

Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements

For the Year Ended 30 June 2021

Central Victorian Investments Ltd

ABN 35 058 071 631

Contents

For the Year Ended 30 June 2021

	Page
Financial Statements	
Directors' Report	1 - 4
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Comprehensive Income	6 - 7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 35
Directors' Declaration	36
Independent Auditor's Report	37 - 38

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report

For the Year Ended 30 June 2021

Your directors present their report on Central Victorian Investments Ltd for the financial year ended 30 June 2021.

Directors

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

Francis Damien Frawley

Peter Alexander Bain

Peter John Catramados

David Peter Draper

Mark Andrew Harrison Bain

Dominic Peter Dunne

Directors have been in office since the start of the financial 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 financial 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 financial 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 financial year.

Operating results

The profit of the Company after providing for income tax amounted to \$537,240 (2020: \$1,059,895).

Dividends paid or recommended

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

- Ordinary share dividends paid during the year amounted to \$385,461 (2020: \$378,808).

Review of operations

Overall the trading position is profitable, however economic conditions and market conditions due to COVID-19 have impacted the result when compared to the prior year. The liquidity position remains above the board's targeted range at 30 June 2021 with depositor funds increasing by 9.98% over the prior year's balance. Overall the board has taken a conservative approach to loan approvals. We will continue to attempt to find more quality, non-construction type lending opportunities to reduce the liquidity position of the company. The directors do not expect any losses on investments and are expecting increased profitability.

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report

For the Year Ended 30 June 2021

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no other matters or circumstances have arisen since the end of the financial 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.

Information on directors

Francis Damien Frawley	First appointed as a director in 1993. A practising 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.
Peter Alexander Bain	First appointed as a director in 1999. A former practising solicitor who retired 30 June 2012. Vice Chairman of Geelong Tryboys Brigade. Life Governor of Vision Australia Foundation. Ownership interest of 16,967 shares in Central Victorian Investments Ltd.
Peter John Catramados	First appointed as a director in 2015. A Fellow of the Mortgage and Finance Association of Australia (MFAA) and an Accredited Mortgage Consultant. 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.
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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report

For the Year Ended 30 June 2021

Information on directors

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 25 years.

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 Central Victorian Investments Ltd.

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:

	Directors' Meetings	
	Number eligible to attend	Number attended
Francis Damien Frawley	12	12
Peter Alexander Bain	12	3
Peter John Catramados	12	12
David Peter Draper	12	10
Mark Bain	12	11
Dominic Dunne	12	12

Indemnification and insurance of officers and auditors

During the financial year the Company has paid premiums to insure each of the directors and holders of proper authorities (but not the auditor of the Company) against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$18,333 (2020: \$16,250) for each director.

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Central Victorian Investments Ltd

ABN 35 058 071 631

Directors' Report

For the Year Ended 30 June 2021

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 30 June 2021 has been received and can be found on page 5 of the financial report.

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

Director:

Francis Damien Frawley

Director:

Dominic Peter Dunne

Dated 6 August 2021

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 2021 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

A handwritten signature in blue ink, appearing to be "JH", written over the printed name of the signatory.

Jason Hargreaves
Director

Signed at Ballarat, 30th July 2021

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Comprehensive Income**For the Year Ended 30 June 2021**

	2021	2020
Note	\$	\$
Revenue		
Administration Fees	25,658	27,473
Application Fees	283,363	216,179
Interest	4,233,695	5,558,726
Rental Income	105,211	103,727
Other Income	50,578	36,716
	4,698,505	5,942,821
Expenses		
Accounting Fees	15,001	14,389
Advertising & Promotions	30,977	35,024
Annual Leave	5,669	3,839
Audit Fees	33,000	30,624
Bank Fees and Charges	7,130	7,758
Cleaning	5,368	5,367
Commission	82,666	105,066
Computer Expenses	40,357	38,506
Depreciation	24,156	31,487
Director Meeting Allowance	-	26,000
Fringe Benefits Tax	2,700	3,587
Heat, Light, Power & Utilities	5,377	5,377
Insurance	118,134	77,613
Interest	2,833,805	3,350,321
Land Tax	3,991	3,987
Legal Fees	3,387	2,378
Licence & Registration Fees	7,089	7,138
Long Service Leave	7,365	6,658
Motor Vehicle Expenses	3,866	4,214
Office Repairs	911	1,984
Postage	7,564	8,844
Printing and Stationery	10,829	14,164
Sponsorships	8,618	4,690
Superannuation	44,044	36,298
Subscriptions	9,287	8,380
Sundry Expenses	214	682
Telephone	4,627	4,320
Travel & Conference Expenses	13,011	12,879
Trustee Fees	155,003	157,593
Valuation Fees	(605)	2,420
Wages	500,577	429,140
	3,984,118	4,440,727

