HERITAGE LODGE SCHEME

ARSN 089 099 249

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

HERITAGE LODGE
ARSN: 089 099 249

RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The Directors of the Responsible Entity, Vasco Investment Managers Limited, present their report on the Heritage Lodge ('the Scheme') for the year ended 30 June 2018. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

1. Directors

The names of Directors of the Responsible Entity in office at any time during the financial year are:

Craig Mathew Dunstan	(appointed 6 August 2009)
Fiona Jean Dunstan	(appointed 6 August 2009)
Stephen George Hawkins	(appointed 10 May 2010)
Jonathan William Martin	(appointed 6 August 2009)

The Directors have been in office since the appointment of the current Responsible Entity to the date of this report unless otherwise stated.

2. Principal Activities

The Scheme's principal activity is that of a managed investment scheme which operates 96 rooms and 6 suites at the Heritage Lodge Hotel located in the Yarra Valley Victoria.

3. Operating Results

The operating profit of the Scheme for the financial year ending 30 June 2018 was $494,374. (2017: $458,051). The profit attributable to unitholders for the year ended 30 June 2018 was $494,374 (2017: $458,051).

4. Review of Operations

There have been three room sales for the financial year ending 30 June 2018 (2017: five room sales).

During the period since inception the Scheme had in total 96 rooms and 6 suites. These are owned by a total of 96 unit holders.

On 15 December 2017 the auditor of the Scheme changed from Venn Milner Accounting Services Pty Ltd to ShineWing Australia.

5. Distributions Paid or Recommended

Distributions are calculated and paid on a quarterly basis.

The following distributions have been paid for the period to 30 June 2018:

Period	Distribution Paid	Room	Suite
30 September 2017	$102,814	$971.63	$1,589.57
31 December 2017	$177,187	$1,674.48	$2,739.41
31 March 2018	$182,277	$1,722.60	$2,818.14
30 June 2018	$32,096	$303.32	$496.22

The total distributions declared for the financial year were $494,374 (2017: $458,051).

6. Redemption Arrangements

As detailed in the Scheme's Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders. Consequently, no units were redeemed by the Responsible Entity during the reporting period.

7. Options

No options over issued units or interests in the Scheme were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The directors and executives of the Responsible Entity hold no options over interests in the Scheme.

8. Proceedings on Behalf of the Scheme

No person has applied for leave of court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of their proceedings. The Scheme was not a party to any such proceedings during the period.

9. Value of Scheme Assets

The Gross Asset Value of the Scheme's assets at the end of the reporting period was $1,356,764 (2017: $1,544,181) The Net Asset Value at the end of the reporting period was $Nil. (2017: $ Nil).

10. Significant Changes in State of Affairs

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Scheme during the financial year.

11. After Balance Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years other than as disclosed in this report.

12. Future Developments

There are no future developments to report on which are not otherwise disclosed in this report.

13. Indemnifying Officers or Auditor

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a willful breach of duty in relation to the Responsible Entity.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

14. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties

Fees of $86,530 (plus GST) (2017: $81,899) were accrued and paid by the Scheme to Responsible Entity for the period.

15. Units held by the Responsible Entity or Related Parties

At 30 June 2018 no units were held by the Responsible Entity or their related parties.

16. Interests Issued in the Scheme

During the financial year 2018, there was no change in the number of interests issued.

17. Number of Interests on Issue

At 30 June 2018, there were 102 interests held in the scheme at the date of the report consisting of 96 room interests and 6 suite interests.

18. Rounding of Amounts

The Scheme is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, or in certain cases, the nearest thousand dollars.

19. Environmental Issues

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

20. Lead auditor's declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the following page and forms part of the Responsible Entity's report for the year ended 30 June 2018.

Signed in accordance with a resolution of the Board of Directors of Vasco Investment Managers Limited by:

Craig Mathew Dunstan

Director

Date: 27 September 2018

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of the Responsible Entity of Heritage Lodge

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there has 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 27 September 2018

HERITAGE LODGE
ARSN: 089 099 249

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		$	**$**
Revenue and other income			
Room revenue		3,397,285	3,240,039
Interest received		-	46
Other revenue		53,920	36,327
Total revenue and other income		3,451,205	3,276,412
Expenses			
Tax advice		4,000	3,750
Audit fees	9	24,073	25,235
Direct room costs		1,250,358	1,252,760
Legal costs		-	7,605
Hotel management fees		162,501	151,246
Other scheme expenses		56,073	49,136
Hotel overheads		1,269,760	1,148,439
Owners' FF & E contribution		103,536	98,291
Responsible entity fees		86,530	81,899
Total expenses		2,956,831	2,818,361
Net profit for the year		**494,374**	**458,051**
Finance costs attributable to unitholders		-	-
Distributions paid		462,278	449,048
Distributions payable		32,096	9,003
Total comprehensive income for the year		**-**	**-**

