

SANCTUARY LAKES RESORT SERVICES LIMITED

Resident Owned, Resident Run

ANNUAL REPORT 2014-15



Living the Lifestyle

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SANCTUARY LAKES RESORT
SERVICES LIMITED
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CORPORATE INFORMATION

DIRECTORS

Ian Brown

(Chairman, resigned 30 June 2015)

John Anderson

(Chairman, appointed 1 July 2015)

Theo Krug

(Deputy Chairman, appointed 1 July 2015)

Joseph Matina

Craig Pitts

Garry Sleeman

Warrick Stapleton

(resigned 30 September 2015)

Edward Boucaut

(appointed 4 December 2014)

David Rava *(appointed 1 July 2015)*

Graeme Young

(appointed 1 July 2015)

COMPANY SECRETARY

Susan Quill

REGISTERED OFFICE & MAIN BUSINESS ADDRESS

72 Greg Norman Drive

Sanctuary Lakes Victoria 3030

SUBSIDIARIES

SLR Security Pty Ltd

**Sanctuary Lakes Residents
Association Pty Ltd**

AUDITORS

**Stannards Accountants
& Advisors Pty Ltd**

**Level 1, 60 Toorak Road
South Yarra Victoria 3141**

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 CLUB MANAGER

Dan Tipples

TOTAL NUMBER OF EMPLOYEES

**45 (including part-time
& 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 of our management company is a wide brief to interface with external entities to ensure that Sanctuary Lakes Resort receives appropriate support and services.

All the Directors of SLRS are both residents and lot owners.



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 directly, and via Residents Satisfaction Surveys, assist in determining priorities and timings.



SLRS IS A NON PROFIT
ORGANISATION WHICH
IS RESIDENT OWNED
AND RESIDENT RUN.



CHAIRMAN'S REVIEW

THE YEAR IN REVIEW

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO REPORT THAT THE YEAR UNDER REVIEW HAS BEEN ONE OF CONSIDERABLE POSITIVE CHANGE AND ACHIEVEMENT. WITH TRANSITION FROM CONTROL BY THE DEVELOPER SUBSTANTIALLY ACHIEVED BY JUNE 2014, THE YEAR IN REVIEW HAS SEEN EACH OF THE MAJOR OPERATING SECTORS OF SANCTUARY LAKES RESORT SERVICES LIMITED (SLRS) REVIEWED AND UPDATED TO REFLECT THE ONGOING NEEDS OF RESIDENTS. WITH 93% OF LOTS NOW BUILT ON, THE RESORT HAS MOVED FROM A FOCUS ON DEVELOPMENT AND CONSTRUCTION TO A RESIDENTIAL COMMUNITY WITH QUITE DISPARATE NEEDS.

Outsourced service contracts previously put in place by the Developer-controlled Board have each been examined for economy and effectiveness. With greater stability in the activities in the Resort and a clearer understanding of ongoing needs, delivery of those services in many cases has moved from a contracting environment to in-house operations.

The Developer delivered the concepts, site and infrastructure for the Resort. It was appropriate to delegate these roles to contractors as many tasks needed completion in a comparatively short time. The Developer had a focus on preparing land and facilities for a future community whose characteristics and requirements changed regularly over the 15-year development phase. While there was ongoing debate over some details, residents came to Sanctuary Lakes because we shared the Developer's view of lifestyle.

The FY2015 year has seen the delivery of operations to suit ongoing requirements. The Board has delivered the services sought by lot owners with careful regard to environmental impact and commercial best practice.



COMMUNITY CENTRE RENOVATION

The largest project completed was the renovation of the Community Centre, providing improved services for residents.

The Recreation Club has had a complete refurbishment with an upgrade of all facilities. Walls in wet areas were in poor condition and have been rebuilt in more appropriate materials. All equipment has been replaced and the visual impact has been significantly enhanced. There had been little spent over the last 10 years and a significant upgrade has been provided for residents.

A new Community Meeting and Activity Room has been created for Recreation Club activities and community groups for meetings and activities. This new room will provide a much needed meeting place for clubs and Sanctuary Lakes community groups. The lack of a meeting room for local clubs has been a frequently criticised inadequacy.

