

Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements

For the Half Year Ended 31 December 2017

Central Victorian Investments Ltd

ABN 35 058 071 631

Contents

For the Half Year Ended 31 December 2017

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	3
Statement of Comprehensive Income	4
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	25
Independent Auditor's Review Report	26

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report For the Half Year Ended 31 December 2017

Your Directors present their report on Central Victorian Investments Ltd for the year ended 31 December 2017.

Directors

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

David Peter Draper
John Arthur Cameron Nevett
Francis Damien Frawley
Peter Alexander Bain
Peter John Catramados

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 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 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 year.

Operating results

The profit of the Company for the year after providing for income tax amounted to \$ 428,072 (2016: \$ 573,620).

Dividends paid or recommended

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

- Ordinary share dividends paid during the year amounted to \$242,238 (2016: \$ 180,925).

Review of operations

In commencing the financial year with liquidity exceeding 32%, increased depositor balances have increased the liquidity positions to 33.50% at December close. While this is outside the target range, in order to maintain and improve profitability, we will continue to reduce this figure. As such, we still continue to see healthy increases in secured notes uptake by 11.29% and the loan book increasing by 8.79%. We will continue to attempt to find more quality, non-construction type lending opportunities to reduce the liquidity position of the company. The company's trading position continues to be steady and has maintained reasonable trading profits compared with previous half years. The

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report For the Half Year Ended 31 December 2017

Review of operations

Directors do not expect further losses on investments or otherwise and are expecting continued steady profitability.

Significant changes in state of affairs

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

Matters or circumstances arising after the end of the year

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

Future developments and results

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

Environmental issues

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

Proceedings on behalf of company

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

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2017 has been received and can be found on page 3 of the interim financial report.

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

Director: 
John A C Nevett

Director: 
Francis D Frawley

Dated this 2nd day of March, 2018

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, during the half-year ended 31 December 2017 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.

PPT Audit Pty Ltd
PPT Audit Pty Ltd



Jason Hargreaves
Director

Signed at Ballarat, 26th day of February 2018

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Comprehensive Income For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
Revenue		
Administration Fees	9,983	8,663
Application Fees	90,144	64,833
Interest	2,168,877	2,118,358
Rental Income	49,576	52,375
	<u>2,318,580</u>	<u>2,244,229</u>
Expenses		
Accounting Fees	7,700	6,465
Advertising	31,813	19,356
Annual Leave Expense	(4,639)	(4,349)
Audit Fees	14,204	13,788
Bank Fees and Charges	3,550	3,838
Cleaning	2,607	2,518
Commission	29,135	25,990
Computer Expenses	18,293	20,584
Depreciation	9,436	7,278
Director Meeting Allowance	15,000	11,000
Equipment Hire & Maintenance	311	-
Heat, Light, Power and Utilities	3,089	3,112
Insurance	13,649	15,221
Interest Expenses	1,327,018	1,276,866
Legal Fees	11,002	4,279
Licence & Registration Fees	4,374	4,235
Long Service Leave Expense	(2,651)	2,373
Motor Vehicle Expenses	2,159	3,205
Postage	4,139	4,158
Printing and Stationery	10,764	10,245
Sponsorship	1,778	6,605
Subscriptions	6,216	2,141
Sundry Expenses	1,681	38,494
Superannuation	11,471	12,995
Telephone	3,703	3,805
Travel & Conference Expenses	5,334	5,847
Trustee Fees	55,462	40,231
Wages	140,236	154,772
	<u>1,726,834</u>	<u>1,695,052</u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Comprehensive Income For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
Operating profit before income tax	591,746	549,177
Legal recovery from CDO's previously written off as a bad debt	-	271,716
Profit for the half year before income tax	<u>591,746</u>	<u>820,893</u>
Income tax expense	15 (163,674)	(247,273)
Profit for the half year	<u><u>428,072</u></u>	<u><u>573,620</u></u>
Other comprehensive income:		
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the half year attributable to the members of the company	<u><u>428,072</u></u>	<u><u>573,620</u></u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Financial Position As At 31 December 2017