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Comprehensive Income

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Operating profit before income tax	714,387	1,502,094
Loss on disposal of plant and equipment	-	(203)
Net gain / (loss) on revaluation of investment property	-	(50,000)
	<hr/>	<hr/>
Profit before income tax	714,387	1,451,891
Income Tax Expense	17 (177,147)	(391,996)
	<hr/>	<hr/>
Profit for the year	537,240	1,059,895
	<hr/>	<hr/>
Other Comprehensive Income, net of tax		
Net gain on revaluation of land and buildings	17 -	(61,140)
	<hr/>	<hr/>
Total comprehensive income attributable to: Owners of the Company	537,240	998,755
	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Financial Position**As At 30 June 2021**

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	19,653,168	10,031,731
Receivables	3	193,723	226,703
Investments	4	21,010,000	22,010,000
Loans secured by mortgage	5	65,871,139	65,308,136
Other assets	6	85,680	72,465
TOTAL CURRENT ASSETS		106,813,710	97,649,035
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,204,623	1,228,779
Investment property	8	970,000	970,000
Deferred tax assets	18	33,964	32,384
Intangible assets	9	100,000	100,000
TOTAL NON-CURRENT ASSETS		2,308,587	2,331,163
TOTAL ASSETS		109,122,297	99,980,198
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	674,262	736,624
Current debentures	11	83,506,659	80,498,321
Short-term provisions	12	82,735	47,312
Current tax liabilities	18	63,608	75,085
TOTAL CURRENT LIABILITIES		84,327,264	81,357,342
NON-CURRENT LIABILITIES			
Non-current debentures	11	15,861,805	9,851,617
Long-term provisions	12	4,849	28,998
Deferred tax liabilities	18	181,996	192,495
TOTAL NON-CURRENT LIABILITIES		16,048,650	10,073,110
TOTAL LIABILITIES		100,375,914	91,430,452
NET ASSETS		8,746,383	8,549,746
EQUITY			
Issued capital	13	2,527,922	2,492,963
Reserves	14	662,988	653,089
Retained Earnings		5,555,473	5,403,694
TOTAL EQUITY		8,746,383	8,549,746

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 068 071 631

Statement of Changes in Equity
For the Year Ended 30 June 2021

2021

	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2020		2,492,963	5,403,694	653,089	8,549,746
Comprehensive income attributable to members		-	537,240	-	537,240
Shares issued during the year	13	34,959	-	-	34,959
Effect on revaluation reserve from change in tax rate		-	-	9,899	9,899
Dividends paid	19	-	(385,461)	-	(385,461)
Balance at 30 June 2021		2,527,922	5,555,473	662,988	8,746,383

2020

	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2019		2,157,982	4,722,607	714,229	7,594,818
Comprehensive income attributable to members		-	1,059,895	(61,140)	998,755
Shares issued during the year	13	334,981	-	-	334,981
Dividends paid	19	-	(378,808)	-	(378,808)
Balance at 30 June 2020		2,492,963	5,403,694	653,089	8,549,746

The accompanying notes form part of these financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Statement of Cash Flows

For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Interest and fees received	4,731,485	6,019,862
Interest paid	(2,899,047)	(3,452,115)
Payments to suppliers and employees	(1,090,259)	(1,050,441)
Income tax paid	(190,804)	(435,238)
Net cash provided by operating activities	24 <u>551,375</u>	<u>1,082,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(6,710)
Net movement in secured loans	(563,003)	4,042,300
Net cash provided by / (used in) investing activities	<u>(563,003)</u>	<u>4,035,590</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(385,461)	(378,808)
Net movement in deposits	9,018,526	1,709,003
Proceeds from issue of share capital	-	300,007
Net cash provided by financing activities	<u>8,633,065</u>	<u>1,630,202</u>
Net increase / (decrease) in cash and cash equivalents held	8,621,437	6,747,860
Cash and cash equivalents at beginning of year	<u>32,041,731</u>	<u>25,293,871</u>
Cash and cash equivalents at end of financial year	2(a) <u><u>40,663,168</u></u>	<u><u>32,041,731</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 Year Ended 30 June 2021

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 06 August 2021.