An extension to the Waterstone Café has been provided to include a cool room, dry store and screened bin area. The working areas are more efficient with both the cool room and dry store being directly accessible from the kitchen. The children's play area has also been upgraded and relocated.

The SLRS office has been relocated into a smaller, but more efficient, space at the north-west corner of the Community Centre. All owners corporation functions are administered from this office. The office also provides a Board Room and a small meeting room for the administration of Sanctuary Lakes Resort.

The Board of SLRS has been well aware of requests for many years for better facilities for the various activities that are part of Sanctuary Lakes Resort. Those who have visited the new facilities have commented positively on what is now provided.

BACK OFFICE SYSTEMS

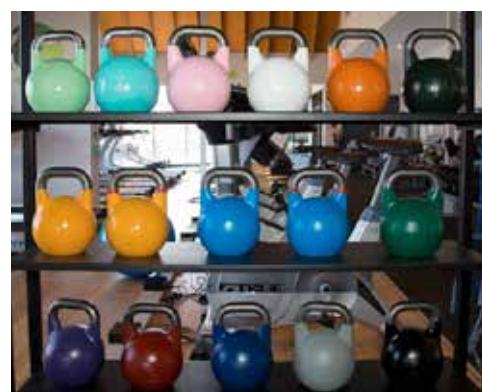
The Back Office has been subjected to a major review to ensure we address the ongoing needs of the Resort with the appropriate technology:

- The owners corporation management systems have been upgraded, using specialist software;
- Our own IT servers have been installed on site; and
- New management software has been written for the specific needs of SLRS.



CHAIRMAN'S REVIEW

Continued on next page.



CHAIRMAN'S REVIEW

SECURITY

A review of Security operations showed a better and broader service could be delivered if the operations were brought in house. On 1st July 2015, SLR SECURITY Pty Ltd, a wholly-owned subsidiary of (SLRS), commenced operations. Security Officers that have been seen around the Resort for several years, have joined SLR Security, in new uniforms and new vehicles.

The co-ordinated security system provided for residents at Sanctuary Lakes Resort is in three parts:

- Mobile road patrols
- Residential back-to-base Alarm System with monitoring by a specialist monitoring service, using their call centre, and
- Fast incident response by our mobile road patrols.

LAKE MANAGEMENT

The benefits from in-house control of the lake maintenance programme have been reflected in the water quality test results in the first 6 months of 2015, being the best yet recorded for the lake. With the two harvesters plus the barge being sent to locations with greatest need, the appearance of the lake has met standards set by the Board and required by Melbourne Water. We recognise the condition of the lake is quite dynamic and responds to changes in temperature and rainfall as well as performance of equipment. With El Niño conditions forecast for next summer, we may well have a challenging few months but we will start from a sound base.

COMMUNITY

A daily bus service commenced around Sanctuary Lakes in June 2015, after some years of negotiation.

The playground being provided by Wyndham City at Regatta Cove Reserve is well behind the scheduled delivery date and was subject to some re-designs before construction commenced. It is now expected to be completed in FY2015-16.

Savings delivered from the ongoing review of activities saw an Owners Corporation Fee increase of \$44.00 (up 1.8%) with a \$5 increase in the rate rebate to each lot owner from Wyndham City as part of the SLRS 10-year maintenance agreement for the boulevard, parks and gardens. Services are being delivered in a more cost-effective manner.



PEOPLE

While Annual Reports focus on dollars and fixed assets, the greatest asset of SLRS is its people. The success of Sanctuary Lakes Resort has been built on the contribution of many people - both staff and volunteers - who bring many and different skills to their roles. The year in review has not been an exception.

On behalf of the Board and residents, I thank General Manager Tony Ferreri for another outstanding year in leading the management of SLRS through some quite significant changes. Tony has been ably assisted by Trent Curwood, Greg Fryer, John Pollard and Garry Theobald along with their staff. On 1 July 2015, we welcomed Sergio Terceiro to the new position of Manager – SLR Security Pty Ltd and we are already seeing improvements to security systems.

