

# **Central Victorian Investments Ltd**

ABN 35 058 071 631

## **Financial Statements**

For the Half Year Ended 31 December 2013

# Central Victorian Investments Ltd

ABN 35 058 071 631

## Contents

For the Half Year Ended 31 December 2013

|  | <b>Page</b> |
|--|-------------|
| <b>Financial Statements</b>  |             |
| Directors' Report  | 1 - 2       |
| Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 | 3           |
| Statement of Comprehensive Income  | 4           |
| Statement of Financial Position  | 5           |
| Statement of Changes in Equity   | 6           |
| Statement of Cash Flows  | 7           |
| Notes to the Financial Statements  | 8 - 19      |
| Directors' Declaration   | 20          |
| Independent Auditor's Report   | 21 - 22     |

## **Directors' Report**

### **For the Half Year Ended 31 December 2013**

Your directors present their report on Central Victorian Investments Ltd for the half year ended 31 December 2013.

#### **Directors**

The names of each person who has been a director during the half year and to the date of this report are:

Darrell John Fraser

John Arthur Cameron Nevett

Francis Damien Frawley

Peter Alexander Bain

#### **Company secretary**

The following person held the position of company secretary at the end of the half year: Brendan Gillett.

#### **Principal activities**

The principal activity of Central Victorian Investments Ltd during the half year was to act as an investment company.

No significant change in the nature of the entity's activity occurred during the half year.

#### **Operating results**

The profit of the company after providing for income tax amounted to \$ 262,255 (2012: \$ 285,209).

#### **Dividends paid or recommended**

Dividends paid or declared since the start of the half year are as follows:

- Ordinary share dividends paid during the year amounted to \$120,000 (2012: \$ 120,000).

#### **Review of operations**

The company continues to recover well from the longer term effect of the global financial crisis and more recent industry events. Debenture levels have only reduced by 5.23% since previously reported at 30 June 2013. With potential for this decrease in mind, and in order to keep a strong liquidity level in these less certain times, the loan book has been continually managed to reduce by 7.23% over the same time, meaning liquidity actually grew from 26.14% to 27.24% in this same period. The company's trading position has been very steady and reported profit is in line with earlier predictions. The directors do not expect further losses on investments or otherwise and are expecting continued steady profitability.

#### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the company during the half year.

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Directors' Report**

**For the Half Year Ended 31 December 2013**

**Matters or circumstances arising after the end of the year**

No matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

**Future developments and results**

There are no specific likely developments in the operations of the company other than the continued diligent efforts to promote the business.

**Environmental issues**

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

**Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the half year.

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2013 has been received and can be found on page 3 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors:

Director.....  
  
John A C Nevett

Director.....  
  
Francis D Frawley

Dated 13 March 2014

# Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Central Victorian Investments Ltd

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2013 there have been no contraventions of:

- 1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.

