Heritage Lodge
ARSN 089 099 249

Financial Report
For the year ended 30 June 2017

HERITAGE LODGE
ARSN 089 099 249

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DIRECTORS' REPORT

The directors of Vasco Investment Managers Limited, the responsible entity of the Heritage Lodge (the "Scheme"), present their report on the Scheme for the year ended 30 June 2017.

Responsible Entity

Vasco Investment Managers Limited was appointed as the Responsible Entity with effect from the 1st October 2016; the names of the directors of Vasco Investment Managers Limited in office at any time from the appointment date or since the end of the year are:

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

All directors have been in office from the 1 October 2016 (date of appointment as Responsible Entity), to the date of this report, unless otherwise stated.

Review of Operations

The Scheme is a registered managed investment scheme domiciled in Australia.

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. There have been no significant changes to the Scheme's state of affairs or activities during the year or subsequent to the end of the reporting period other than as noted below.

Austpac Funds Management Ltd, an unlisted public company incorporated under the *Corporations Act 2001* and holder of an Australian Financial Services Licence (Licence No. 366490) was appointed as the Responsible Entity of the scheme on 4 July 2011.

At a meeting of Scheme Members on 26 September 2016, a vote to replace Austpac Funds Management Ltd as Responsible Entity was carried. Vasco Investment Managers Limited an unlisted public company incorporated under the *Corporations Act 2001* and holder of an Australian Financial Services Licence (Licence No. 344486) was appointed as the Responsible Entity of the scheme. Approval of the change in Responsible Entity was granted by the Australian Securities and Investment Commission (ASIC) with an effective date of 1 October 2016.

The names of the directors of Austpac Funds Management Ltd in office from the beginning of the financial year to 30 September 2016 were:

Adrian Peter Blake
John Isaacs
Warick Allen Leeming

Number of Interests Held

There were 102 interests held in the scheme at the date of the report consisting of 96 room interests and 6 suite interests.

DIRECTORS' REPORT (continued)

Distributions

Distributions were paid in accordance with the Scheme Constitution. Total income distributable and payable to the investors for the year ended 30th June 2017 was $458,051 (2016: $347,401).

Events Subsequent to the End of the Reporting Period

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.

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

The responsible entity fees payable to Vasco Investment Managers Limited out of scheme income during the year was $64,392 net of GST and to Austpac Funds Management Limited was $17,507 net of GST, being a total of $81,899 net of GST, (2016: $77,633 net of GST).

No interests were issued during the year. No withdrawals occurred from the Scheme during the year.

The value of the Scheme's assets as at the end of the financial year is disclosed in the statement of financial position as "total assets" and the basis of valuation is provided in Note 1 to the financial statements.

Interests Held by an Associated Entity of Vasco Investment Managers Limited

No interests are held by Vasco Investment Managers Limited or an associated entity.

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.

Environmental Regulation

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

Indemnification of Officers

The Responsible Entity has paid premiums to insure each of the directors 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 a director of the Responsible Entity of the Scheme, other than conduct involving a wilful breach of duty in relation to the Scheme.

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.

DIRECTORS' REPORT (continued)

Proceedings on Behalf of the Scheme

No person has applied for leave of Court to bring other 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 those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under s 307C of the *Corporations Act 2001*, is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

____
Mr Craig Mathew Dunstan – Director
Vasco Investment Managers Limited (Responsible Entity)
Dated this 26th day of September 2017

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF VASCO INVESTMENT MANAGERS LIMITED (THE RESPONSIBLE ENTITY)

I declare, that to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit of Heritage Lodge (a managed investment scheme); and

(ii) any applicable code of professional conduct in relation to the audit of Heritage Lodge (a managed investment scheme).

