

Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements

For the Half Year Ended 31 December 2020

Central Victorian Investments Ltd

Contents

For the Half Year Ended 31 December 2020

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Central Victorian Investments Ltd

Directors' Report For the Half Year Ended 31 December 2020

Your Directors present their report on Central Victorian Investments Ltd for the half year ended 31 December 2020.

Directors

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

David Peter Draper
Francis Damien Frawley
Mark Andrew Harrison Bain
Peter Alexander Bain
Peter John Catramados
Dominic Peter Dunne

Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the half year:

Brendan Gillett has been the company secretary since 2005. Prior to this role, Brendan Gillett was employed in the Business and Finance Sector from 1983 until 1999 and was a Business Development Manager from 1999 until being appointed by Central Victorian Investments Ltd.

Principal activities

The principal activity of Central Victorian Investments Ltd during the half year was to act as an investment Company. The Company's business model is to raise funds from investors through the issue of Secured Notes to provide for the Company's principal activity, which is to lend these funds on the security of registered first mortgages over titles to real property principally in Victoria, and to invest in other investments as permitted by the Trust Deed. The Company profits are derived primarily from the difference between its average interest rate on mortgage loans and investment of liquid funds and the average rate of interest paid to Secured Note holders. Secured Note holders do not participate in profits of the Company, but receive a rate of return on their investments.

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

Operating results

The profit of the Company for the half year after providing for income tax amounted to \$ 234,232 (2019: \$ 575,226).

Dividends paid or recommended

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

- Ordinary share dividends paid during the half year amounted to \$192,731 (2019: \$ 186,678).

Review of operations

The trading for the first half of 2021 continues to be profitable during a period where economic conditions were impacted by COVID 19. The profitability has been reduced as liquidity has been increased by 8.48% since June 2020 as well as a 10% reduction in loans under management for the first half. The increase in liquidity is above the board's target range. Due to economic conditions we have taken a conservative approach to loan approvals. We will continue to attempt to find more quality, non construction type lending opportunities to reduce the liquidity position of the company. The Directors do not expect any losses on investments and are expecting steady profitability.

Central Victorian Investments Ltd

Directors' Report For the Half Year Ended 31 December 2020

Significant changes in state of affairs

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

Events after the reporting period

No matters or circumstances have arisen since the end of the reporting period which have 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

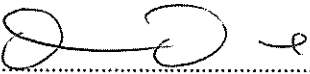
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.


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 2020 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: 
.....
Dominic P Dunne

Director: 
.....
Francis D Frawley

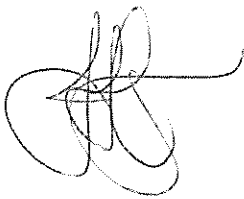
Dated this 23rd day of MARCH 2021

Auditors Independence Declaration under Section 307C 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 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd



Jason Hargreaves
Director

Signed at Ballarat, 12th March 2021

Central Victorian Investments Ltd

Statement of Comprehensive Income For the Half Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
Revenue		
Administration Fees	12,623	14,025
Application Fees	107,413	104,500
Interest	2,138,731	2,873,129
Rental Income	50,118	50,820
Other income	50,578	-
	<u>2,359,463</u>	<u>3,042,474</u>
Expenses		
Accounting Fees	8,243	8,002
Advertising	12,069	21,118
Annual Leave Expense	3,481	2,797
Audit Fees	17,440	17,002
Bank Fees and Charges	3,555	3,663
Cleaning	2,774	2,508
Commission	45,306	52,059
Computer Expenses	21,793	17,067
Depreciation	12,176	15,525
Director Remuneration	73,140	26,000
Fringe Benefits Tax	1,350	-
Heat, Light, Power and Utilities	2,944	3,032
Insurance	55,817	29,217
Interest Expenses	1,478,020	1,724,334
Legal Fees	2,622	2,149
Licence & Registration Fees	3,408	4,788
Long Service Leave Expense	3,509	1,707
Repairs and Maintenance	290	1,198
Motor Vehicle Expenses	1,197	1,709
Postage	4,550	3,784
Printing and Stationery	7,230	9,621
Sponsorship	4,259	3,770
Subscriptions	3,866	4,040
Sundry Expenses	106	722
Superannuation	21,156	14,817
Telephone	2,319	2,195
Travel & Conference Expenses	4,549	10,416
Trustee Fees	77,480	78,479
Wages	182,170	184,072
	<u>2,056,819</u>	<u>2,245,791</u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