The development of Sanctuary Lakes has enjoyed the contribution by many volunteers who have contributed to the owners corporation committees. When

everything is going well, most committees have a “watching brief” to ensure the processes required by the Victorian legislation are being addressed. The real benefit comes when a case needs to be taken to VCAT or some other dispute must be resolved. The SLRS website acknowledges those who have contributed in this area under Community / Honour Board. In addition, another substantial number of lot owners have served on their OC committees and their contributions are appreciated. We thank them all and acknowledge the importance of their contributions.

Ian Brown was chair of the Residents Advisory Council from its formation in 2007 with a representative of each owners corporation being part of the Council. The Council had no constitution of its own but under Ian’s leadership, steered a path between the requirements of the Owners Corporation Act as it impacted each owners corporation and the Commonwealth corporations legislation under which SLRS operates. For six years, Ian led the team that prepared

for transition in discussions with the developer and other parties. Ian became the Chair of the SLRS Board at transition on 6 June 2013. He retired from the Board on 30 June 2015. We acknowledge the considerable effort Ian put into ensuring that SLRS was a viable company able to handle the post-transition challenges and one which gained the support of the vast majority of residents.

The Board has shown considerable expertise in the broad range of activities that SLRS must address. I have no doubt that the directors will continue to improve the operations and effectiveness of activities at Sanctuary Lakes Resort. The immediate future will see the few outstanding transition issues resolved and the changes made reviewed so optimum benefits are delivered.



JOHN AF ANDERSON
Chairman

Sanctuary Lakes Resort Services Ltd



GENERAL MANAGER'S REVIEW

AS INDICATED IN THE CHAIRMAN'S REVIEW, THE PAST YEAR HAS BEEN A VERY BUSY ONE. IT HAS ALSO BEEN AN EXCITING AND SATISFYING ONE FOR THE MANAGEMENT STAFF BECAUSE IT SAW THE FULFILMENT OF A RANGE OF MUCH ANTICIPATED AND MUCH NEEDED IMPROVEMENTS TO THE WAY THE RESORT IS MANAGED AND SERVICES ARE DELIVERED AS WELL AS A MAJOR UPGRADE OF THE COMMUNITY CENTRE.

The greatest potential benefit of on-site facilities and owners corporation management is the ability to work closely with residents to deliver relevant services – services that residents want and need.

The greatest potential benefit of in-house management of all services is the ability to deliver relevant, responsive and, where applicable, adaptable services at the most efficient cost.

This was the aim when the Board of Directors signed off, nearly 2 years ago, on an ambitious plan to completely overhaul our services management and delivery and upgrade our facilities. We believe that those benefits are now being delivered.

The upgrade of the Community Centre, as described in the Chairman's Review, was a major project overseen by our staff and funded primarily from internal resources. The cost of the renovations will have little impact on future Owners Corporation fees.

Finally, it is satisfying to report that, with all the changes and the Community Centre upgrade, the Owners Corporation Fees increased only by around CPI at 1.8% in the current year.



WHAT DOES SLRS DO?

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 just over 2,900 lots sold with around 40 remaining to complete the Resort – and there are now over 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.

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

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 – delivery 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 Club management and maintenance of the Recreation Club facility including the tennis courts,

RESORT AND 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 include our Lake (with 2 wharves and our fleet of lake management equipment), the Community Centre (including the Recreation Club, Waterstone Café and SLRS office), the Security Building and the Tennis Courts, and SLRS is required to operate to service standards set in consultation with the resident Board of Directors.

THE WIDER COMMUNITY

In the past year, Management has dealt with a range of authorities with a view to ensuring that Sanctuary Lakes Resort remains the premier residential estate in the west of Melbourne including -

- Negotiations with Public Transport Victoria and the Victorian Government to improve bus services in the Sanctuary Lakes area,
- Negotiations with the City of Wyndham for improved playground and general facilities in our parks,
- Negotiations with City of Wyndham and the State Government for recognition of Sanctuary Lakes as a Suburb in its own right, and
- Negotiations with City West Water relating to the delivery of recycled water and upgrading of sewerage systems.