		31 December 2017	30 June 2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	8,900,957	4,468,049
Trade and other receivables	3	217,285	199,610
Investments	4	16,010,000	17,010,000
Loans secured by mortgage	5	54,336,318	49,945,321
Other assets	6	6,037	16,786
TOTAL CURRENT ASSETS		<u>79,470,597</u>	<u>71,639,766</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,264,595	1,274,031
Investment property	8	1,000,000	1,000,000
Deferred tax assets	16	24,297	31,280
Intangible assets	9	100,000	100,000
TOTAL NON-CURRENT ASSETS		<u>2,388,892</u>	<u>2,405,311</u>
TOTAL ASSETS		<u>81,859,489</u>	<u>74,045,077</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	693,819	637,330
Debentures	11	70,466,591	62,348,985
Short-term provisions	12	39,803	56,057
Current tax liabilities	16	64,355	44,351
TOTAL CURRENT LIABILITIES		<u>71,264,568</u>	<u>63,086,723</u>
NON-CURRENT LIABILITIES			
Debentures	11	3,892,404	4,468,136
Long-term provisions	12	23,302	26,837
Deferred tax liabilities	16	211,653	211,653
TOTAL NON-CURRENT LIABILITIES		<u>4,127,359</u>	<u>4,706,626</u>
TOTAL LIABILITIES		<u>75,391,927</u>	<u>67,793,349</u>
NET ASSETS		<u>6,467,562</u>	<u>6,251,728</u>
EQUITY			
Issued capital	13	1,972,973	1,942,973
Reserves	14	681,847	681,847
Retained earnings		3,812,742	3,626,908
TOTAL EQUITY		<u>6,467,562</u>	<u>6,251,728</u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Changes in Equity

For the Half Year Ended 31 December 2016

31 December 2017

	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 July 2017	1,942,973	3,626,908	681,847	6,251,728
Comprehensive income attribute to members	-	428,072	-	428,072
Shares issued during the half year	30,000	-	-	30,000
Dividends paid	-	(242,238)	-	(242,238)
Balance at 31 December 2017	<u>1,972,973</u>	<u>3,812,742</u>	<u>681,847</u>	<u>6,467,562</u>

31 December 2016

	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 July 2016	1,918,076	3,032,441	657,530	5,608,047
Comprehensive income attribute to members	-	573,620	-	573,620
Shares issued during the half year	24,897	-	-	24,897
Dividends paid	-	(180,925)	-	(180,925)
Balance at 31 December 2016	<u>1,942,973</u>	<u>3,425,136</u>	<u>657,530</u>	<u>6,025,639</u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Cash Flows For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
Note	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Interest and fees received	2,338,203	2,505,839
Interest paid	(1,309,343)	(1,280,147)
Payments to suppliers and employees	(367,904)	(377,624)
Income tax paid (net)	(136,687)	(354,919)
Net cash provided by operating activities	18(a) <u>524,269</u>	<u>493,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(3,080)
Net movement in secured loans	(4,390,997)	642,706
Net cash provided by investing activities	<u>(4,390,997)</u>	<u>639,626</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(242,238)	(180,925)
Net movement in debentures	7,541,874	3,836,435
Net cash provided by (used in) financing activities	<u>7,299,636</u>	<u>3,655,510</u>
Net increase in cash and cash equivalents held	3,432,908	4,788,285
Cash and cash equivalents at beginning of year	21,478,049	15,176,805
Cash and cash equivalents at end of financial year	18(b) <u><u>24,910,957</u></u>	<u><u>19,965,090</u></u>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

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 year reporting period ending 31 December 2017 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 2016, 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.

(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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

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.

(e) Financial instruments

Initial recognition and measurement

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

Derecognition

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

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

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 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 less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2% straight-line
Plant and Equipment - Computer Software	25% straight-line
Plant and Equipment - All Other	10-50% diminishing value

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

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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 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 31 December 2017 and 31 December 2016.

(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

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

(k) Revenue and other income 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) Valuation of investments

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

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

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

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

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

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

(m) 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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

(n) Comparative figures

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

(o) 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.