Statement of Comprehensive Income For the Half Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
Operating profit before income tax	302,644	796,683
Net Gain/(Loss) on Revaluation of Investment Property	-	(203)
Profit for the half year before income tax	302,644	796,480
Income Tax Expense	16 (68,412)	(221,254)
Profit for the half year	234,232	575,226
Other Comprehensive Income	-	-
Total comprehensive income for the half year attributable to the members of the company	234,232	575,226

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

Statement of Financial Position As At 31 December 2020

		31 December 2020	30 June 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	7,953,682	10,031,731
Trade and other receivables	3	205,478	226,703
Investments	4	32,510,000	22,010,000
Loans secured by mortgage	5	58,637,463	65,308,136
Other assets	6	20,383	72,465
TOTAL CURRENT ASSETS		<u>99,327,006</u>	<u>97,649,035</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,216,603	1,228,779
Investment property	8	970,000	970,000
Deferred tax assets	17	33,431	32,384
Intangible assets	9	100,000	100,000
TOTAL NON-CURRENT ASSETS		<u>2,320,034</u>	<u>2,331,163</u>
TOTAL ASSETS		<u>101,647,040</u>	<u>99,980,198</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	626,333	736,624
Debentures	11	79,713,098	80,498,321
Short-term provisions	12	87,728	47,312
Current tax liabilities	17	22,800	75,085
TOTAL CURRENT LIABILITIES		<u>80,449,959</u>	<u>81,357,342</u>
NON-CURRENT LIABILITIES			
Debentures	11	12,375,908	9,851,617
Long-term provisions	12	3,072	28,998
Deferred tax liabilities	17	181,996	192,495
TOTAL NON-CURRENT LIABILITIES		<u>12,560,976</u>	<u>10,073,110</u>
TOTAL LIABILITIES		<u>93,010,935</u>	<u>91,430,452</u>
NET ASSETS		<u>8,636,105</u>	<u>8,549,746</u>
EQUITY			
Issued capital	13	2,527,922	2,492,963
Reserves	14	662,988	653,089
Retained earnings		5,445,195	5,403,694
TOTAL EQUITY		<u>8,636,105</u>	<u>8,549,746</u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

Statement of Changes in Equity For the Half Year Ended 31 December 2020

31 December 2020

	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2020	2,492,963	5,403,694	653,089	8,549,746
Comprehensive income attribute to members	-	234,232	-	234,232
Shares issued during the half year	13 34,959	-	-	34,959
Effect on revaluation surplus from change in tax rate	-	-	9,899	9,899
Dividends paid	-	(192,731)	-	(192,731)
Balance at 31 December 2020	2,527,922	5,445,195	662,988	8,636,105

31 December 2019

	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2019	2,157,982	4,722,607	714,229	7,594,818
Comprehensive income attribute to members	-	575,226	-	575,226
Shares issued during the half year	13 34,974	-	-	34,974
Dividends paid	-	(186,678)	-	(186,678)
Balance at 31 December 2019	2,192,956	5,111,155	714,229	8,018,340