CA

**CROWE HORWATH WEST VIC**



**JOHN FINDLAY**  
Partner

**Ballarat Victoria**  
**Dated this 13<sup>th</sup> day of March 2014**

# Central Victorian Investments Ltd

ABN 35 058 071 631

## Statement of Comprehensive Income For the Half Year Ended 31 December 2013

|  | 31 December<br>2013 | 31 December<br>2012 |
|--|---------------------|---------------------|
| Note   | \$                  | \$                  |
| <b>Revenue</b>   |                     |                     |
| Administration Fees  | 9,570               | 11,385              |
| Application Fees   | 44,023              | 47,570              |
| Commissions  | 9,455               | 3,336               |
| Interest   | 2,429,798           | 3,311,989           |
| Rental Income  | 23,341              | 32,636              |
| Other income   | -                   | 1,312               |
|  | <b>2,516,187</b>    | <b>3,408,228</b>    |
| <b>Expenses</b>  |                     |                     |
| Accounting Fees  | 3,465               | 2,086               |
| Advertising & Promotions   | 19,895              | 22,226              |
| Annual Leave   | (4,268)             | 4,018               |
| Audit Fees   | 8,800               | 8,800               |
| Bank Fees and Charges  | 3,585               | 2,861               |
| Cleaning   | 191                 | 417                 |
| Commission   | 51,015              | 66,485              |
| Computer Expenses  | 14,072              | 15,262              |
| Depreciation   | 14,437              | 16,814              |
| Equipment Hire & Maintenance   | 1,781               | -                   |
| Heat, Light, Power & Utilities   | 11,141              | 2,006               |
| Insurance  | 11,837              | 13,550              |
| Interest   | 1,831,389           | 2,674,028           |
| Legal Fees   | 463                 | -                   |
| Licence & Registration Fees  | 1,187               | 2,033               |
| Long Service Leave   | 1,713               | 4,793               |
| Management Fees  | 4,400               | 4,400               |
| Motor Vehicle Expenses   | 2,806               | 3,638               |
| Office Repairs   | 1,002               | 1,356               |
| Postage  | 2,415               | 3,313               |
| Printing and Stationery  | 4,590               | 5,240               |
| Sponsorships   | 4,680               | 6,360               |
| Superannuation   | 10,218              | 8,320               |
| Subscriptions  | 8,331               | 2,873               |
| Telephone  | 3,792               | 1,486               |
| Travel & Conference Expenses   | 3,546               | 1,631               |
| Trustee Fees   | 12,980              | 14,520              |
| Wages  | 110,061             | 110,613             |
|  | <b>2,139,524</b>    | <b>2,999,129</b>    |
| <b>Profit before income tax</b>  | <b>376,663</b>      | <b>409,099</b>      |
| Income Tax Expense   | 15 (114,408)        | (123,890)           |
| <b>Profit for the half year</b>  | <b>262,255</b>      | <b>285,209</b>      |
| <b>Other comprehensive income:</b>   |                     |                     |
| Revaluation increment on property  | -                   | 4,899               |
| <b>Total comprehensive income for the half year<br/>attributable to the members of the company</b> | <b>262,255</b>      | <b>290,108</b>      |

The accompanying notes form part of these financial statements.

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Statement of Financial Position****As At 31 December 2013**

|                                      |      | 31 December<br>2013 | 30 June<br>2013   |
|--------------------------------------|------|---------------------|-------------------|
|                                      | Note | \$                  | \$                |
| <b>ASSETS</b>                        |      |                     |                   |
| <b>CURRENT ASSETS</b>                |      |                     |                   |
| Cash and cash equivalents            | 2    | 2,782,518           | 4,008,757         |
| Receivables                          | 3    | 225,940             | 249,461           |
| Investments                          | 4    | 15,010,000          | 14,010,000        |
| Loans secured by mortgage            | 5    | 48,854,915          | 52,662,221        |
| Other assets                         | 6    | 5,046               | 13,837            |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>66,878,419</b>   | <b>70,944,276</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                     |                   |
| Property, plant and equipment        | 7    | 1,980,328           | 1,993,620         |
| Deferred tax assets                  | 16   | 13,941              | 16,028            |
| Intangible assets                    | 8    | 100,000             | 100,000           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>2,094,269</b>    | <b>2,109,648</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>68,972,688</b>   | <b>73,053,924</b> |
| <b>LIABILITIES</b>                   |      |                     |                   |
| <b>CURRENT LIABILITIES</b>           |      |                     |                   |
| Trade and other payables             | 9    | 665,882             | 1,268,098         |
| Debentures                           | 10   | 63,126,060          | 63,569,050        |
| Short-term provisions                | 11   | 17,036              | 16,733            |
| Current tax liabilities              | 16   | 54,439              | 68,021            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>63,863,417</b>   | <b>64,921,902</b> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                     |                   |
| Debentures                           | 10   | 2,199,063           | 5,361,211         |
| Long-term provisions                 | 11   | 20,634              | 23,492            |
| Deferred tax liabilities             | 16   | 135,150             | 135,150           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>2,354,847</b>    | <b>5,519,853</b>  |
| <b>TOTAL LIABILITIES</b>             |      | <b>66,218,264</b>   | <b>70,441,755</b> |
| <b>NET ASSETS</b>                    |      | <b>2,754,424</b>    | <b>2,612,169</b>  |
| <b>EQUITY</b>                        |      |                     |                   |
| Issued capital                       | 12   | 67,871              | 67,871            |
| Reserves                             | 13   | 744,532             | 744,532           |
| Retained Earnings                    |      | 1,942,021           | 1,799,766         |
| <b>TOTAL EQUITY</b>                  |      | <b>2,754,424</b>    | <b>2,612,169</b>  |

