Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements

For the Year Ended 30 June 2023

Central Victorian Investments Ltd
ABN: 35 058 071 631

Directors' report

For the Year Ended 30 June 2023

The directors present their report, together with the financial statements, on Central Victorian Investments Ltd ("CVI") for the year ended 30 June 2023.

Directors

The following persons were directors of CVI during the whole of the financial year and up to the date of this report, unless otherwise stated:

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

Company Secretary

Brendan Gillett held the position of company secretary at the end of the financial year. He has been the company secretary since 2005. Prior to this role, Brendan was employed in the Business and Finance Sector from 1983 to 1999 and was a Business Development Manager from 1999 until being appointed by CVI.

Principal activities

The principal activity of CVI during the financial year was to act as an investment company.

CVI's business model is to raise funds from investors through the issue of secured notes to provide for CVI'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. CVI's profits are derived primarily from the difference between its average interest rate on mortgage loans and investments of liquid funds and the average rate of interest paid to our secured note holders. Secured note holders do not participate in profits CVI, but receive a rate of return on their investments.

There has been no significant change in the nature of CVI's activities during the financial year.

Operating results

The profit of CVI after providing for income tax amounted to $3,145,199 (2022: $1,696,254).

Dividends paid or recommended

Dividends paid or declared since the start of the financial year in relation to ordinary share dividends amounted to $587,156 (2022: $386,926).

Review of operations

Overall, Central Victorian Investments Ltd has had a very profitable year.
The liquidity position remains within the board's targeted range as at 30 June 2023, with depositor funds increasing by 17.86% over the prior year balance being offset by a 17.66% increase in loans under management. We will continue to attempt to find more quality lending opportunities to maintain the liquidity position of the company. The directors do not expect any losses on loans and are expecting continued profitability.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of CVI during the financial year.

Matters subsequent to the end of the financial year

Details are included in note 25 of the financial statements.

Likely developments and expected results of operations

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

Environmental regulation

CVI's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Shares

There were no unissued ordinary shares of CVI under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares issued on the exercise of options during the period ended 30 June 2023 and up to the date of this report.

Information on directors

David Peter Draper	First appointed as a director in 2015. Managing Director of Draper's Civil Contracting Pty Ltd since 1989. Directorships held in numerous Commercial, Industrial and Residential Property Businesses. Ownership interest of 16,967 shares in Central Victorian Investments Ltd.
Francis Damien Frawley	First appointed as a director in 1993. A practicing solicitor. Special Counsel of Nevett Wilkinson Frawley. Life governor of Child & Family Services Inc. Ownership interest of 16,967 shares in Central Victorian Investments Ltd.
Mark Andrew Harrison Bain	First appointed as a director in 2019. Bachelor of Arts. Mark also has a background and interests in the property development business and directorships in this space. Manager of a local retail business for last 26 years.
Peter John Catramados	First appointed as a director in 2015. A Fellow of the Mortgage and Finance Association of Australia (MFAA). Past Victorian State President of the MFAA and National Director and current member of the MFAA Disciplinary Tribunal. Ownership interest of 16,967 shares in Central Victorian Investments Ltd.
Dominic Peter Dunne	First appointed as a director in 2020. Dominic is a CPA, with extensive tax and business services experience. He has also spent time working on the other side on both family businesses and listed multi-national companies. Dominic is also a Xero Certified Consultant. Ownership interest of 3,083 shares in CVI.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number Attended
David Peter Draper	12	11
Francis Damien Frawley	12	12
Mark Andrew Harrison Bain	12	11
Peter John Catramados	12	12
Dominic Dunne	12	11

Indemnity and insurance of officers

CVI has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, CVI paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

CVI has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, CVI has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of CVI, or to intervene in any proceedings to which CVI is a party for the purpose of taking responsibility on behalf of CVI for all or part of those proceedings.