1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 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 30 days of service by the mortgagee of written demand.

(d) Provision for doubtful loans

Under AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* the company is prohibited from recognising a provision for future operating losses that have been construed as a general provision. The company has assessed loans in arrears and no specific provision was deemed to be necessary.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(e) Financial instruments

Classification

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

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income

Debt instruments

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

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

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

The Company's debt instruments assets measured at FVOCI - debt are comprised of loans secured by mortgage in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(e) Financial instruments

Impairment of financial assets

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

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

When determining whether the credit risk of a financial 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(e) Financial instruments

Trade receivables and contract assets

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

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

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

Other financial assets measured at amortised cost

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

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Plant and equipment

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

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

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

Depreciation

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

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

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) 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 30 June 2021 or 30 June 2020.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(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, 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

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

(n) Goods and services tax (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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies

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

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Cash and Cash Equivalents

	2021	2020
Note	\$	\$
Cash at bank and in hand	<u>19,653,168</u>	<u>10,031,731</u>

(a) 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	<u>19,653,168</u>	10,031,731
Investments	4	<u>21,010,000</u>	<u>22,010,000</u>
Balance as per statement of cash flows		<u>40,663,168</u>	<u>32,041,731</u>

3 Receivables

Accrued interest on investments	<u>9,271</u>	41,344
Accrued interest on loans	<u>184,452</u>	<u>185,359</u>
	<u>193,723</u>	<u>226,703</u>

4 Investments

Held-to-maturity financial assets	<u>21,010,000</u>	<u>22,010,000</u>
Total current investments	<u>21,010,000</u>	<u>22,010,000</u>
CURRENT		
<i>Short Term Deposits - Banks/ADIs</i>		
Less than 3 months to maturity	<u>21,010,000</u>	<u>22,010,000</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Loans Secured by Mortgage

	2021	2020
	\$	\$
Loans secured by mortgage	65,871,139	65,308,136
Less: Provision for expected credit losses	-	-
	<u>65,871,139</u>	<u>65,308,136</u>

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:

Residential	42,631,225	46,384,493
Rural	3,441,609	2,388,178
Commercial	4,413,242	4,086,986
Subdivisional land	3,274,764	2,635,587
Industrial	1,465,110	2,065,351
Specialised accommodation	3,930,957	3,901,547
Construction/Development	6,714,232	3,845,994
Total	<u>65,871,139</u>	<u>65,308,136</u>

The entity holds security over the loans to the value of \$157,805,080 (2020: \$145,264,165).

6 Other Assets

Prepayments	<u>85,680</u>	<u>72,465</u>
-------------	---------------	---------------

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Property, Plant and Equipment

	2021	2020
	\$	\$
<i>LAND AND BUILDINGS</i>		
Freehold land		
At fair value (June 2020)	<u>835,000</u>	835,000
Buildings		
At fair value (June 2020)	345,000	345,000
Accumulated depreciation	<u>(8,625)</u>	-
Total buildings	<u>336,375</u>	345,000
Total land and buildings	<u>1,171,375</u>	1,180,000
<i>PLANT AND EQUIPMENT</i>		
Plant and equipment		
At cost	281,837	281,837
Accumulated depreciation	<u>(248,589)</u>	(233,058)
Total plant and equipment	<u>33,248</u>	48,779
Total property, plant and equipment	<u>1,204,623</u>	1,228,779

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Property, Plant and Equipment

(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 1 July 2020				
Balance at the beginning of year	835,000	345,000	48,779	1,228,779
Depreciation expense	-	(8,625)	(15,531)	(24,156)
Balance at 30 June 2021	<u>835,000</u>	<u>336,375</u>	<u>33,248</u>	<u>1,204,623</u>
Balance at 1 July 2019				
Balance at the beginning of year	861,000	413,806	63,284	1,338,090
Additions	-	-	6,710	6,710
Disposals - written down value	-	-	(203)	(203)
Revaluation decrement	(26,000)	(58,331)	-	(84,331)
Depreciation expense	-	(10,475)	(21,012)	(31,487)
Balance at 30 June 2020	<u>835,000</u>	<u>345,000</u>	<u>48,779</u>	<u>1,228,779</u>