Mr L.A. Milner A.C.A. Registered Auditor

Venn Milner Accounting Services Pty Ltd
Suite 1, 10-12 Chapel Street, Blackburn VIC 3130

Dated this 26th day of September 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Room revenue		3,240,039	3,079,114
Interest received		46	1,043
Other revenue		36,327	31,065
		3,276,412	3,111,222
Tax Advice		3,750	3,140
Audit fees	2	25,235	34,900
Direct room costs		1,252,760	1,182,472
Legal costs		7,605	-
Hotel Management fees		151,246	142,902
Other Scheme expenses		49,136	90,518
Hotel overheads		1,148,439	1,139,096
Owners’ FF & E contribution		98,291	93,160
Responsible entity fees		81,899	77,633
		2,818,361	2,763,821
Net Profit for the year		**458,051**	**347,401**
Other comprehensive income		-	-
Total comprehensive income for the year		**458,051**	**347,401**
Distribution of Profits			
Profit attributable to investors		458,051	347,401
Over distribution from previous year		-	(16,867)
Distributed profits for the year		(458,051)	(330,534)

The accompanying notes form part of these financial statements

HERITAGE LODGE
ARSN 089 099 249

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,512,093	1,299,462
Other Assets	4	32,088	15,720
TOTAL CURRENT ASSETS		1,544,181	1,315,182
TOTAL ASSETS		1,544,181	1,315,182
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	891,951	594,328
Pooled hotel funding	6	652,230	720,854
TOTAL CURRENT LIABILITIES		1,544,181	1,315,182
TOTAL LIABILITIES		1,544,181	1,315,182
NET ASSETS		-	-
NET ASSETS ATTRIBUTABLE TO INVESTORS			
Income not distributed		-	-
TOTAL EQUITY		-	-

The accompanying notes form part of these financial statements

HERITAGE LODGE
ARSN 089 099 249

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INVESTORS
FOR THE YEAR ENDED 30 JUNE 2017

	Investors Funds $	Total Equity $
Balance at 1 July 2015	(16,867)	(16,867)
Net profit attributable to investors	347,401	347,401
Distribution to investors	(330,534)	(330,534)
Balance at 30 June 2016	-	-
Net profit attributable to investors	458,051	458,051
Distribution to investors	(458,051)	(458,051)
Balance at 30 June 2017	-	-

The accompanying notes form part of these financial statements

HERITAGE LODGE
ARSN 089 099 249

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Room receipts and other income		3,424,083	3,094,716
Payments to suppliers		(2,693,824)	(2,733,691)
Interest received		46	1,043
Net cash used in operating activities	7	730,305	362,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to members		(449,048)	(303,626)
Pooled hotel funding		(68,626)	(197,462)
Net cash provided by financing activities		(517,674)	(501,088)
Net increase/(decrease) in cash held		212,631	(139,020)
Cash and cash equivalents at beginning of financial year		1,299,462	1,438,482
Cash and cash equivalents at end of financial year	3	1,512,093	1,299,462

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of the Heritage Lodge (the "Scheme") as an individual entity. Heritage Lodge is an unlisted managed investment scheme registered under the *Corporations Act 2001*, established and domiciled in Australia. Vasco Investment Managers Limited, which is the Responsible Entity of the Scheme, is a public company incorporated under the *Corporations Act 2001*.

The financial statements were authorised for issue on 26th September 2017 by the directors of the responsible entity.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB), and the Scheme's Constitution. The Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

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 (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (ie 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 (ie 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.

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 (ie. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 (ie 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 (eg 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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.

l) 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 impracticable at this stage to provide a reasonable estimate of such impact.

- 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)

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 impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. AASB 16 is therefore not expected to significantly impact the Scheme's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: AUDITOR'S REMUNERATION	2017 $	2016 $
Remuneration of Auditors:		
Scheme Financial Audit – Venn Milner	18,785	26,550
Scheme Compliance Audit – ShineWing	6,450	8,350
Total auditor remuneration	25,235	34,900

NOTE 3: CASH AND CASH EQUIVALENTS

Cash at bank	1,342,786	1,214,706
FF&E reserve	169,307	84,756
	1,512,093	1,299,462

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:

Cash and cash equivalents	1,512,093	1,299,462

NOTE 4: OTHER ASSETS

CURRENT		
Prepayments	32,088	15,720
	32,088	15,720

NOTE 5: TRADE AND OTHER PAYABLES

CURRENT		
Accounts payable	50,104	38,952
Accrued expenses	169,752	134,309
Deposits held	389,185	241,469
Provision for FF&E	176,527	90,280
Payroll provision	70,472	62,410
Provision for distribution	35,911	26,908
	891,951	594,328