The accompanying notes form part of these financial statements.

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Statement of Changes in Equity**  
**For the Half Year Ended 31 December 2013****31 December 2013**

|  | <b>Ordinary<br/>Shares</b> | <b>Preference<br/>Shares</b> | <b>Retained<br/>Earnings</b> | <b>Asset<br/>Revaluation<br/>Reserve</b> | <b>Capital<br/>Reserve</b> | <b>Total</b>     |
|--|----------------------------|------------------------------|------------------------------|--|----------------------------|------------------|
|  | <b>\$</b>                  | <b>\$</b>                    | <b>\$</b>                    | <b>\$</b>                                | <b>\$</b>                  | <b>\$</b>        |
| <b>Balance at 1 July 2013</b>                | <b>67,871</b>              | -                            | <b>1,799,766</b>             | <b>453,513</b>                           | <b>291,019</b>             | <b>2,612,169</b> |
| Comprehensive income attributable to members | -                          | -                            | <b>262,255</b>               | -  | -                          | <b>262,255</b>   |
| Dividends paid                               | -                          | -                            | <b>(120,000)</b>             | -  | -                          | <b>(120,000)</b> |
| <b>Balance at 31 December 2013</b>           | <b>67,871</b>              | -                            | <b>1,942,021</b>             | <b>453,513</b>                           | <b>291,019</b>             | <b>2,754,424</b> |

**31 December 2012**

|  | <b>Ordinary<br/>Shares</b> | <b>Preference<br/>Shares</b> | <b>Retained<br/>Earnings</b> | <b>Asset<br/>Revaluation<br/>Reserve</b> | <b>Capital<br/>Reserve</b> | <b>Total</b>     |
|--|----------------------------|------------------------------|------------------------------|--|----------------------------|------------------|
|  | <b>\$</b>                  | <b>\$</b>                    | <b>\$</b>                    | <b>\$</b>                                | <b>\$</b>                  | <b>\$</b>        |
| <b>Balance at 1 July 2012</b>                | <b>67,871</b>              | <b>400,000</b>               | <b>1,493,249</b>             | <b>443,793</b>                           | <b>291,019</b>             | <b>2,695,932</b> |
| Comprehensive income attributable to members | -                          | -                            | <b>285,209</b>               | <b>4,899</b>                             | -                          | <b>290,108</b>   |
| Shares bought back during the year           | -                          | <b>(400,000)</b>             | -                            | -  | -                          | <b>(400,000)</b> |
| Dividends paid                               | -                          | -                            | <b>(120,000)</b>             | -  | -                          | <b>(120,000)</b> |
| <b>Balance at 31 December 2012</b>           | <b>67,871</b>              | -                            | <b>1,658,458</b>             | <b>448,692</b>                           | <b>291,019</b>             | <b>2,466,040</b> |

The accompanying notes form part of these financial statements.