BUDGET FOR 2015/16

As mentioned earlier, it was pleasing to be able to limit our fee increase to 1.8% for the current year given what has been delivered in the past 12-24 months. In fact, it is the long term aim of the Board of Directors and Management to limit fee increases, whenever possible, to CPI.



MAMBOURIN - EMPOWERING PEOPLE

GENERAL MANAGER'S REVIEW

Continued on next page.



GENERAL MANAGER'S REVIEW

FINANCE

SLRS recorded an audited after tax operating surplus for the year ended 30th June, 2015 of \$464,226 which underpins the level of operating cash required to run the business. On a cash flow basis there was a net outflow of \$381,687. Nevertheless we had adequate funds at 30th June to provide 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, similar to the previous year.

It is important to note that the Operating Result was better than budget, primarily as a result of savings flowing from the various restructures mention in the Chairman's Review.

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

OUR BALANCE SHEET

As a result of Transition, SLRS is holding significant assets, received from the developer, on behalf of the Owners Corporations that comprise the Sanctuary Lakes Resort –

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

Our Balance Sheet is therefore very strong and we are in great shape to meet any eventuality.

CLOSING

I would like to take this opportunity to thank our recently retired Chairman, Ian Brown, our new Chairman, 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 want to thank my team leaders, Trent Curwood, Garry Theobald, John Pollard and Greg Fryer, and their teams for the fantastic job they have done in the extremely busy year, just ended.

A new computer system implemented, lake management brought in house, security brought in house, a new resident card system rolled out, and the Community Centre completely renovated – all delivered efficiently, effectively and within budget – quite an achievement.

TONY FERRERI

General Manager

Sanctuary Lakes Resort Services Ltd



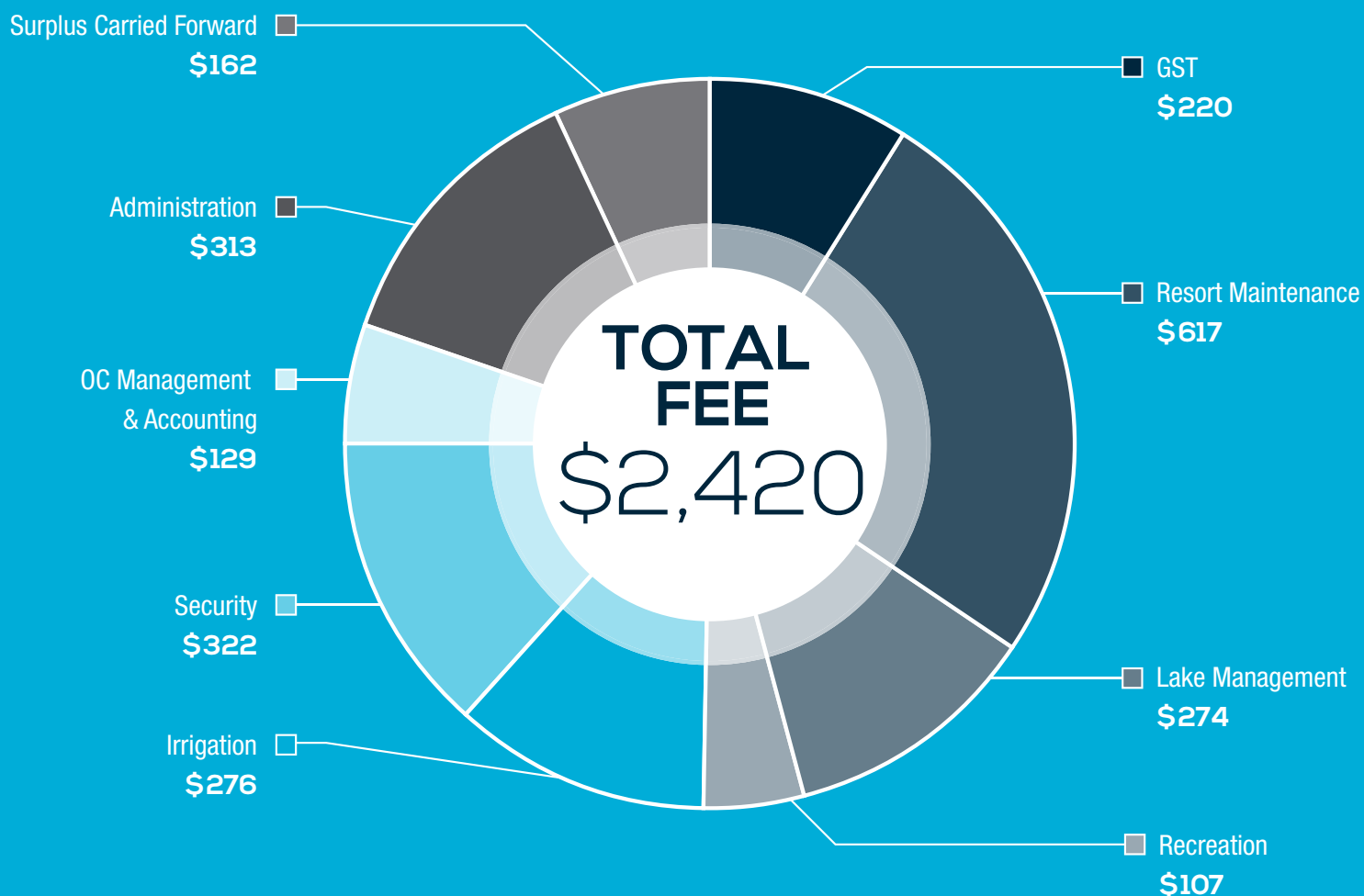
PTV – FIRST BUS SERVICE THROUGH SANCTUARY LAKES