HERITAGE LODGE
ARSN: 089 099 249

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	2	1,333,166	1,512,093
Other assets	3	23,598	32,088
Total current assets		1,356,764	1,544,181
Total assets		1,356,764	1,544,181
Liabilities			
Current liabilities			
Trade and other payables	4	1,022,846	891,951
Pooled hotel funding	5	333,918	652,230
Total current liabilities		1,356,764	1,544,181
Total liabilities		1,356,764	1,544,181
Net assets		-	-
Net assets attributable to investors			
Income not distributed		-	-
Total equity		-	-

HERITAGE LODGE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Room receipts and other income		3,477,263	3,424,083
Payments to suppliers		(2,839,687)	(2,693,824)
Interest received		-	46
Net cash flow from operating activities		637,576	730,305
Cash flows from financing activities			
Distribution to members		(498,189)	(449,048)
Pooled hotel funding		(318,314)	(68,626)
Net cash flow from financing activities		(816,503)	(517,674)
Net (decrease) /increase in cash held		(178,927)	212,631
Cash and cash equivalents at beginning of financial year		1,512,093	1,299,462
Cash and cash equivalents at end of financial year		1,333,166	1,512,093

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the entity Heritage Lodge ('the Scheme') as an individual entity. The Scheme is a registered managed investment Scheme established and domiciled in Australia. The Responsible Entity of the Scheme is Vasco Investment Managers Limited. Vasco Investment Managers Limited was appointed as the Responsible Entity with effect from the 1st October 2016.

Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors of the Responsible Entity on 25 September 2018.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

Investment property is measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires the directors of the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Critical Accounting Judgements

The directors of the responsible entity evaluate judgements incorporated into the financial statements based on historical knowledge and best available current information.

Key judgements

Payroll provision

The Scheme recognises a payroll provision in relation to its share of employee benefit costs of the Hotel in accordance with the Constitution.

Judgement is utilised in estimating the amount of leave to be utilised and the future employment length of hotel staff.

Significant Accounting Policies

(a) Income Tax

Under current tax legislation, the Scheme is not liable to pay income tax as investors are presently entitled to the income of the Scheme, which is fully distributable to investors. (See Note 1(e) for further details on distributions and income tax.)

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within short-term borrowings in current liabilities in the statement of financial position

(c) Fair Value of Assets and Liabilities

The Scheme measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Scheme would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fair Value of Assets and Liabilities (Continued)

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the scheme commits itself to either purchase or sell the assets (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

Impairment of Financial Assets

At the end of each reporting period, the responsible entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the directors of the responsible entity establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Scheme recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Derecognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Distribution to Investors

The Scheme's Constitution requires that the Scheme distribute, at a minimum, the "net income" (as defined in the *Income Tax Assessment Act 1936*) derived during the financial year. This means the net assessable income of the Scheme is fully distributable to the investors, either by way of cash or reinvestment (i.e. investors are entitled to the entire profit of Scheme). Accordingly, the Scheme does not pay income tax provided that the distributable income of the Scheme is fully distributed to investors.

(f) Impairment of Non-financial Assets

At the end of each reporting period, the responsible entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for any goodwill and intangible assets with indefinite lives.

(g) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Scheme that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

(i) Trade Receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(j) Goods and Services Tax (GST)

Revenues expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (“ATO”).

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

Cash flows are presented on a gross basis. The GST components of financing and investing activities which is recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Provisions

Provisions are recognised when the Scheme has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Comparative Figures

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

Where the Scheme retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies an item in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Scheme. The responsible entity has decided not to early adopt any of the new and amended pronouncements. Its assessment of the pronouncements that are relevant to the Scheme but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  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 that may affect the Scheme on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, 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 the Standard, 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 Scheme's financial instruments, it is not expected to have a significant material impact on the Scheme.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) New Accounting Standards for Application in Future Periods (Continued)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Scheme's financial statements, it is not expected to have a significant material impact on the Scheme.

NOTE 2: CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank	1,073,686	1,342,786
FF&E reserve	259,480	169,307
	1,333,166	1,512,093

An amount equal to 3% of revenue is transferred to a separate account to be used to replace furniture, fixtures and equipment of a capital nature when required.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2018	2017
Cash and cash equivalents	1,333,166	1,512,093

NOTE 3: OTHER ASSETS

	2018	2017
CURRENT	**$**	**$**
Prepayments	23,598	32,088
	23,598	32,088

NOTE 4: TRADE AND OTHER PAYABLES

	2018	2017
CURRENT	**$**	**$**
Accounts payable	38,678	50,104
Accrued expenses	204,288	169,752
Deposits held	415,242	389,185
Provision for FF&E	264,869	176,527
Payroll provision	67,673	70,472
Distribution payable	32,096	35,911
	1,022,846	891,951

NOTE 5: POOLED HOTEL FUNDING

	2018	2017
CURRENT	**$**	**$**
Management Lot inter entity loan	333,918	652,230
	333,918	652,230