NOTE 6: POOLED HOTEL FUNDING	**2017**	**2016**
	$	**$**
CURRENT		
Pooled hotel funding	652,230	720,854
	652,230	720,854

NOTE 7: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit for The Year		
Profit for the year	458,051	347,401
Changes in assets and liabilities:		
- (Increase)/Decrease in trade and other receivables	(16,369)	6,137
- Increase/(Decrease) in accounts payable	11,151	(31,994)
- Increase in accrued expenses	35,444	63,129
- Increase/(Decrease) in deposits held	147,716	(15,464)
- Increase/(Decrease) in provision for FF&E	86,247	(69,551)
- Increase in payroll provision	8,064	62,410
Cash flow from operations	730,304	362,068

NOTE 8: 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:

Financial assets		
Cash and cash equivalents	1,512,093	1,299,462
Prepayments	32,088	15,720
Total financial assets	1,544,181	1,315,182
Financial liabilities		
Trade and other payables	891,951	594,328
Pooled hotel funding	652,230	720,854
Total financial liabilities	1,544,181	1,315,182
Financial Assets Less Financial Liabilities	-	-

NOTE 8: 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 9: RELATED PARTY TRANSACTIONS

Significant Accounting Judgements

Related party relationship and control – managed investment schemes

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. These enhanced disclosures are provided in this Note 9 of the Scheme.

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

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.

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.

Remuneration of Key Management Personnel

The directors are not remunerated by the scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: RELATED PARTY TRANSACTIONS – CONTINUED

	2017 $	2016 $
Purchase of Services		
Responsible entity fees paid and payable to Austpac Funds Management Ltd as the Responsible Entity for the Heritage Lodge Scheme to 30 September 2016.	17,507	77,633
Responsible entity fees paid and payable to Vasco Investment Managers Limited as Responsible Entity for the Heritage Lodge Scheme from 1 October 2016 to 30 June 2017.	64,392	-
Hotel management and incentive fees paid and payable, in accordance with the Hotel Management Agreement, to Yarra Valley Lodge Pty Ltd, who has mutual directors with the responsible entity to 30 September 2016.	29,461	142,902
Distributions		
Distributions were paid and payable to Austpac Hotels & Resorts Pty Ltd (owner of three rooms), which had mutual directors with the responsible entity to 30 September 2016.	664	9,371

Other

Vasco Investment Managers Limited, incurred $29,252 in compliance fees, accounting fees and upkeep of members register costs in relation to the management of the scheme, these expenses were reimbursed to the responsible entity during the year.

NOTE 10: EVENTS AFTER THE REPORTING PERIOD

No 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.

NOTE 11: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Scheme does not have any contingent liabilities or contingent assets.

NOTE 12: SCHEME DETAILS

Vasco Investment Managers Limited, a public company incorporated and operating in Australia, is the responsible entity of Heritage Lodge (a managed investment scheme).

Principal registered office and place of business:

Level 5, 488 Bourke Street, Melbourne VIC 3000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

1. The financial statements and notes of Heritage Lodge (a managed investment scheme), as set out on pages 1 to 18, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Scheme.

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

On behalf of the directors of the responsible entity:

____

Mr Craig Mathew Dunstan – Director
Vasco Investment Managers Limited (Responsible Entity)
Date this 26th day of September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE LODGE

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Heritage Lodge (a managed investment scheme), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in net assets and 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 my opinion:

a. the accompanying financial report of Heritage Lodge (a managed investment scheme), is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the scheme's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vasco Investment Managers Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Scheme's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of Vasco Investment Managers Limited, the responsible entity of the scheme, 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 Scheme's ability 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE LODGE

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Mr L. A. Milner A.C.A. Registered Auditor

Venn Milner Accounting Services Pty Ltd
Suite 1, 10-12 Chapel Street, Blackburn VIC 3130

Dated this day 26th day of September 2017