(b) Historical Cost

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

	2021 \$	2020 \$
Land at cost	250,000	250,000
Buildings at cost	266,215	266,215
Accumulated depreciation	(115,357)	(110,033)
Net book value	<u>400,858</u>	<u>406,182</u>

8 Investment Property

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

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

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Intangible Assets

	2021	2020
	\$	\$
Goodwill		
Contributory mortgage practice	100,000	100,000
Less accumulated amortisation	-	-
	<u>100,000</u>	<u>100,000</u>

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

10 Trade and Other Payables

CURRENT

Unsecured liabilities

Accrued interest on deposits	632,246	697,488
Sundry payables and accrued expenses	42,016	39,136
	<u>674,262</u>	<u>736,624</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Debentures

	2021	2020
	\$	\$
CURRENT		
Not longer than 3 months	35,724,748	36,967,565
Longer than 3 and not longer than 12 months	47,781,911	43,530,756
	<u>83,506,659</u>	<u>80,498,321</u>
NON-CURRENT		
Longer than 12 and not longer than 24 months	15,861,805	9,851,617
	<u>99,368,464</u>	<u>90,349,938</u>

12 Provisions**Analysis of total provisions**

Current	82,735	47,312
Non-current	4,849	28,998
	<u>87,584</u>	<u>76,310</u>

CURRENT

Provision for annual leave	25,233	19,564
Provision for long service leave	44,262	12,748
Other provisions	13,240	15,000
	<u>82,735</u>	<u>47,312</u>

NON-CURRENT

Provision for long service leave	4,849	28,998
----------------------------------	-------	--------

13 Issued Capital

Ordinary - fully paid	<u>2,527,922</u>	<u>2,492,963</u>
-----------------------	------------------	------------------

(a) Ordinary shares

	2021	2020
	No.	No.
At the beginning of the reporting period	108,662	105,208
Shares issued during the year	340	3,454
At the end of the reporting period	<u>109,002</u>	<u>108,662</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Issued Capital

(a) Ordinary shares

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.

(b) 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 2021. 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:

	2021	2020
	\$	\$
Total net assets per financial statements	8,746,383	8,549,746
Exclude:		
Deferred tax asset	33,964	32,384
Goodwill	100,000	100,000
Total tangible net assets	8,612,419	8,417,362

14 Reserves

Asset Revaluation Reserve

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Contingent Assets & Liabilities

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

16 Financial Risk Management

The main risks Central Victorian Investments Ltd is exposed to through its financial instruments 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	2021 \$	2020 \$
Financial Assets			
Cash and cash equivalents	2	19,653,168	10,031,731
Investments	4	21,010,000	22,010,000
Loans secured by mortgage	5	65,871,139	65,308,136
Total financial assets		106,534,307	97,349,867
Financial Liabilities			
Debentures	11	99,368,464	90,349,938
Total financial liabilities		99,368,464	90,349,938

Cash and cash equivalents and investments 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Financial Risk Management

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 balances of loans secured by mortgage that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due but not impaired (days overdue)		
		31-60 \$	61-90 \$	> 90 \$
2021				
Loans secured by mortgage	65,871,139	-	-	-
Provision for impairment	-	-	-	-
Total	<u>65,871,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
2020				
Loans secured by mortgage	65,308,136	-	524,973	-
Provision for impairment	-	-	-	-
Total	<u>65,308,136</u>	<u>-</u>	<u>524,973</u>	<u>-</u>

Impairment losses

A provision for impairment is recognised when there is objective evidence that an individual loan is impaired. The Company has assessed that it has no impaired loans as at 30 June 2021.

The Company holds first mortgage collateral security over all mortgages.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Financial Risk Management

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.

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Financial Risk Management

(c) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	0.15	0.21	19,653,168	10,031,731	-	-	-	-	19,653,168	10,031,731
Investments	0.27	1.11	-	-	21,010,000	22,010,000	-	-	21,010,000	22,010,000
Loans secured by mortgage	6.92	6.88	65,871,139	65,308,136	-	-	-	-	65,871,139	65,308,136
Total Financial Assets			85,524,307	75,339,867	21,010,000	22,010,000	-	-	106,534,307	97,349,867
Financial Liabilities:										
Debentures	2.85	3.35	-	16,545,815	83,506,659	63,952,506	15,861,805	9,851,617	99,368,464	90,349,938
Total Financial Liabilities			-	16,545,815	83,506,659	63,952,506	15,861,805	9,851,617	99,368,464	90,349,938

