPENSES	955,020	838,974	885,497	800,565	1,836,501	1,653,158
Net Contribution	5,615,451	5,266,474	(744,979)	(570,423)	(1,785,495)	(1,583,519)

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

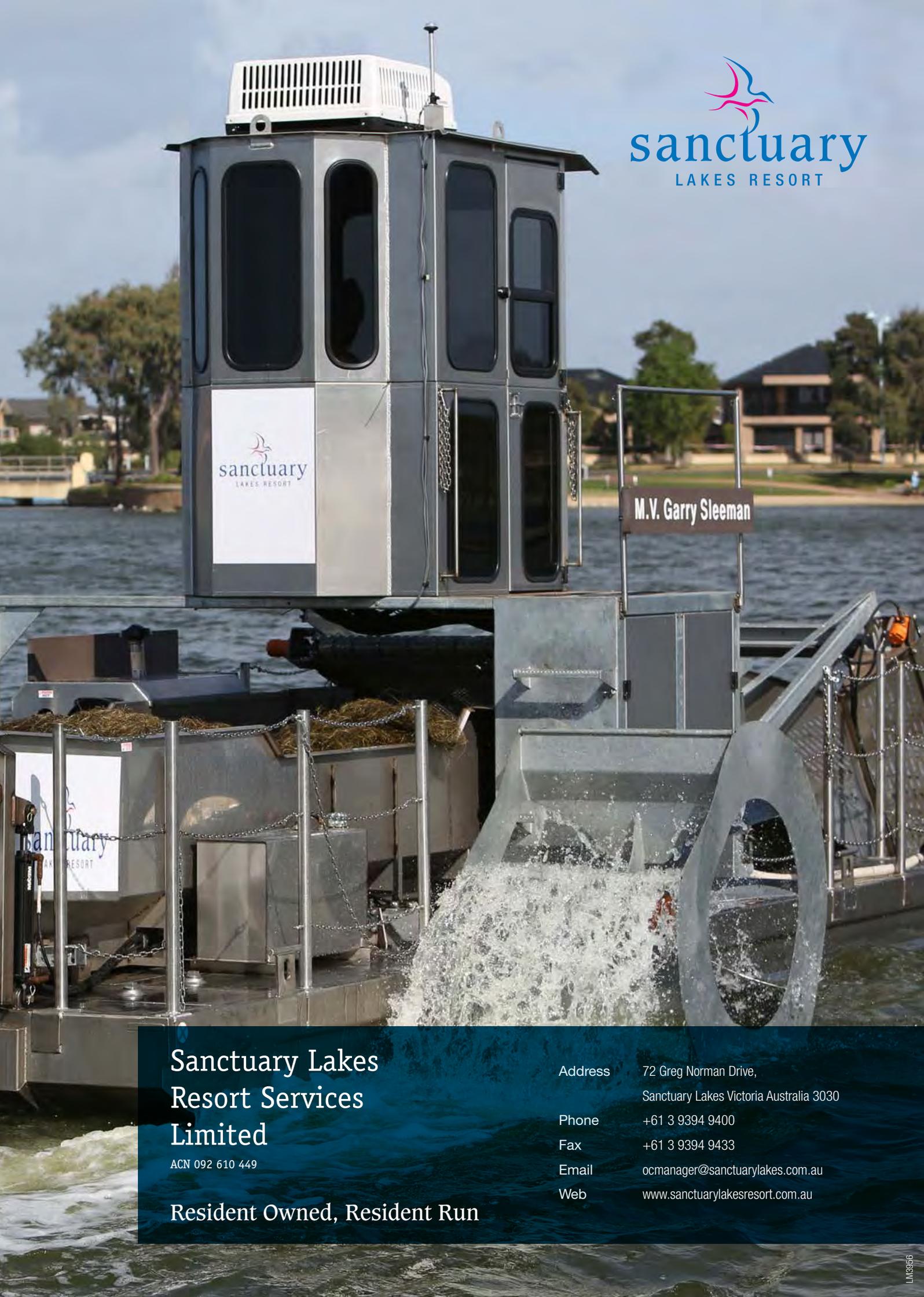
Lake Management		Irrigation		Security		Recreation		TOTAL		
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
-	-	-	-	-	-	-	-	6,062,990	5,678,961	
-	-	-	-	-	-	-	-	287,554	254,829	
-	-	-	-	-	-	-	-	177,475	166,650	
-	-	-	-	-	-	-	-	-	-	
8,000	-	-	-	25,092	24,480	-	-	267,068	329,269	
8,000	-	-	-	25,092	24,480	-	-	6,795,087	6,429,709	
222,677	177,264	280,096	243,272	-	-	-	-	2,248,558	1,886,718	
272,081	276,144	-	-	841,497	760,218	130,116	129,996	1,453,907	1,416,358	
-	-	-	-	-	-	-	-	234,181	229,425	
22,278	23,621	-	-	-	-	-	-	70,715	75,783	
38,794	78,520	99,860	98,400	-	-	110,305	104,908	397,883	416,909	
131,492	183,783	185,317	233,508	-	-	-	-	730,050	713,479	
163,561	142,032	8,595	-	8,570	-	48,083	74,521	408,433	461,966	
-	-	221,174	206,548	-	-	-	-	221,174	206,548	
-	-	-	-	-	-	-	-	-	-	
48,140	3,070	-	-	7,205	19,120	50,377	49,625	802,335	690,061	
899,023	884,434	795,042	781,728	857,272	779,338	338,881	359,050	6,567,236	6,097,247	
(891,023)	(884,434)	(795,042)	(781,728)	(832,180)	(754,858)	(338,881)	(359,050)	227,851	332,462	
								Current Income Tax Expense	22,940	44,710
								Net PROFIT / (LOSS)	204,911	287,752



sanctuary
LAKES RESORT



M.V. Garry Sleeman



Sanctuary Lakes
Resort Services
Limited

ACN 092 610 449

Resident Owned, Resident Run

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