SANCTUARY LAKES RESORT SERVICES LIMITED

FEE BREAKDOWN

FOR THE YEAR ENDED 30 JUNE 2015



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 \$186 in Y2014-15 (\$191 for Y2015-16)

AUDITED **ACCOUNTS**

CONCISE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

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 2015.

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 (resigned 30 June 2015)
- John Anderson
- Theo Krug
- Joseph Matina
- Craig Pitts
- Garry Sleeman
- Warrick Stapleton (resigned 30 September 2015)
- Edward Boucaut (appointed 4 December 2014)
- David Rava (appointed 1 July 2015)
- Graeme Young (appointed 1 July 2015)

RESULTS

The net surplus of the Company for the financial year was \$428,830 (2014: surplus \$204,911).

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 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;
- *THE WHARF NO.2* - Lot 546 on Plan of Subdivision 511700; and
- *THE SECURITY HUT* - Lot AL on Plan of Subdivision 645360.

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

- *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' REPORT

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' MEETINGS

The number of Directors' meetings held and attended by each Director of the Company during the financial period are set out below. The Directors also meet on a monthly basis as a committee.

	Number of Meetings attended	Number of Meetings held whilst in office
Ian Brown	1	1
John Anderson	1	1
Theo Krug	1	1
Joseph Matina	1	1
Craig Pitts	1	1
Gary Sleeman	1	1
Warrick Stapleton	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 and SLR Security Pty Ltd which have been dormant since their incorporation. As these subsidiaries have not traded and their Net Assets are nil the Directors have not disclosed their 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.

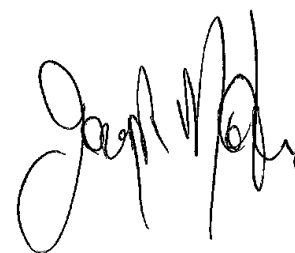
On behalf of the Directors,



JOHN ANDERSON

Chairman
Sanctuary Lakes Resort Services Limited

Dated: 28 October 2015



JOSEPH MATINA

Director
Sanctuary Lakes Resort Services Limited

Dated: 28 October 2015

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 2015 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 Pty Ltd



Michael Shulman
Partner

Dated: 28/10/2015

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 financial report of Sanctuary Lakes Resort Services Limited which comprises the Statement of Financial Position as at 30 June 2015, 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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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 financial report of Sanctuary Lakes Resort Services Limited is in accordance with the Corporations Act, including:

- a. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1.

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.