**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Statement of Cash Flows****For the Half Year Ended 31 December 2013**

|   | 31 December<br>2013     | 31 December<br>2012 |
|---|-------------------------|---------------------|
| Note  | \$                      | \$                  |
| <b>CASH FROM OPERATING ACTIVITIES:</b>                    |                         |                     |
| Interest and fees received                                | 2,539,708               | 3,412,416           |
| Interest paid   | (2,202,175)             | (2,791,398)         |
| Payments to suppliers and employees                       | (303,133)               | (291,587)           |
| Income tax paid (net)                                     | (125,904)               | (34,549)            |
| Net cash provided by (used in) operating activities       | 17(a) <u>(91,504)</u>   | <u>294,882</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |                         |                     |
| Purchase of property, plant and equipment                 | (1,145)                 | -                   |
| Net movement in secured loans                             | 3,591,548               | 1,042,763           |
| Net cash provided by investing activities                 | <u>3,590,403</u>        | <u>1,042,763</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |                         |                     |
| Share buy-back payments                                   | -                       | (400,000)           |
| Dividends paid  | (120,000)               | (120,000)           |
| Net movement in debentures                                | (3,605,138)             | (620,019)           |
| Net cash used by financing activities                     | <u>(3,725,138)</u>      | <u>(1,140,019)</u>  |
| Net increase (decrease) in cash and cash equivalents held | (226,239)               | 197,626             |
| Cash and cash equivalents at beginning of year            | 18,018,757              | 18,505,852          |
| Cash and cash equivalents at end of the half year         | 17(b) <u>17,792,518</u> | <u>18,703,478</u>   |

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2013**

The interim financial report covers Central Victorian Investments Ltd as an individual entity. Central Victorian Investments Ltd is a for profit company limited by shares, incorporated and domiciled in Australia.

#### **1 Summary of Significant Accounting Policies**

##### **Basis of preparation**

This general purpose interim financial report for the half year reporting period ending 31 December 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Central Victorian Investments Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Central Victorian Investments Ltd. This financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of Central Victorian Investments Ltd for the year ended 30 June 2013, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and have been set out below.

##### **(a) Income tax**

The income tax expense (revenue) for the half year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the half year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting half year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2013

#### 1 Summary of Significant Accounting Policies (continued)

##### (a) Income tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

##### (b) Cash and cash equivalents and short term investments

Cash and cash equivalents include cash on hand and deposits held at call with banks. For the purpose of the cash flow statement, cash and cash equivalents also includes other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

Short-term highly liquid investments are disclosed as investments in the statement of financial position and is further detailed in Note 4.

##### (c) Loans secured by mortgage

All loans secured by mortgage are recorded under Current Receivables, as they have been advanced on the basis that they are recoverable in full within 30 days of service by the mortgagee of written demand.

##### (d) Provision for doubtful loans

The company has assessed loans in arrears and no specific provision was deemed to be necessary.

##### (e) 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 the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

###### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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 the statement of comprehensive income.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2013

#### 1 Summary of Significant Accounting Policies (continued)

##### (f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation.

##### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

##### Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a diminishing value or straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Buildings                   | 2% straight-line         |
| Building renovations        | 5% diminishing value     |
| Computer Software           | 25-40% straight-line     |
| Plant and Equipment         | 10-50% diminishing value |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2013

#### 1 Summary of Significant Accounting Policies (continued)

##### (g) Intangibles - Goodwill

Under AASB 3: Business Combinations, goodwill is capitalised to the balance sheet and subjected to an annual impairment test. Amortisation of goodwill is prohibited.

There was no impairment of goodwill in the half years ended 31 December 2013 and 31 December 2012.

##### (h) Trade and other payables

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

##### (i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting half year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

##### (j) Valuation of investments

The relevant Australian Accounting Standard is AASB 139 Financial Instruments: Recognition and Measurement. Financial instruments can basically be valued according to three separate criteria:

1. Financial assets bought and sold essentially as trading stock. These investments are always to be accounted for at market value with profits and losses taken directly to the statement of comprehensive income. AASB 139 clause 55(a).
2. Investments purchased on the basis that they will be held until maturity, and
3. Investments that are classified as "available for sale" but which are generally intended to be held for the long term. ie, not purchased for short term trading.