As the Hotel revenue account is held by the Scheme's custodian, this amount is the balance owing to the Management Lot owner and has no interest payable or specific repayment date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit for The Year

	2018	2017
	$	$
Profit for the year	494,374	458,051
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	8,491	(16,369)
- Increase/(Decrease) in accounts payable	(11,426)	11,151
- Increase in accrued expenses	34,537	35,444
- Increase/(Decrease) in deposits held	26,057	147,716
- Increase/(Decrease) in provision for FF&E	88,342	86,247
- Increase in payroll provision	(2,801)	8,064
- **Cash flow from operations**	637,574	730,304

NOTE 7: FINANCIAL RISK MANAGEMENT

The Scheme's financial instruments consist of deposits with banks, accounts receivable and accounts payable.

The total for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents	1,333,166	1,512,093
Prepayments	23,598	32,088
Total financial assets	13,56,764	1,544,181
Financial liabilities		
Trade and other payables	1,022,846	891,951
Pooled hotel funding	333,918	652,230
Total financial liabilities	1,356,764	1,544,181
Financial assets less Financial liabilities	-	-

NOTE 7: FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk Management Policies

The Responsible Entity does not consider that the Scheme is exposed to any significant financial risk. The Responsible Entity's overall risk management strategy seeks to assist the scheme in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The risk management policies are approved and reviewed by the Responsible Entity on a regular basis.

NOTE 8: RELATED PARTY TRANSACTIONS

(a) Responsible Entity

The Responsible Entity of the Heritage Lodge Scheme is Vasco Investment Managers Limited.

Fees of $86,530 (plus GST) were accrued and paid by the Scheme to Vasco Investment Managers Limited for its role as Responsible Entity for the period.

Fees of $64,392 were paid to Vasco Investment Managers Limited in their capacity as Responsible Entity for the period from 1 October 2016 to 30 June 2017.

While the Responsible Entity has power over the relevant activities of the Scheme pursuant to the management agreement, the responsible entity does not have sufficient exposure and rights to variable returns from its involvement with the Scheme to meet the criteria necessary for control in AASB 10: Consolidated Financial Statements. Accordingly, the responsible entity is not considered to be the parent. However, for the purpose of AASB 124: Related Party Disclosures, the directors consider that the responsible entity is a related party of the Scheme as it is the management entity. Accordingly, both the responsible entity and its directors are considered to be key management personnel of the Scheme.

(b) Key Management Personnel

The directors of Vasco Investment Manager Limited, being the Responsible Entity of the Heritage Lodge Scheme, have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and are considered Key Management Personnel (KMP) of the scheme. Directors during the year were:

- Craig Mathew Dunstan
- Fiona Jean Dunstan
- Stephen George Hawkins
- Jonathon William Martin

(c) Other Related Parties

Other related parties include close family members of KMP and entities that are controlled or significantly influenced by those KMP or their close family members, individually or collectively.

(d) Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 8: RELATED PARTY TRANSACTIONS (Continued)

(e) Remuneration of Key Management Personnel

The directors are not remunerated by the scheme.

NOTE 9: REMUNERATION OF AUDITORS

The auditor of the Scheme for the financial year ending 30 June 2017 was Venn Milner Accounting Services Pty Ltd.

On 15 December 2017 ShineWing Australia was appointed to perform the Scheme Financial Audit for the financial year ending 30 June 2018.

ShineWing Australia is the Compliance Plan auditor.

The fees paid or agreed to be paid by the Scheme are disclosed below.

	2018	**2017**
	$	**$**
Remuneration of Auditors:		
Scheme Financial Audit – Venn Milner	-	18,785
Scheme Financial Audit – ShineWing Australia	16,800	-
Scheme Compliance Audit – ShineWingAustralia	6,800	6,450
Total auditor remuneration	23,600	25,235

An amount of $473 was over accrued in Financial Year 2018 and was reversed in Financial Year 2019.

NOTE 10: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there have been no other events subsequent to the reporting date that require additional disclosure.

NOTE 12: RESPONSIBLE ENTITY DETAILS

The registered office and the principal place of business of the Responsible Entity are:

Vasco Investment Managers Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000

HERITAGE LODGE
ARSN: 089 099 249

DIRECTORS' DECLARATION

The directors of Vasco Investment Managers Limited, the Responsible Entity, declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the Fund's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

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

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors of Vasco Investment Managers Limited by:

Craig Mathew Dunstan

Director

27 September 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF VASCO INVESTMENT MANAGERS LIMITED
AS RESPONSIBLE ENTITY FOR HERITAGE LODGE

Opinion

We have audited the financial report of Heritage Lodge ("the Scheme") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Scheme is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Scheme's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Matter

The financial report of the Scheme for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on the financial report on 26 September 2017.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

ShineWing AUSTRALIA

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

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 27 September 2018