Stannards, Accountants and Advisors Pty Ltd



Michael Shulman
Partner
Melbourne
Dated: 28/10/2015

DIRECTORS' DECLARATION

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 2015 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
- (ii) The Directors are satisfied that the entity is a going concern, and can pay its debts as and when they fall due.

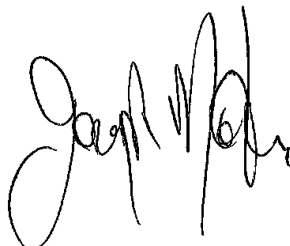
On behalf of the Board



JOHN ANDERSON

Chairman
Sanctuary Lakes Resort Services Limited

Dated: 28 October 2015



JOSEPH MATINA

Director
Sanctuary Lakes Resort Services Limited

Dated: 28 October 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Revenue from Ordinary Activities	7,046,702	6,795,087
	7,046,702	6,795,087
Employment Expenses	(2,489,135)	(2,248,558)
Administration / Waterfront Expenses	(1,155,932)	(1,193,071)
Resort Maintenance / Irrigation Expenses	(1,256,423)	(1,253,108)
Lake Maintenance Expenses	(553,102)	(676,345)
Security Monitoring & Patrolling Expenses	(914,791)	(857,272)
Recreation Club Expenses	(213,093)	(338,882)
	(6,582,476)	(6,567,236)
Operating Surplus before Income Tax	464,226	227,851
Income Tax Expense / (Benefit)	35,396	22,940
Net Surplus for the year	428,830	204,911
Other Comprehensive Income for the year	-	-
Assets Transferred from Developer at Valuation	-	1,247,500
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	428,830	1,452,411



**STATEMENT
OF FINANCIAL
POSITION**

Continued on
next page.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	2015 \$	2014 \$
Current Assets		
Cash & Cash Equivalents	997,822	1,379,509
Trade & Other Receivables	1,260,089	1,257,884
Inventory	30,544	34,137
Total Current Assets	2,288,455	2,671,530
Non Current Assets		
Property, Plant & Equipment	3,613,457	2,161,869
Improvements at Cost	88,023	93,850
Total Non Current Assets	3,701,480	2,255,719
TOTAL ASSETS	5,989,935	4,927,249
Current Liabilities		
Trade & Other Payables	1,770,400	1,424,061
Provisions	197,837	202,530
Financial Liabilities	210,267	80,576
TOTAL CURRENT LIABILITIES	2,178,504	1,707,167
Non Current Liabilities		
Provisions	20,662	18,441
Financial Liabilities	295,969	135,671
TOTAL NON CURRENT LIABILITIES	316,631	154,112
TOTAL LIABILITIES	2,495,135	1,861,279
NET ASSETS	3,494,800	3,065,970
Members' Equity		
Members' Surplus	1,559,705	1,130,875
Members' Reserve	1,935,095	1,935,095
TOTAL MEMBERS' EQUITY	3,494,800	3,065,970



STATEMENT OF CHANGES IN MEMBERS' EQUITY

Continued on next page.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR FINANCIAL YEAR ENDED 30 JUNE 2015

	Members' Surplus \$	Members' Reserve \$	Total Equity \$
Balance at 30 June 2013	925,964	687,595	1,613,559
Assets Transferred from Developer at Valuation	-	1,247,500	1,247,500
Surplus / (Deficit) attributable to Members	204,911	-	204,911
Balance at 30 June 2014	1,130,875	1,935,095	3,065,970
Surplus / (Deficit) attributable to Members	428,830	-	428,830
Assets Transferred from Developer at Valuation	-	-	-
Balance at 30 June 2015	1,559,705	1,935,095	3,494,800



STATEMENT OF CASH FLOW

Continued on
next page.