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

Statement of Cash Flows For the Half Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Interest and fees received	2,380,688	3,053,078
Interest paid	(1,585,085)	(1,795,077)
Payments to suppliers and employees	(468,318)	(453,560)
Income tax paid (net)	(122,344)	(212,497)
Net cash provided by operating activities	19(a) <u>204,941</u>	<u>591,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net movement in secured loans	<u>6,670,673</u>	<u>(4,250,156)</u>
Net cash provided by/(used in) investing activities	<u>6,670,673</u>	<u>(4,250,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(192,731)	(186,678)
Net movement in debentures	<u>1,739,068</u>	<u>7,726,460</u>
Net cash provided by financing activities	<u>1,546,337</u>	<u>7,539,782</u>
Net increase in cash and cash equivalents held	8,421,951	3,881,570
Cash and cash equivalents at beginning of half year	<u>32,041,731</u>	<u>25,293,871</u>
Cash and cash equivalents at end of half year	19(b) <u><u>40,463,682</u></u>	<u><u>29,175,441</u></u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

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 2020 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 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 2020, together with any public announcements made during the 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.

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.

(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 directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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 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.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(a) Income tax

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. At 31 December 2020, there was one loan in arrears by \$16,869. The total value of the loan at 31 December 2020 was \$540,176, with security held to the value of \$750,000.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(e) Financial instruments

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Debt instruments

The Company has debt securities which are held within a business model whose objective is achieved by collecting contractual cash flows. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other gains or losses are recognised in OCI.

On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The Company's debt instruments assets measured at FVOCI - debt comprise in the statement of financial position.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(e) Financial instruments

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(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.

Freehold land and buildings recognised in the statement of financial position under property, plant and equipment represents the land and buildings integral to the ongoing operations of the Company. Periodically rental income is earned from leasing part of the Company's land and buildings but the rental income is considered incidental to the primary strategic purpose of retaining the asset.

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. 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:

Class of Fixed Asset	Depreciation Rate
Buildings	2.50% straight-line
Plant and Equipment - Computer Software	25%-50% straight-line
Plant and Equipment - All Other	10-50% diminishing value

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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.

(g) Investment property

Investment property is held to generate long-term rental yields and capital growth. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of comprehensive income as other income/expenses.

(h) Intangibles - Goodwill

Under Australian Accounting Standard 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 2020 and 31 December 2019.

(i) 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.

(j) 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.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(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:

- Loan interest is calculated and accrued on the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.
- Interest on Investments is recognised on a proportional basis taking into account interest rates applicable to financial assets.
- 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 financial year.

(n) Goods and services tax (GST)

As a financial institution, Central Victorian Investments Ltd is input taxed on all revenue except for revenue from commissions, rents and some fees. An input taxed supply is not subject to GST collection and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition, certain prescribed purchases are subject to reduced input tax credits ('RITC'), of which 75% of the GST paid is recoverable.

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.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

2 Cash and Cash Equivalents

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and in hand	7,953,682	10,031,731

3 Receivables

CURRENT

Accrued interest on investments
Accrued interest on loans

Accrued interest on investments	28,812	41,344
Accrued interest on loans	176,666	185,359
	<u>205,478</u>	<u>226,703</u>

4 Investments

Held-to-maturity financial assets

Held-to-maturity financial assets	<u>32,510,000</u>	<u>22,010,000</u>
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Total current investments

32,510,000 22,010,000

Total non-current investments

- -

	<u>32,510,000</u>	<u>22,010,000</u>
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CURRENT

Short Term Deposits - Banks/ADIs
Less than 3 months to maturity

Short Term Deposits - Banks/ADIs Less than 3 months to maturity	<u>32,510,000</u>	<u>22,010,000</u>
	<u>32,510,000</u>	<u>22,010,000</u>

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

5 Loans Secured by Mortgage

	31 December 2020	30 June 2020
	\$	\$
Loans secured by mortgage	58,637,463	65,308,136
Less: Provision for expected credit losses	-	-
	<u>58,637,463</u>	<u>65,308,136</u>

The loans above can be divided into the following segments:

Residential	39,375,680	46,384,493
Rural	3,120,205	2,388,178
Commercial	4,917,861	4,086,986
Subdivisional land	2,183,959	2,635,587
Industrial	1,869,983	2,065,351
Specialised Accommodation	2,486,585	3,901,547
Construction/Development	4,703,190	3,845,994
Total	<u>58,657,463</u>	<u>65,308,136</u>

The entity holds security over the loans to the value of \$138,444,633 (30 June 2020: \$145,264,165).