Notes to the Financial Statements

For the Year Ended 30 June 2021

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:

	2021	2020
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.50%)	185,741	399,271
Tax effect of:		
- non-deductible depreciation	3,390	2,781
- other non-assessable income	(13,150)	(10,056)
- effect of corporate rate change on deferred tax liability	(600)	-
- effect of corporate rate change on deferred tax assets	1,766	-
Income tax expense	<u>177,147</u>	<u>391,996</u>

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

	2021			2020		
	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	-	-	-	(84,331)	23,191	(61,140)

(c) The components of tax expense comprise:

Current tax expense		
Current period tax liability	179,328	408,671
Deferred tax expense		
Net movement in deferred tax asset	(3,347)	(2,925)
Net movement in deferred tax liability	1,166	(13,750)
Total income tax expense	<u>177,147</u>	<u>391,996</u>

18 Tax

(a) Current Tax Liability

Income tax payable	<u>63,608</u>	<u>75,085</u>
--------------------	---------------	---------------

(b) Recognised deferred tax assets

Expenses not tax deductible until paid	19,329	15,523
Temporary timing differences	14,635	16,861
	<u>33,964</u>	<u>32,384</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

18 Tax

(c) Recognised deferred tax liabilities

	2021	2020
	\$	\$
Deferred tax liability - asset revaluation	<u>181,996</u>	<u>192,495</u>

19 Dividends and Franking Account Balance

The following dividends were declared and paid:

Interim franked ordinary dividend of 1.77 (2020: 1.77) dollars per share

192,731 186,679

Final franked ordinary dividend of 1.77 (2020: 1.77) dollars per share

192,730 192,129

Total

385,461 378,808

Franked dividends declared or paid during the year were franked at the tax rate of 26%.

Franking account

The franking credits available for subsequent financial years at a tax rate of 26% (2020: 27.50%)

2,304,165 2,248,792

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

20 Interests of Key Management Personnel

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

Short-term employee benefits	160,644	159,904
Post-employment benefits	<u>12,103</u>	<u>11,866</u>
	<u>172,747</u>	<u>171,770</u>

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of Central Victorian Investments Ltd's key management personnel for the year ended 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 2021 and 30 June 2020.
- (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 \$42,230 (2020: \$39,590) 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.

22 Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial statements -		
Countpro Audit	<u>30,553</u>	<u>29,250</u>

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
30 June 2021	\$	\$	\$	\$
Property, plant and equipment - land and buildings	-	1,180,000	-	1,180,000
Investment property	-	970,000	-	970,000

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

23 Fair Value Measurement

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

Level 2 measurements

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

Highest and best use

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

24 Cash Flow Information

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

	2021	2020
	\$	\$
Profit for the year	537,240	1,059,895
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	24,156	31,487
- loss on disposal of property, plant and equipment	-	203
- gain/(loss) on revaluation of investment property	-	50,000
- share options expensed	34,959	34,975
Changes in assets and liabilities:		
- (increase)/decrease in receivables	32,980	77,041
- (increase)/decrease in prepayments	(13,215)	(35,450)
- (increase)/decrease in deferred tax receivable	(2,180)	(2,926)
- increase/(decrease) in trade and other payables	2,880	(1,545)
- increase/(decrease) in income taxes payable	(11,477)	(26,566)
- increase/(decrease) in deferred taxes payable	-	(13,750)
- increase/(decrease) in interest payable	(65,242)	(101,794)
- increase/(decrease) in employee benefits	11,274	10,498
Cashflow from operations	<u>551,375</u>	<u>1,082,068</u>

Central Victorian Investments Ltd

ABN 35 058 071 631

Notes to the Financial Statements

For the Year Ended 30 June 2021

25 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 financial statements and notes, as set out on pages 6-35, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
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 
.....
Francis Damien Frawley

Director 
.....
Dominic Peter Dunne

Dated 6 August 2021

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 2021, 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 2021 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 intends 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.

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

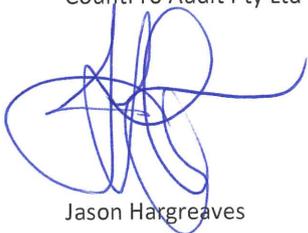
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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

A handwritten signature in blue ink, appearing to read "Jason Hargreaves", is written over a circular stamp or seal.

Jason Hargreaves
Director

Signed at Ballarat, 9th August 2021