Rounding of amounts

CVI is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Francis Damien Frawley	Dominic Peter Dunne

Dated this 4th day of August 2023

CountPro AUDIT

Auditor 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, in relation to the audit for the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

CountPro Audit Pty Ltd

CountPro Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 4th August 2023

▸ 180 Eleanor Drive, Lucas, VIC 3350 ▸ PO Box 4259, Lucas, VIC 3350 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

Central Victorian Investments Ltd
ABN: 35 058 071 631

Contents

Central Victorian Investments Ltd
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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Administration fees		**30,525**	25,740
Application fees		**401,159**	580,427
Interest		**9,688,137**	5,576,664
Rental income		**112,421**	109,307
Total revenue		**10,232,242**	6,292,138
Accounting fees		**16,008**	15,500
Advertising & promotions		**52,188**	39,515
Annual leave		**(3,161)**	948
Audit fees		**34,008**	33,500
Bank fees and charges		**14,126**	7,410
Cleaning		**4,661**	4,152
Commission		**106,482**	75,658
Computer expenses		**45,508**	45,348
Depreciation		**24,582**	16,168
Fringe benefits tax		**2,917**	2,939
Heat, light, power & utilities		**5,664**	4,699
Insurance		**139,979**	131,033
Interest		**4,699,012**	2,919,647
Investment consulting		**21,780**	23,595
Land Tax		**5,039**	3,991
Legal fees		**8,800**	5,104
Licence & registration fees		**6,801**	6,685
Long service leave		**11,652**	13,820
Motor vehicle expenses		**9,131**	5,736
Office repairs		**37,093**	32,861
Postage		**8,100**	6,484
Printing and stationery		**7,730**	8,631
Sponsorships		**15,262**	7,949
Subscriptions		**9,899**	10,933
Sundry expenses		**1,980**	3,273
Superannuation – Staff		**39,860**	35,347
Superannuation – Directors		**14,963**	13,000
Telephone		**6,086**	4,849
Travel & conference expenses		**35,238**	13,696
Trustee fees		**178,871**	170,593
Valuation fees		**525**	3,300
Wages – Staff		**402,142**	377,720
Wages – Directors		**142,500**	130,000
Total expenses		**6,105,426**	4,174,084
Operating profit before income tax expense		**4,126,816**	2,118,054
Net gain on revaluation of investment property		**-**	130,000
Legal recovery from CDO's previously written off as a bad debt		**71,630**	-
Profit before income tax expense		**4,198,446**	2,248,054
Income Tax Expense	17	**(1,053,247)**	(551,800)
Profit after income tax expense for the period		**3,145,199**	1,696,254
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Net gain on revaluation of land and buildings, net of tax		**-**	133,969
Total comprehensive income for the year		**3,145,199**	1,830,223

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Central Victorian Investments Ltd
ABN: 35 058 071 631

Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	2	**16,915,996**	10,282,977
Receivables	3	**518,550**	288,985
Financial assets	4	**16,010,000**	16,010,000
Loans secured by mortgage	5	**114,620,672**	97,420,565
Other assets	6	**98,052**	95,338
Total current assets		**148,163,270**	124,097,865
Non-current assets			
Property, plant and equipment	7	**1,380,643**	1,395,407
Investment property	8	**1,100,000**	1,100,000
Deferred tax assets	18	**34,905**	33,605
Intangible assets	9	**100,000**	100,000
Total non-current assets		**2,615,548**	2,630,012
Total assets		**150,778,818**	126,726,877
Liabilities			
Current liabilities			
Trade and other payables	10	**1,562,243**	744,203
Debentures	11	**118,586,551**	95,329,056
Provisions	12	**85,549**	80,679
Tax liabilities	18	**288,301**	176,444
Total current liabilities		**120,522,644**	96,330,382
Non-current liabilities			
Debentures	11	**17,054,370**	19,756,357
Provisions	12	**12,055**	8,432
Deferred tax liabilities	18	**252,152**	252,152
Total non-current liabilities		**17,318,577**	20,016,941
Total liabilities		**137,841,221**	116,347,323
Net assets		**12,937,597**	10,379,554
Equity			
Issued capital	13	**2,711,196**	2,711,196
Reserve	14	**803,557**	803,557
Retained earnings		**9,422,844**	6,864,801
Total equity		**12,937,597**	10,379,554

The above statement of financial position should be read in conjunction with the accompanying notes.