6 Other Assets

Prepayments	<u>20,383</u>	<u>72,465</u>
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Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

7 Property, Plant and Equipment

	31 December 2020	30 June 2020
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	835,000	835,000
Building		
At independent valuation	345,000	345,000
Accumulated depreciation	(4,348)	-
Total buildings	340,652	345,000
Total land and buildings	1,175,652	1,180,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	281,837	281,837
Accumulated depreciation	(240,886)	(233,058)
Total plant and equipment	40,951	48,779
Total property, plant and equipment	1,216,603	1,228,779

The revaluation of freehold land and buildings was based on the assessment of their current market value and the asset's highest and best use. The independent revaluation was carried out by Mr Alan J Hives, Dip Ag Sci, FAPI on 30 June 2020 and applied effective 30 June 2020.

(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 financial half year:

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Balance as at 1 July 2020	835,000	345,000	48,779	1,228,779
Depreciation expense	-	(4,348)	(7,828)	(12,176)
Balance at 31 December 2020	835,000	340,652	40,951	1,216,603

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

7 Property, Plant and Equipment

(b) Historical Cost

If land and buildings were stated at historical cost, amounts would be as follows:

	31 December 2020	30 June 2020
	\$	\$
Land at cost	250,000	250,000
Buildings at cost	266,215	266,215
Accumulated depreciation	(112,695)	(110,033)
Net book value	<u>403,520</u>	<u>406,182</u>

8 Investment Property

Balance at beginning of half year	970,000	1,020,000
Fair value adjustments	-	(50,000)
Balance at end of half year	<u>970,000</u>	<u>970,000</u>

The revaluation of investment property was based on the assessment of their current market value and the asset's highest and best use. The independent revaluation was carried out by Mr Alan J Hives, Dip Ag Sci, FAPI on 30 June 2020 and applied effective 30 June 2020.

9 Intangible Assets

Goodwill		
Contributory mortgage practice	100,000	100,000
Less impairment	-	-
	<u>100,000</u>	<u>100,000</u>

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.

10 Trade and Other Payables

	\$	\$
Unsecured liabilities		
Accrued interest on deposits	590,423	697,488
Sundry payables and accrued expenses	35,910	39,136
	<u>626,333</u>	<u>736,624</u>

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

11 Debentures

	31 December 2020	30 June 2020
CURRENT		
At Call	13,790,397	16,545,815
Not longer than 3 months	21,503,196	20,421,750
Longer than 3 and not longer than 12 months	44,419,505	43,530,756
	<u>79,713,098</u>	<u>80,498,321</u>
NON-CURRENT		
Longer than 12 and not longer than 24 months	12,375,908	9,851,617
	<u>92,089,006</u>	<u>90,349,938</u>

12 Provisions

CURRENT		
Provision for annual leave	23,045	19,564
Provision for long service leave	42,183	12,748
Other provisions	22,500	15,000
	<u>87,728</u>	<u>47,312</u>
NON-CURRENT		
Provision for long service leave	3,072	28,998
	<u>3,072</u>	<u>28,998</u>

13 Issued Capital

	\$	\$
Ordinary - fully paid	<u>2,527,922</u>	<u>2,492,963</u>
(a) Ordinary shares		
	No.	No.
At the beginning of the reporting period	108,662	105,208
Shares issued during the period	340	3,454
At the end of the reporting period	<u>109,002</u>	<u>108,662</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

14 Reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve accounts for the unrealised gains on land and building assets (Note 7) due to revaluation to fair value.