(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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

2 Cash and Cash Equivalents

	31 December 2017	30 June 2017
	\$	\$
Cash at bank and in hand	8,900,957	4,468,049

(a) Reconciliation of cash

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

	Note		
Cash and cash equivalents	2	8,900,957	4,468,049
Investments	4	16,010,000	17,010,000
Balance as per statement of cash flows		<u>24,910,957</u>	<u>21,478,049</u>

3 Receivables

CURRENT			
Accrued interest on investments		56,474	58,048
Accrued interest on loans		160,811	141,562
		<u>217,285</u>	<u>199,610</u>

4 Investments

Held-to-maturity financial assets		16,010,000	17,010,000
		<u>16,010,000</u>	<u>17,010,000</u>
Total current investments		16,010,000	17,010,000
Total non-current investments		-	-
Total investments		<u>16,010,000</u>	<u>17,010,000</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

4 Investments

	31 December 2017	30 June 2017
	\$	\$
CURRENT		
Short Term Deposits - Banks/ADIs		
Less than 3 months to maturity	16,010,000	17,010,000
Total current investments	<u>16,010,000</u>	<u>17,010,000</u>

5 Loans Secured by Mortgage

Loans secured by mortgage	54,336,318	49,945,321
Less: Provision for doubtful debts	-	-
	<u>54,336,318</u>	<u>49,945,321</u>

The loans above can be divided into the following segments:

Residential	29,392,197	28,633,326
Rural	4,237,689	3,612,913
Commercial	6,214,916	5,607,267
Industrial	1,607,971	1,990,386
Specialised Accommodation	2,893,523	1,681,533
Construction/Development	9,990,022	8,419,896
Total	<u>54,336,318</u>	<u>49,945,321</u>

The entity holds security over the loans to the value of \$114,307,469 (30 June 2017: \$104,622,067).

6 Other Assets

CURRENT		
Prepayments	<u>6,037</u>	<u>16,786</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

7 Property, Plant and Equipment

	31 December 2017	30 June 2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	860,000	860,000
Building		
At independent valuation	390,000	390,000
Accumulated depreciation	(4,915)	-
Total buildings	385,085	390,000
Total land and buildings	1,245,085	1,250,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	259,634	259,634
Accumulated depreciation	(240,124)	(235,603)
Total plant and equipment	19,510	24,031
Total property, plant and equipment	1,264,595	1,274,031

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 15 June 2017 and applied effective 30 June 2017.

(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 year:

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at 31 December 2017				
Balance at the beginning of half year	860,000	390,000	24,031	1,274,031
Depreciation expense	-	(4,915)	(4,521)	(9,436)
Balance at 31 December 2017	860,000	385,085	19,510	1,264,595
Balance at 30 June 2017				
Balance at the beginning of year	860,000	390,000	15,459	1,265,459
Additions	-	-	15,490	15,490
Disposals - written down value	-	-	(109)	(109)
Revaluation increment	-	9,750	-	9,750
Depreciation expense	-	(9,750)	(6,809)	(16,559)
Balance at 30 June 2017	860,000	390,000	24,031	1,274,031

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

7 Property, Plant and Equipment

(b) Historical Cost

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

	31 December 2017	30 June 2017
	\$	\$
Land at cost	250,000	250,000
Buildings at cost	266,215	266,215
Accumulated depreciation	(99,384)	(94,060)
Net book value	416,831	422,155

8 Investment Property

Balance at beginning of year	1,000,000	1,000,000
Fair value adjustments	-	-
Balance at end of year	1,000,000	1,000,000

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 Alan J Hives, Dip Ag Sci, FAPI on 15 June 2017 and applied effective 30 June 2017.