Central Victorian Investments Ltd
ABN: 35 058 071 631

Statement of changes in equity
For the year ended 30 June 2023

2023	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Asset Revaluation Reserve $**	**Total $**
Balance at 1 July 2022		**2,711,196**	**6,864,801**	**803,557**	**10,379,554**
Profit after income tax		**-**	**3,145,199**	**-**	**3,145,199**
Shares issued during the year	13	**-**	**-**	**-**	**-**
Effect on revaluation reserve from change in tax rate		**-**	**-**	**-**	**-**
Effect on revaluation reserve from property valuation		**-**	**-**	**-**	**-**
Dividends paid	19	**-**	**(587,156)**	**-**	**(587,156)**
Balance at 30 June 2023		**2,711,196**	**9,422,844**	**803,557**	**12,937,597**

2022	**Note**	**Ordinary Shares $**	**Retained Earnings $**	**Asset Revaluation Reserve $**	**Total $**
Balance at 1 July 2021		2,527,922	5,555,473	662,988	8,746,383
Profit after income tax		-	1,696,254	-	1,696,254
Shares issued during the year	13	183,274	-	-	183,274
Effect on revaluation reserve from change in tax rate		-	-	6,600	6,600
Effect on revaluation reserve from property valuation		-	-	133,969	133,969
Dividends paid	19	-	(386,926)	-	(386,926)
Balance at 30 June 2022		2,711,196	6,864,801	803,557	10,379,554

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Central Victorian Investments Ltd
ABN: 35 058 071 631

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 $	202 $
Cash flows from operating activities			
Interest and fees received		**10,074,305**	6,196,876
Interest paid		**(3,886,812)**	(2,850,834)
Payments to suppliers and employees		**(1,370,211)**	(1,245,272)
Income tax paid		**(942,690)**	(406,505)
Net cash provided by operating activities	24	**3,874,592**	1,694,265
Cash flows from investing activities			
Purchase of property, plant and equipment		**(9,818)**	(28,327)
Net movement in secured loans		**(17,200,107)**	(31,549,426)
Net cash used in investing activities		**(17,209,925)**	(31,577,753)
Cash flows from financing activities			
Dividends paid		**(587,156)**	(386,926)
Net movement in deposits		**20,555,508**	15,716,949
Proceeds from issue of share capital		**-**	183,274
Net cash provided by financing activities		**19,968,352**	15,513,297
Net (decrease)/increase in cash and cash equivalents held		**6,633,019**	(14,370,191)
Cash and cash equivalents at beginning of year		**26,292,977**	40,663,168
Cash and cash equivalents at the end of the financial year	2(a)	**32,925,996**	26,292,977

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2023

This financial report covers the financial statements and notes of Central Victorian Investments Ltd. Central Victorian Investments Ltd is a for-profit Company domiciled in Australia. The financial statements were authorised for issue by the Board of Directors on 4 August 2023.

Note 1: Summary of Significant Accounting Policies

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

The amounts presented in the financial statements have been presented in Australian dollars and rounded to the nearest dollar.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Income tax

The income tax expense (revenue) for the 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 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 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.

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.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1: Summary of Significant Accounting Policies

(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 statement of cash flows, 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 are 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 90 days of service by the mortgagee of written demand.

This was previously 30 days, however, the board has resolved to offer a 90 day call to borrowers as 30 days is not possible in the current climate.

(d) Provision for doubtful loans
The company has assessed loans in arrears and no specific provision was deemed to be necessary.

(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 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
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 are comprised of loans secured by mortgage in the statement of financial position.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial assets has increased significant 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 assets 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.

Impairment on non-financial assets
Impairment of trade receivables and contract assets have been determined using the simplified approach which uses an estimation of lifetime expected credit losses. As a result, no provision has been made.

(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.

All freehold land and buildings are recognised in the statement of financial position under property, plant and equipment as the land buildings are integral to the ongoing operations of the company. Periodically rental income is earned from leasing part of the Company's land and buildings but this 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.

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 which are consistent with the prior year are:

Buildings	2.5% straight-line
Computer Software	25-50% 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.

(g) Investment Property

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

(h) Intangible assets – 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 years ended 30 June 2023 or 30 June 2022.

(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 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.

(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, CVI 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.