The values used in these figures are provided by various financial organisations which specialise in marketing financial products, and are the Mid Capital Price based on current trading of same or similar investments without inclusion of accrued interest.

Although some investment sales have taken place over the years, it has never been the intention or practice of Central Victorian Investments Limited to act as traders of financial assets and accordingly the company's investments should not be accounted for as if they were. Historically, investments have been considered as "available for sale" although most have been retained until maturity.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2013

### 1 Summary of Significant Accounting Policies (continued)

#### (j) Valuation of investments (continued)

AASB 139 clause 55(b) requires that gains or losses on "available for sale" investments be recognised directly in equity except for impairment losses as described in AASB 139 clauses 67 to 70, which should be taken directly to the statement of comprehensive income.

Fair value declines on financial assets categorised as "available for sale" may only be recognised directly in equity if they do not meet the criteria of "significant" or "prolonged" (AASB 139 para 61). If either of those criteria is satisfied the fair value decline is an impairment loss, with total decline in value since initial recognition to be recognised in the statement of comprehensive income. Any subsequent recovery in value is processed to the Available-for-sale investment reserve.

#### (k) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Central Victorian Investments Ltd's activities as discussed below.

Interest on Investments is recognised on a proportional basis taking into account interest rates applicable to financial assets. Interest on loans is accrued on a daily basis. Rental income is recognised in accordance with the lease agreement. Administration fees are recognised on a six monthly basis in arrears. Application fees are recognised on establishment of the loan.

#### (l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (m) Comparative figures

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

#### (n) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**2 Cash and Cash Equivalents**

|                          | <b>31 December<br/>2013</b> | <b>30 June<br/>2013</b> |
|--------------------------|-----------------------------|-------------------------|
|                          | <b>\$</b>                   | <b>\$</b>               |
| Cash at bank and in hand | <u><b>2,782,518</b></u>     | <u><b>4,008,757</b></u> |

**3 Receivables**

| CURRENT                         |                       |                       |
|---------------------------------|-----------------------|-----------------------|
| Accrued interest on investments | <b>49,219</b>         | 53,321                |
| Accrued interest on loans       | <b>176,721</b>        | 196,140               |
|                                 | <u><b>225,940</b></u> | <u><b>249,461</b></u> |

**4 Investments**

|                                   |                          |                   |
|-----------------------------------|--------------------------|-------------------|
| Held-to-maturity financial assets | <u><b>15,010,000</b></u> | <u>14,010,000</u> |
|-----------------------------------|--------------------------|-------------------|

|                               |                          |                   |
|-------------------------------|--------------------------|-------------------|
| Total current investments     | <b>15,010,000</b>        | 14,010,000        |
| Total non-current investments | -                        | -                 |
| Total investments             | <u><b>15,010,000</b></u> | <u>14,010,000</u> |

CURRENT

|   |                          |                   |
|---|--------------------------|-------------------|
| <i>Short Term Deposits - Banks/ADIs</i> |                          |                   |
| Less than 3 months to maturity          | <b>15,010,000</b>        | 14,010,000        |
| Longer than 3 months to maturity        | -                        | -                 |
| Total current investments               | <u><b>15,010,000</b></u> | <u>14,010,000</u> |

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**5 Loans Secured by Mortgage**

|                                    | <b>31 December<br/>2013</b> | <b>30 June<br/>2013</b>  |
|------------------------------------|-----------------------------|--------------------------|
|                                    | <b>\$</b>                   | <b>\$</b>                |
| Loans secured by mortgage          | <b>48,854,915</b>           | 52,662,221               |
| Less: Provision for doubtful debts | -                           | -                        |
|                                    | <b><u>48,854,915</u></b>    | <b><u>52,662,221</u></b> |