15 Contingent Assets & Liabilities

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019: \$Nil).

16 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 2020	31 December 2019
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2019: 27.5%)	78,687	219,032
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	1,709	2,222
- corporate tax rate change- deferred tax assets	1,766	-
Less:		
Tax effect of:		
- non-taxable income	13,150	-
- corporate tax rate change- deferred tax liabilities	600	-
Income tax expense	<u>68,412</u>	<u>221,254</u>

(b) The major components of tax expense / (income) comprise:

Current tax expense		
Current period tax liability	70,059	219,594
Deferred tax expense		
Net movement in deferred tax asset	(1,047)	1,660
Net movement in deferred tax liability	(600)	-
Total income tax expense	<u>68,412</u>	<u>221,254</u>

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

17 Tax

(a) Current Tax Liability

	31 December 2020	30 June 2020
	\$	\$
Income tax payable	22,800	75,085

(b) Recognised deferred tax assets

Expenses not tax deductible until paid	17,758	15,523
Taxable temporary differences	15,673	16,861
	<u>33,431</u>	<u>32,384</u>

(c) Recognised deferred tax liabilities

Deferred tax liability - asset revaluation	181,996	192,495
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18 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment
- Investment property

Fair value hierarchy

Australian Accounting Standard AASB 13: *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

18 Fair Value Measurement

The table below shows the assigned level for each asset and liability held at fair value by the Company:

	Level 1	Level 2	Level 3	Total
31 December 2020	\$	\$	\$	\$
Property, plant and equipment - land and buildings	-	1,180,000	-	1,180,000
Investment property	-	970,000	-	970,000

	Level 1	Level 2	Level 3	Total
30 June 2020	\$	\$	\$	\$
Property, plant and equipment - land and buildings	-	1,180,000	-	1,180,000
Investment property	-	970,000	-	970,000

Level 2 measurements

The revaluation of freehold land and buildings was based on the assessment of their current market value and the asset's highest and best use. The independent revaluation was carried out by Mr Alan J Hives, Dip Ag Sci, FAPI on 30 June 2020 and applied effective 30 June 2020.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Central Victorian Investments Ltd

Notes to the Financial Statements For the Half Year Ended 31 December 2020

19 Cash Flow Information

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

	31 December 2020	31 December 2019
	\$	\$
Profit for the half year	234,232	575,226
Cash flows excluded from profit attributable to operating activities:		
Non-cash flows in profit:		
- depreciation	12,176	15,525
- loss on disposal of property, plant and equipment	-	203
- non-cash remuneration	34,959	34,974
Changes in assets and liabilities:		
- (increase)/decrease in interest receivable	21,225	10,604
- (increase)/decrease in prepayments	52,082	25,734
- (increase)/decrease in deferred tax receivable	(1,647)	1,659
- increase/(decrease) in trade and other payables	(110,291)	(76,083)
- increase/(decrease) in income taxes payable	(52,285)	7,098
- increase/(decrease) in employee benefits	14,490	(2,996)
Cashflow from operations	<u>204,941</u>	<u>591,944</u>

(b) Reconciliation of cash

	Note		
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	7,953,682	2,165,441
Investments	4	32,510,000	27,010,000
		<u>40,463,682</u>	<u>29,175,441</u>

20 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the reporting period, which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future reporting periods.

21 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


Directors' Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian 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 2020 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

Dominic P Dunne

Director

Francis D Frawley

Dated this 23RD day of MARCH.....2021

Independent Auditor's Review Report

To the Directors of Central Victorian Investments Ltd

We have reviewed the accompanying half-year financial report of Central Victorian Investments Limited, which comprises the statement of financial position as at 31 December 2020, 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 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 of the financial report that gives a true and fair view and 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 2020 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 Limited, 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 Limited, 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 Limited 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 2020 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*.

CountPro Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 15th March 2021