(o) Critical accounting estimates and judgments

Management has been involved in the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. In particular, information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5 - Loans Secured by Mortgage - provision for estimated credit losses assessment
- Note 7 - Property, Plant and Equipment - fair value assessment
- Note 8 - Investment Property
- Note 9 - Intangible Asset - fair value assessment - recoverable amount

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements. However, as additional information is known then the actual results may differ from the estimates.

(p) 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.

(q) New accounting standards and interpretations not yet mandatory or early adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

	2023 $	2022 $
Note 2: Cash and cash equivalents		
Current		
Cash at bank and in hand	**16,915,996**	10,282,977

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 $	2022 $
Cash and cash equivalents	**16,915,996**	10,282,977
Investments	**16,010,000**	16,010,000
Balance as per statement of cash flows	**32,925,996**	26,292,977

Note 3: Receivables

	2023 $	2022 $
Current		
Accrued interest on investments	**86,875**	13,344
Accrued interest on loans	**431,675**	275,641
	518,550	288,985

Note 4: Financial assets

	2023 $	2022 $
Current		
Short term deposits held with banks/ADIs with less than 3 months to maturity	**16,010,000**	16,010,000

Note 5: Loans Secured by Mortgage

	2023 $	2022 $
Current		
Loans secured by mortgage	**114,620,672**	97,420,565
Less: provision for expected credit losses	**-**	-
	114,620,672	97,420,565

An analysis on the loans 'past due but not impaired' can be found in Note 16(a) under the heading Credit Risk Exposures.

The loans above can be divided into the following segments:

	2023 $	2022 $
Residential	**73,938,943**	54,647,774
Rural	**5,117,980**	8,177,894
Commercial	**4,642,326**	3,600,266
Subdivisional land	**5,084,859**	1,438,896
Industrial	**6,416,983**	5,947,261
Specialised accommodation	**6,274,506**	5,127,436
Construction/Development	**13,145,075**	18,481,038
	114,620,672	97,420,565

CVI holds security over the loans to the value of $288,735,858 (2022: $228,084,379).

Note 6: Other Assets

	2023 $	2022 $
Current		
Prepayments	**98,052**	95,338

Note 7: Property, plant and equipment

	2023 $	2022 $
Non-current		
LAND AND BUILDINGS		
Freehold land		
At fair value (valuation: 6 April 2022)	**850,000**	850,000
	850,000	850,000
Buildings		
At fair value (valuation: 6 April 2022)	**500,000**	500,000
Less: accumulated depreciation	**(15,445)**	(2,945)
Total buildings	**484,555**	497,055
Total land and buildings	**1,334,555**	1,347,055
PLANT AND EQUIPMENT		
Plant and equipment - at cost	**345,602**	335,784
Less: accumulated depreciation	**(299,514)**	(287,432)
Total plant and equipment	**46,088**	48,352
Total property, plant and equipment	**1,380,643**	1,395,407

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 year:

	Land $	Buildings $	Plant and equipment $	Total $
2023				
Balance at the beginning of year	**850,000**	**497,055**	**48,352**	**1,395,407**
Additions	**-**	**-**	**9,818**	**9,818**
Revaluation increment	**-**	**-**	**-**	**-**
Depreciation expense	**-**	**(12,500)**	**(12,082)**	**(24,582)**
Balance at the end of year	**850,000**	**484,555**	**46,088**	**1,380,643**
2022				
Balance at the beginning of year	835,000	336,375	33,248	1,204,623
Additions	-	-	28,327	28,327
Revaluation increment	15,000	163,625	-	178,625
Depreciation expense	-	(2,945)	(13,223)	(16,168)
Balances at the end of the year	850,000	497,055	48,352	1,395,407

Historical cost
If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2023 $	2022 $
Land at cost	**250,000**	250,000
Buildings at cost	**266,215**	266,215
Less: Accumulated depreciation	**(126,005)**	(120,681)
Net Book Value	**390,210**	395,534

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 Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

	2023 $	2022 $
Note 8: Investment Property		
Non-current		
Balance at beginning of year	**1,100,000**	970,000
Fair value adjustments	**-**	130,000
Balance at end of year	**1,100,000**	1,100,000

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 Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

Note 9: Intangible Assets		
Non-current		
Goodwill - contributory mortgage practice	**100,000**	100,000