9 Intangible Assets

Goodwill		
Contributory mortgage practice	100,000	100,000
Less accumulated amortisation	-	-
	100,000	100,000

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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

10 Trade and Other Payables

	31 December 2017	30 June 2017
	\$	\$
CURRENT		
Unsecured liabilities		
Accrued interest on deposits	669,200	606,955
Sundry payables and accrued expenses	24,619	30,375
	<u>693,819</u>	<u>637,330</u>

11 Debentures

CURRENT		
At Call	10,321,097	15,636,648
Not longer than 3 months	17,829,386	15,391,440
Longer than 3 and not longer than 12 months	42,316,108	31,320,897
	<u>70,466,591</u>	<u>62,348,985</u>
NON-CURRENT		
Longer than 12 and not longer than 24 months	3,892,404	4,468,136
	<u>74,358,995</u>	<u>66,817,121</u>

12 Provisions

CURRENT		
Provision for annual leave	10,448	15,086
Provision for long service leave	11,855	10,971
Other provisions	17,500	30,000
	<u>39,803</u>	<u>56,057</u>
NON-CURRENT		
Provision for long service leave	23,302	26,837
	<u>23,302</u>	<u>26,837</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

13 Issued Capital

	31 December 2017	30 June 2017
Ordinary - fully paid	\$ 1,972,973	\$ 1,942,973
(a) Ordinary shares		
	No.	No.
At the beginning of the reporting period	102,629	102,175
Shares issued during the year	492	454
At the end of the reporting period	103,121	102,629

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.

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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

15 Income Tax Expense

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

	31 December 2017	31 December 2016
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5 (2016: 30%)	162,730	246,268
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	944	1,005
Income tax expense	<u>163,674</u>	<u>247,273</u>

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

Current tax expense		
Current period tax liability	156,691	246,524
Deferred tax expense		
Net movement in deferred tax asset	6,983	749
Total income tax expense	<u>163,674</u>	<u>247,273</u>

16 Tax

(a) Current Tax Liability

	31 December 2017	30 June 2017
	\$	\$
Income tax payable	<u>64,355</u>	<u>44,351</u>

(b) Recognised deferred tax assets

Expenses not tax deductible until paid	11,756	14,546
Taxable temporary differences	12,541	16,734
	<u>24,297</u>	<u>31,280</u>

(c) Recognised deferred tax liabilities

Deferred tax liability - asset revaluation	<u>211,653</u>	<u>211,653</u>
--	----------------	----------------

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

17 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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

17 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 2017				
Recurring fair value measurements				
Property, plant and equipment - land and buildings	-	1,245,085	-	1,245,085
Investment property	-	1,000,000	-	1,000,000

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 20 June 2017 and applied effective 30 June 2017.

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

ABN 35 058 071 631

Notes to the Financial Statements For the Half Year Ended 31 December 2017

18 Cash Flow Information

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

	31 December 2017	31 December 2016
	\$	\$
Profit for the half year	428,072	573,620
Cash flows excluded from profit attributable to operating activities:		
Non-cash flows in profit:		
- depreciation	9,436	7,278
- non-cash remuneration	30,000	24,897
Changes in assets and liabilities:		
- (increase)/decrease in interest receivable	(17,675)	(10,106)
- (increase)/decrease in prepayments	10,749	10,423
- (increase)/decrease in deferred tax receivable	6,983	749
- increase/(decrease) in trade and other payables	56,490	(5,061)
- increase/(decrease) in income taxes payable	20,004	(108,395)
- increase/(decrease) in interest payable	-	(3,280)
- increase/(decrease) in employee benefits	(19,790)	3,024
Cashflow from operations	<u>524,269</u>	<u>493,149</u>

(b) Reconciliation of cash

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

Cash and cash equivalents	2	8,900,957	4,955,090
Investments	4	<u>16,010,000</u>	<u>15,010,000</u>
		<u>24,910,957</u>	<u>19,965,090</u>

19 Company Details

The registered office of and principal place of business of the company is:
Central Victorian Investments Ltd
41 Lydiard Street South
Ballarat Vic 3350

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director
John A C Nevett

Director
Francis D Frawley

Dated this 2nd day of March, 2018

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 2017, 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 2017 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 audit, 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 2017 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*.

PPT Audit Pty Ltd
PPT Audit Pty Ltd



Jason Hargreaves
Director

Signed at Ballarat, 2nd day of March 2018