**The loans above can be divided into the following segments:**

|                           |                          |                          |
|---------------------------|--------------------------|--------------------------|
| Residential               | <b>26,425,048</b>        | 27,306,214               |
| Rural                     | <b>3,665,150</b>         | 6,238,314                |
| Commercial                | <b>7,819,436</b>         | 7,680,331                |
| Subdivisional land        | <b>4,668,380</b>         | 4,279,846                |
| Industrial                | <b>2,372,739</b>         | 2,065,524                |
| Specialised accommodation | <b>1,170,625</b>         | 1,143,269                |
| Construction/Development  | <b>2,733,537</b>         | 3,948,723                |
| <b>Total</b>              | <b><u>48,854,915</u></b> | <b><u>52,662,221</u></b> |

The entity holds security over the loans to the value of \$112,776,180 (30 June 2013: \$102,959,342).

**6 Other Assets**

|             |                     |                      |
|-------------|---------------------|----------------------|
| CURRENT     |                     |                      |
| Prepayments | <b>5,046</b>        | 13,837               |
|             | <b><u>5,046</u></b> | <b><u>13,837</u></b> |



**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**7 Property, Plant and Equipment**

|  | <b>31 December<br/>2013</b> | <b>30 June<br/>2013</b> |
|--|-----------------------------|-------------------------|
|  | <b>\$</b>                   | <b>\$</b>               |
| <i>LAND AND BUILDINGS</i>                  |                             |                         |
| <b>Freehold land</b>                       |                             |                         |
| At independent valuation                   | <b>1,570,000</b>            | 1,570,000               |
| <b>Building</b>                            |                             |                         |
| At independent valuation                   | <b>380,000</b>              | 380,000                 |
| Accumulated depreciation                   | <b>(5,679)</b>              | -                       |
| <b>Total buildings</b>                     | <b>374,321</b>              | 380,000                 |
| <b>Total land and buildings</b>            | <b>1,944,321</b>            | 1,950,000               |
| <i>PLANT AND EQUIPMENT</i>                 |                             |                         |
| <b>Plant and equipment</b>                 |                             |                         |
| At cost                                    | <b>272,701</b>              | 271,556                 |
| Accumulated depreciation                   | <b>(236,694)</b>            | (227,936)               |
| <b>Total plant and equipment</b>           | <b>36,007</b>               | 43,620                  |
| <b>Total property, plant and equipment</b> | <b>1,980,328</b>            | 1,993,620               |

The revaluation of freehold land and buildings was based on the assessment of their current market value. The independent revaluation was carried out by Mr Alan J Hives, Dip Ag Sci, FAPI on 3 April 2013 and applied effective 30 June 2013.

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current half year:

|                                       | <b>Land</b>      | <b>Buildings</b> | <b>Plant and<br/>Equipment</b> | <b>Total</b>     |
|---------------------------------------|------------------|------------------|--------------------------------|------------------|
|                                       | <b>\$</b>        | <b>\$</b>        | <b>\$</b>                      | <b>\$</b>        |
| <b>Balance at 31 December 2013</b>    |                  |                  |                                |                  |
| Balance at the beginning of half year | 1,570,000        | 380,000          | 43,620                         | 1,993,620        |
| Additions                             | -                | -                | 1,145                          | 1,145            |
| Depreciation expense                  | -                | (5,679)          | (8,758)                        | (14,437)         |
| Balance at 31 December 2013           | <b>1,570,000</b> | <b>374,321</b>   | <b>36,007</b>                  | <b>1,980,328</b> |
| <b>Balance at 30 June 2013</b>        |                  |                  |                                |                  |
| Balance at the beginning of year      | 1,520,000        | 430,000          | 65,953                         | 2,015,953        |
| Additions                             | -                | -                | 1,699                          | 1,699            |
| Revaluation increment                 | -                | 9,720            | -                              | 9,720            |
| Revaluation adjustment                | 50,000           | (50,000)         | -                              | -                |
| Depreciation expense                  | -                | (9,720)          | (24,032)                       | (33,752)         |
| Balance at 30 June 2013               | <b>1,570,000</b> | <b>380,000</b>   | <b>43,620</b>                  | <b>1,993,620</b> |