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

Note 10: Trade and Other Payables		
Current		
Unsecured liabilities		
Accrued interest on deposits	**1,513,259**	701,059
Sundry payables and accrued expenses	**48,984**	43,144
	1,562,243	744,203
Note 11: Debentures		
Current		
Not longer than 3 months	**19,435,325**	22,157,020
Longer than 3 and not longer than 12 months	**99,151,226**	73,172,036
	118,586,551	95,329,056
Non-current		
Longer than 12 and not longer than 24 months	**17,054,370**	19,756,357
	135,640,921	115,085,413
Note 12: Provisions		
Current		
Provision for annual leave	**23,020**	26,180
Provision for long service leave	**62,529**	54,499
	85,549	80,679
Non-current		
Provision for long service leave	**12,055**	8,432
	97,604	89,111
Note 13: Issued Capital		
Ordinary – fully paid	**2,711,196**	2,711,196
	No.	**No.**
At the beginning of the reporting period	**110,692**	109,002
Shares issued during the year	**-**	1,690
At the end of the reporting period	**110,692**	110,692

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.

Capital Management

Management controls the capital of the group in order to maintain a compliant debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern. The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The entity needs to meet certain capital requirements imposed by its Trustee. These capital requirements have been met for the year ended 30 June 2023. Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of depositor and loan levels and distributions to shareholders.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year. The trust deed requires the entity to maintain a tangible net asset value of $500,000. The calculation of the tangible net asset value is as follows:

	2023 $	2022 $
Total net assets per financial statements	**12,937,597**	10,379,554
Exclude:		
Deferred tax asset	**34,905**	33,605
Deferred tax liability	**(252,152)**	(252,152)
Goodwill	**100,000**	100,000
Total tangible net assets	**13,054,844**	10,498,101

Note 14: Reserves

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

Note 15: Capital Commitments & Contingencies

Contingent Assets & Liabilities
In the opinion of the directors, CVI did not have any contingencies at 30 June 2023 (30 June 2022: nil).

Capital Commitments committed at the reporting date but not recognised as liabilities, payable:

	2023	2022
- Not later than one year	**56,073**	-
	56,073	-

Capital commitments in the current year relate to a purchase of a motor vehicle.

Note 16: Financial Risk Management

The main risks CVI is exposed to is through its financial instruments. These include are credit risk, liquidity risk and market risk in relation to interest rate risk.

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans and debentures.

The totals for each category of financial instruments held by the company are as follows:

	Note	2023	2022
Financial assets			
Cash and cash equivalents	2	**16,915,996**	10,282,977
Financial assets	4	**16,010,000**	16,010,000
Loans secured by mortgage	5	**114,620,672**	97,420,565
Total financial assets		**147,546,668**	123,713,542
Financial liabilities			
Debentures	11	**135,640,921**	115,085,413
Total financial liabilities		**135,640,921**	115,085,413

Cash and cash equivalents and financial assets are held with major Australian owned banks, which are regulated by the Australian Prudential Regulation Authority. Bankruptcy or insolvency by those banks may cause the company's rights with respect to the cash held by those banks to be delayed or limited.

Financial risk management policies
The directors' overall risk management strategy seeks to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. The General Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the company. Risk management policies are reviewed by the directors on a regular basis. These include credit risk policies and cash flow requirements.

(a) Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Credit risk associated with loans secured by mortgage is considered low as the company holds first mortgage security to minimise the risk of a borrower failing to discharge its obligations or commitments to the company. The company's outstanding loans are regularly reviewed to ensure compliance with required payments and conditions.

The following table details the company's loans secured by mortgage exposure to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Loans secured by mortgage that are past due are assessed for impairment by ascertaining the solvency of the counterparty to the transaction and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the company.

The total value of mortgage loans at the balance date in arrears but not impaired was $210,461 (2022: Nil) the ageing of which is set out in the table below.

	2023 Loan amounts $	2022 Loan amounts $	2023 Repayments in arrears $	2022 Repayments in arrears $
Composition of loans in arrears but not impaired				
Greater than 30 days but less than 60 days	-	-	-	-
Greater than 60 days but less than 90 days	-	-	-	-
Greater than 90 days	200,000	-	10,461	-
	200,000	-	10,461	-

Solicitors acting on behalf of the company advise a Statement of Claim was lodged by 21st July 2023, with view to continuing proceedings as the courts allow. The capital improved value of the security is $533,000 with the directors of the opinion the loan will be fully recovered by way of sale.