STATEMENT OF CASH FLOW

FOR FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Cash Flows from Operating Activities		
Receipts from Customers	6,952,544	6,719,507
Payments to Suppliers and Employees	(6,262,172)	(6,311,902)
Interest Received	117,988	75,580
NET CASH FROM OPERATING ACTIVITIES	808,360	483,185
Cash Flows from Investing Activities		
Plant and Equipment (Net of Lease Financed Assets)	(1,406,829)	(733,757)
Proceeds from the Disposal of Assets	45,000	8,000
NET CASH (USED IN) INVESTING ACTIVITIES	(1,361,829)	(725,757)
Cash Flows from Financing Activities		
Equipment Finance Repayments	171,782	(89,772)
NET CASH (USED IN) FINANCING ACTIVITIES	171,782	(89,772)
Net Increase / (Decrease) in Cash	(381,687)	(332,344)
CASH HELD AT THE BEGINNING OF THE FINANCIAL YEAR	1,379,509	1,711,853
CASH HELD AT THE END OF THE FINANCIAL YEAR	997,822	1,379,509



NOTES ON ACCOUNTS

Continued on
next page.

NOTES TO AND FORMING PART OF ACCOUNTS

FOR FINANCIAL YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES

FINANCIAL REPORTING FRAMEWORK

This 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 Company is limited by guarantee, incorporated and domiciled in Australia.

The report has been 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 have been 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 in full at a specific date or progressively over a period of

NOTES TO AND FORMING PART OF ACCOUNTS

FOR FINANCIAL YEAR ENDED 30 JUNE 2015

1. SUMMARY OF ACCOUNTING POLICIES CONT.

time. This Interpretation is not expected to significantly impact the company's financial statements.

AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and 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.

2015	2014
\$	\$
26,523	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.

DEPARTMENTAL OVERVIEW

INCOME & EXPENSES

TRADING PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Owners Corporation Management		Administration		Resort Maintenance	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Revenue						
Owners Corporation Management Fees	6,332,904	6,062,990	-	-	-	-
Maintenance & Admin Levies	388,200	287,554	-	-	-	-
Interest	87,033	101,895	30,955	75,580	-	-
Developer Gift	-	-	-	-	-	-
Other Revenue	101,176	118,032	53,352	64,938	53,082	51,006
TOTAL REVENUE	6,909,313	6,570,471	84,307	140,518	53,082	51,006
Expenses						
Employee Benefits	386,980	361,478	515,778	285,968	1,029,797	1,098,339
Management / Contractor Fees	-	148,713	-	61,500	-	-
Accounting, IT & Payroll Fees	-	76,306	-	157,875	-	-
Insurance	-	-	34,632	35,930	14,447	12,507
Occupancy Expenses	27,878	28,646	28,274	37,267	60,330	83,011
Materials & Landscaping Expenses	-	-	-	-	408,698	413,241
Equipment Maintenance & Depreciations	-	-	-	-	124,252	179,624
Recycled Water	-	-	-	-	-	-
Doubtful Debts	-	-	-	-	-	-
Other Expenses	538,175	339,877	417,590	306,957	161,833	49,779
TOTAL EXPENSES	953,033	955,020	996,274	885,497	1,799,357	1,836,501

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

Lake Management		Irrigation		Security		Recreation		TOTAL	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	6,332,904	6,062,990
-	-	-	-	-	-	-	-	388,200	287,554
-	-	-	-	-	-	-	-	117,988	177,475
-	-	-	-	-	-	-	-	-	-
-	8,000	-	-	26,035	25,092	-	-	233,645	267,068
-	8,000	-	-	26,035	25,092	-	-	7,072,737	6,795,087
247,983	222,677	287,192	280,096	-	-	-	-	2,467,730	2,248,558
22,696	272,081	-	-	933,351	841,497	145,996	130,116	1,102,043	1,453,907
-	-	-	-	-	-	-	-	-	234,181
24,752	22,278	-	-	-	-	-	-	73,831	70,715
15,915	38,794	8,297	99,860	-	-	101,086	110,305	241,780	397,883
27,077	131,490	210,375	185,317	-	-	-	-	646,150	730,048
292,440	163,561	3,968	8,595	7,475	8,570	67,097	48,083	495,232	408,433
-	-	293,925	221,174	-	-	-	-	293,925	221,174
-	-	-	-	-	-	-	-	-	-
170,222	48,140	-	-	-	7,205	-	50,377	1,287,820	802,335
801,085	899,021	803,757	795,042	940,826	857,272	314,179	338,881	6,608,511	6,567,234



SANCTUARY LAKES RESORT SERVICES LIMITED

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