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**8 Intangible Assets**

|                                | <b>31 December<br/>2013</b> | <b>30 June<br/>2013</b> |
|--------------------------------|-----------------------------|-------------------------|
|                                | <b>\$</b>                   | <b>\$</b>               |
| Goodwill                       |                             |                         |
| Contributory mortgage practice | <b>100,000</b>              | 100,000                 |
| Less accumulated amortisation  | -                           | -                       |
|                                | <b>100,000</b>              | <b>100,000</b>          |

Goodwill is allocated to cash-generating units which are based on the Group's loan and depositor segments. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations.

**9 Trade and Other Payables**

CURRENT

*Unsecured liabilities*

|                                      |                |                  |
|--------------------------------------|----------------|------------------|
| Accrued interest on deposits         | <b>657,079</b> | 1,027,865        |
| Sundry payables and accrued expenses | <b>8,803</b>   | 24,476           |
| Funds held on behalf of third party  | -              | 215,757          |
|                                      | <b>665,882</b> | <b>1,268,098</b> |

**10 Debentures**

CURRENT

|   |                   |            |
|---|-------------------|------------|
| At Call                                     | <b>10,938,055</b> | 10,226,690 |
| Not longer than 3 months                    | <b>21,677,947</b> | 20,157,785 |
| Longer than 3 and not longer than 12 months | <b>30,510,058</b> | 33,184,575 |
|   | <b>63,126,060</b> | 63,569,050 |

NON-CURRENT

|  |                   |                   |
|--|-------------------|-------------------|
| Longer than 12 and not longer than 24 months | <b>2,199,063</b>  | 5,361,211         |
|  | <b>65,325,123</b> | <b>68,930,261</b> |

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2013

#### 11 Provisions

##### Analysis of total provisions

|                                  | 31 December<br>2013 | 30 June<br>2013 |
|----------------------------------|---------------------|-----------------|
|                                  | \$                  | \$              |
| Current                          | 17,036              | 16,733          |
| Non-current                      | 20,634              | 23,492          |
|                                  | <u>37,670</u>       | <u>40,225</u>   |
|                                  |                     |                 |
| CURRENT                          |                     |                 |
| Provision for annual leave       | 12,465              | 16,733          |
| Provision for long service leave | 4,571               | -               |
|                                  | <u>17,036</u>       | <u>16,733</u>   |
|                                  |                     |                 |
| NON-CURRENT                      |                     |                 |
| Provision for long service leave | 20,634              | 23,492          |
|                                  | <u>20,634</u>       | <u>23,492</u>   |

#### 12 Issued Capital

|  |               |               |
|--|---------------|---------------|
| 67,871 (June 2013: 67,871) Ordinary - fully paid | <u>67,871</u> | <u>67,871</u> |
|--|---------------|---------------|

#### 13 Reserves

##### (a) Asset Revaluation Reserve

The Asset Revaluation Reserve accounts for the unrealised gains on assets due to revaluation to fair value.

##### (b) Capital Reserve

The Capital Reserve Account is maintained to preserve the Capital in the company following the redemption of Preference Shares out of Retained Profits.