The Company holds cash and cash equivalent assets and deposits with other financial institutions. The Company manages the risk of default by other financial institutions by only investing with organisations that have maintained a high credit rating.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

(b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

The company is exposed to the liquidity risk of meeting at call debenture holders withdrawals at any time. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid investments are held.

(c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments.

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.

(d) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates of classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	$	$	$	$	$	$	$	$
Financial assets										
Cash and cash equivalents	3.50%	0.15%	16,915,996	10,282,977	-	-	-	-	16,915,996	10,282,977
Short-term deposits	4.09%	0.70%	-	-	16,010,000	16,010,000	-	-	16,010,000	16,010,000
Loans secured by mortgage	9.20%	7.13%	114,620,672	97,420,565	-	-	-	-	114,620,672	97,420,565
Total financial assets			**131,536,668**	**107,703,542**	**16,010,000**	**16,010,000**	-	-	**147,546,668**	**123,713,542**
Financial liabilities										
Debentures	4.55%	2.70%	-	-	118,586,551	95,329,056	17,054,370	19,756,357	135,640,921	115,085,413
Total financial liabilities			-	-	**118,586,551**	**95,329,056**	**17,054,370**	**19,756,357**	**135,640,921**	**115,085,413**

Note 17: 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:

	2023 $	2022 $
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	**1,049,612**	562,014
Tax effect of:		
- non-deductible depreciation	**3,635**	(11,120)
- effect of corporate rate change on deferred tax liability	**-**	(400)
- effect of corporate rate change on deferred tax assets	**-**	1,306
Income tax expense	**1,053,247**	551,800

(b) Tax effect relating to each component of other comprehensive income:

	2023			2022		
	Before-tax amount $	Tax (Expense) benefit $	Net-of-tax amount $	Before-tax amount $	Tax (Expense) benefit $	Net-of-tax amount $
Gain on land and buildings revaluation	-	-	-	(178,625)	44,656	(133,969)

(c) *The components of tax expense comprise:*

	2023 $	2022 $
Current Tax Expense		
Current period tax liability	**1,054,547**	520,246
Deferred Tax Expense		
Net movement in deferred tax asset	**(1,300)**	(946)
Net movement in deferred tax liability	**-**	32,500
Total income tax expense	**1,053,247**	551,800

Note 18: Tax

	2023 $	2022 $
(a) *Current tax liability*		
Income Tax Payable	**288,301**	176,444
(b) Recognised deferred tax assets		
Expenses not tax deductible until paid	**24,401**	22,278
Temporary timing differences	**10,504**	11,327
	34,905	33,605
(c) *Recognised deferred tax liabilities*		
Deferred tax liability - asset revaluation	**252,152**	252,152

Note 19: Dividends and Franking Account Balance

The following dividends were declared and paid:

	2023 $	2022 $
Interim franked ordinary dividend of 2.65 (2022: 1.77) dollars per share	**293,578**	193,214
Interim franked ordinary dividend of nil (2022:1.47) dollars per share	**-**	162,001
Final franked ordinary dividend of 2.65 (2022: 1.77) dollars per share	**293,578**	31,711
	587,156	386,926

Franked dividends declared or paid during the year were franked at the tax rate of 25% (2022: 25%).

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

Franking account

	2023 $	2022 $
The franking credits available for subsequent financial years at a tax rate of 25% (2022: 25%)	**3,328,665**	2,175,190

20. Interests of Key Management Personnel

The key management personnel of CVI is comprised of the company Directors and the General Manager, Brendan Gillett. The total of remuneration paid to key management personnel of CVI during the year, which represents the fixed salary of the General Manager, the Directors wages, and the related statutory superannuation charge, is as follows:

	2023 $	2022 $
Short-term employee benefits	**282,500**	275,000
Post-employment benefits	**49,663**	47,500
	332,163	322,500

Note 21: Related Party Transactions

(i) As detailed in the current Prospectus in Section 5.7 'Security and Risk Assessment', the Company does not permit loans to Directors, Managers, Secretaries or Shareholders of the Company. Any loans made to staff members would be made on ordinary arms length terms. There were no loans made to staff members or outstanding from staff members for the years ended 30 June 2023 and 30 June 2022.

(ii) The Directors, Staff and many direct family members connected to each, are investors / debenture holders in the Company, with such investments being made on a normal, arms length basis. For this reason it is not considered necessary to divulge total amounts held on these investments as it would potentially breach the privacy of the individuals concerned.

(iii) During the year rental income of $72,208 (2022: $65,771) was received from Nevett Wilkinson Frawley, a firm of solicitors of which one of the current directors of the company is Special Counsel of the firm. The rent was charged at commercial rates for the use of office space in Ballarat.

Note 22: Auditor's Remuneration

Remuneration of the auditor of the company for:		
Auditing and reviewing the financial statements and prospects - Countpro Audit Pty Ltd	**34,100**	31,650

Note 23: 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
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.

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

	Level 1 $	Level 2 $	Level 3 $	Total $
2023				
Property, plant and equipment - land and buildings	**-**	**1,350,000**	**-**	**1,350,000**
Investment property	**-**	**1,100,000**	**-**	**1,100,000**
	-	**2,450,000**	**-**	**2,450,000**
2022				
Property, plant and equipment - land and buildings	-	1,350,000	-	1,350,000
Investment property	-	1,100,000	-	1,100,000
	-	2,450,000	-	2,450,000

Level 2 measurements
The revaluation of freehold land and buildings and 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 Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

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

Note 24: Cash flow information

Reconciliation of net income to net cash provided by operating activities:

	2023 $	2022 $
Profit for the year	**3,145,199**	1,696,254
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**24,582**	16,168
- gain on revaluation of investment property	**-**	(130,000)
- share options expensed	-	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	**(229,565)**	(95,262)
- (increase) in other assets	**(2,714)**	(9,658)
- Decrease/(increase) in deferred tax assets	**(1,300)**	359
- increase/(decrease) in trade and other payables	**818,041**	69,941
- increase/(decrease) in tax liabilities	**111,857**	74,780
- increase in deferred tax liabilities	-	70,156
- increase in employee benefits	**8,492**	1,527
Cashflow from operations	**3,874,592**	1,694,265

Note 25: Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Note 26: 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

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Francis Damien Frawley
Director

Dominic Peter Dunne
Director

Dated this 4th day of August 2023

CountPro AUDIT

Independent Auditor's Report

To the Directors of Central Victorian Investments Ltd

Opinion

We have audited the financial report of Central Victorian Investments Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Responsibilities of Management and the Directors for the Financial Report

Management of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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CountPro AUDIT

Independent Auditor's Report
To the Directors of Central Victorian Investments Ltd

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 4th August 2023

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CountPro AUDIT

Independent Auditor's Assurance Report in Relation to Benchmark Information to the Trustee of Unsecured Note Holders of Central Victorian Investments Ltd

We have:

(a) audited the design and operating effectiveness of certain internal controls over the benchmark information appearing on pages 5 to 7 of Prospectus 24 for Central Victorian Investments Ltd ("the Entity") dated 20th September 2022 to support the opinion below; and

(b) reviewed the disclosure of certain Benchmark Information to support the conclusion below.

Directors' responsibilities

The directors of the Entity are responsible for the preparation and presentation of the Benchmark Information in accordance with ASIC Regulatory Guide 69 *Debentures and unsecured notes – improving disclosure for retail investors ("RG 69").* The directors are also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Benchmark Information, and for monitoring compliance with the benchmarks.

Auditor's responsibilities

Audit of controls over benchmarks

Our responsibility is to express an opinion on the adequacy of the design and operating effectiveness of the internal controls in relation to the equity ratio of the Entity (being the ratio of total equity to the sum of total equity and liabilities), cash flow projections of the Entity and lending by the Entity that are relevant to achieving the control objectives in the opinion below.

Our procedures have been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board, except that the effect of events occurring after 30th June 2022 up to the date of this report have not been considered. The Standards on Assurance Engagements require that we comply with the relevant ethical requirements relating to assurance engagements and plan and perform the audit to obtain reasonable assurance whether the internal controls have been designed and operated effectively to achieve the control objectives in the opinion below. Our procedures have been undertaken to form an opinion whether in all material respects, the internal controls in relation to the equity ratio of the Entity, cash flow projections of the Entity and lending by the Entity were adequately designed and operated effectively to support the opinion below.