#### 14 Financial Risk Management

##### Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements. Fair values are in line with carrying values.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**15 Income Tax Expense**

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

|   | 31 December<br>2013   | 31 December<br>2012   |
|---|-----------------------|-----------------------|
|   | \$                    | \$                    |
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%) | <u>112,999</u>        | 122,730               |
| Add:  |                       |                       |
| Tax effect of:  |                       |                       |
| - non-deductible depreciation   | <u>1,409</u>          | 1,160                 |
|   | <u><u>114,408</u></u> | <u><u>123,890</u></u> |

(b) The components of tax expense comprise:

|                                    |                       |                       |
|------------------------------------|-----------------------|-----------------------|
| <i>Current tax expense</i>         |                       |                       |
| Current period tax liability       | 112,321               | 124,622               |
| <i>Deferred tax expense</i>        |                       |                       |
| Net movement in deferred tax asset | <u>2,087</u>          | (732)                 |
|                                    | <u><u>114,408</u></u> | <u><u>123,890</u></u> |

**16 Tax**

**(a) Current Tax Liability**

|                    | 31 December<br>2013 | 30 June<br>2013 |
|--------------------|---------------------|-----------------|
|                    | \$                  | \$              |
| Income tax payable | <u>54,439</u>       | 68,021          |

**(b) Recognised deferred tax assets**

|  |                      |                      |
|--|----------------------|----------------------|
| Expenses not tax deductible until paid | 2,640                | 3,960                |
| Taxable temporary differences          | <u>11,301</u>        | 12,068               |
|  | <u><u>13,941</u></u> | <u><u>16,028</u></u> |

**(c) Recognised deferred tax liabilities**

|  |                |         |
|--|----------------|---------|
| Deferred tax liability - asset revaluation | <u>135,150</u> | 135,150 |
|--|----------------|---------|

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2013**

**17 Cash Flow Information**

**(a) Reconciliation of result for the half year to cashflows from operating activities**

|   | 31 December<br>2013 | 31 December<br>2012 |
|---|---------------------|---------------------|
|   | \$                  | \$                  |
| Profit for the half year  | 262,255             | 285,209             |
| Cash flows excluded from profit attributable to operating activities: |                     |                     |
| <i>Non-cash flows in profit:</i>                                      |                     |                     |
| - depreciation  | 14,437              | 16,814              |
| <i>Changes in assets and liabilities:</i>                             |                     |                     |
| - (increase) in interest receivable                                   | 23,521              | 5,500               |
| - decrease in prepayments   | 8,791               | 12,312              |
| - (increase)/decrease in deferred tax receivable                      | 2,087               | (732)               |
| - (decrease) in trade and other payables                              | (15,672)            | (5,735)             |
| - increase/(decrease) in income taxes payable                         | (13,582)            | 90,073              |
| - (decrease) in interest payable                                      | (370,786)           | (117,370)           |
| - increase/(decrease) in employee benefits                            | (2,555)             | 8,811               |
| Cashflow from operations  | <u>(91,504)</u>     | <u>294,882</u>      |

**(b) Reconciliation of cash**

Cash at the end of the financial half 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 | 2 | 2,782,518         | 7,693,478         |
| Investments               | 4 | 15,010,000        | 11,010,000        |
|                           |   | <u>17,792,518</u> | <u>18,703,478</u> |

**18 Company Details**

The registered office of and principal place of business of the company is:

Central Victorian Investments Ltd  
 41 Lydiard Street South  
 Ballarat Vic 3350

**Central Victorian Investments Ltd**

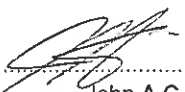
ABN 35 058 071 631


**Directors' Declaration**

The directors of the company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
John A C Nevett

Director .....  
  
Francis D Frawley

Dated 13 March 2014

# Independent Auditor's Review Report to the Members of Central Victorian Investments Ltd

## Report on the half year financial report

We have reviewed the accompanying half year financial report of Central Victorian Investments Ltd, which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

## Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation and fair presentation of the half year 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 and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Central Victorian Investments Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Central Victorian Investments Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Central Victorian Investments Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

CA

**CROWE HORWATH WEST VIC**



**JOHN FINDLAY**

**Partner**

**Ballarat Victoria**

**Dated this 13<sup>th</sup> day of March 2014**