Because of the inherent limitations of any internal control structure it is possible that fraud or errors may occur and not be detected. We have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of non-compliance as it is not performed continuously throughout the period and the tests performed are on a sample basis having regard to the nature and size of the Entity.

Any projection of the evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Review of benchmarks

Our responsibility is to express a conclusion on certain disclosures in relation to the rollover approach, on lending of funds and the value of property security, based on a review.

We conducted our review in accordance with applicable Standards on Assurance Engagements, except that the effect of events occurring after 30th June 2022, up to the date of this report have not been considered. Our review was conducted, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the matters specified in the conclusion below are not presented, in all material respects, in accordance with the relevant paragraphs of RG 69.

CountPro AUDIT

A review is limited primarily to inquiries of company personnel, review of documented policies, and analytical procedures applied to relevant financial data. A review is substantially less in scope than an audit 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 on the matters that are subject to a review.

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

Opinion on controls

In our opinion, in all material respects, the internal controls of the Entity were adequately designed and operated effectively during the period from 1st July 2022 to 30th June 2023 to achieve the control objectives below:

(a) The equity ratio of the Entity was appropriately monitored and instances where the ratio was less than 20% were identified and reported to the directors;

(b) The Entity had at all times a cash flow projection covering at least the following 3 months in accordance with paragraph 37 of RG 69;

(c) The Entity had calculated the cash flow projections referred to in (b) on the basis of the assumptions the entity adopted for those projections;

(d) Maximum loan to valuation ratios of 70% of the latest complying valuation where the loan relates to development property and 80% of the latest complying market valuation for other loans were met; and

(e) Loans to property developers were only provided in stages based on external evidence of progress of the development.

Review conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the disclosure of:

(a) The rollover approach in the Benchmark Information;

(b) Where the Entity on-lends funds, policies and other information provided in the Benchmark Information in relation to loans and lending (including lending to related parties); and

(c) Where the Entity lent money for property-related activities, policies and other information provided in the Benchmark Information in relation to the value of property security;

were not presented, in all material respects, in accordance with paragraphs 45, 52 to 54 and 62 to 63 of RG 69.

Restriction on distribution

This report has been prepared for the entity for the purpose of providing the report to the trustee for Central Victorian Investments Ltd and the Australian Securities and Investments Commission ("ASIC"). This report is intended solely for the trustees and ASIC and should not be distributed to or used by parties other than the trustee or ASIC

CountPro Audit Pty Ltd

CountPro Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 4th August 2023

CountPro
AUDIT

Report of Auditor for the Period Ended 30 June 2023 of Central Victorian Investments Ltd

In accordance with Clause 9.05 of the Trust Deed for Debenture Stock ("the Deed"), I hereby report the following matters:

- The amount of the Issued Debenture Stock as at 30 June 2023 was $135,640,921.08
- All interest due and Principal Moneys repayable on the Issued Debenture Stock have been paid;
- The Company has duly maintained the Register of Debenture holders;
- To the best of my knowledge, information and belief I have not become aware, in the course of the performance of my duties as auditor, of the occurrence of any one or more of the events listed in Clause 12 of the Deed.

CountPro Audit Pty Ltd
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Jason Hargreaves
Director

Signed at Ballarat, 4th August 2023

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AUDIT

Auditor's Report on Borrowing Limitations of Central Victorian Investments Ltd

In accordance with Clause 7.02 of the Trust Deed for Debentures Stock ("the deed"), I hereby report the following matters:

- I have audited the Statement of Financial Position of the Company as at 30 June 2023 and based on the information disclosed therein and having regard to the issued Debenture Stock, it is my opinion that the amount of Debenture Stock which could as at 30 June 2022 be issued by the Company without breach of the limitations contained in Clause 8 of the deed is unlimited.

- In the period between 30 June 2023 and the date of this report, I have not become aware of any material circumstances which would, if taken into account at the date of this report affect the amount of Debenture Stock which may be issued without breaching the limitations set out in Clause 8.01 of the deed.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 4th August 2023