

# **Central Victorian Investments Ltd**

ABN 35 058 071 631

## **Financial Statements**

For the Half Year Ended 31 December 2014

# Central Victorian Investments Ltd

ABN 35 058 071 631

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For the Half Year Ended 31 December 2014

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## Central Victorian Investments Ltd

ABN 35 058 071 631

### Directors' Report

For the Half Year Ended 31 December 2014

Your directors present their report on Central Victorian Investments Ltd for the half year ended 31 December 2014.

#### Directors

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

Darrell John Fraser (Resigned 19/12/2014)

John Arthur Cameron Nevett

Francis Damien Frawley

Peter Alexander Bain

#### Company secretary

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

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

#### Principal activities

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

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

#### Operating results

The profit of the Company for the half year after providing for income tax amounted to \$ 300,639 (2013: \$ 264,735).

#### Dividends paid or recommended

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

- Ordinary share dividends paid during the half year amounted to \$120,000 (2013: \$ 120,000).

#### Review of operations

The Company has recovered well from the effects of the global financial crisis and more recent industry events. Debenture levels have increased by 4.59% since previously reported at 30 June 2014 and liquidity has remained comfortably in excess of the Company's target liquidity. With this in mind, and whilst maintaining a strong liquidity level in these less certain times, the loan book has been continually managed and loan approvals are in place to help reduce the liquidity percentage over time. Consequently, the loan book has increased by 2.41% over the same period and liquidity actually grew from 33.48% to 35.07% since 30 June 2014. The company's trading position has been very steady and reported profit is in line with earlier predictions. The directors do not expect further losses on investments or otherwise and are expecting continued steady profitability.

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Directors' Report**

**For the Half Year Ended 31 December 2014**

**Significant changes in state of affairs**

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

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

On 26 February, 2015, the Company raised additional working capital of \$1,541,961 through the issue of 33,934 ordinary shares.

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

**Future developments and results**

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

**Environmental issues**

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

**Proceedings on behalf of company**


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


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

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2014 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 27 February 2015



**Auditor Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Central Victorian Investments Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 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

A handwritten signature in black ink, appearing to be 'JH', written over a horizontal line.

Jason Hargreaves  
Director

Signed at Ballarat, 26<sup>th</sup> day of February 2015

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Statement of Comprehensive Income**

For the Half Year Ended 31 December 2014

	31 December 2014	31 December 2013
Note	\$	\$
<b>Revenue</b>		
Administration Fees	9,075	9,570
Application Fees	78,886	44,023
Commissions	6,267	9,455
Interest	2,176,415	2,429,798
Rental Income	37,000	23,341
	<u>2,307,643</u>	<u>2,516,187</u>
<b>Expenses</b>		
Accounting Fees	3,476	3,465
Advertising & Promotions	21,430	19,895
Annual Leave	2,213	(4,268)
Audit Fees	9,900	8,800
Bank Fees and Charges	3,642	3,585
Cleaning	2,620	191
Commission	42,333	51,015
Computer Expenses	21,221	14,072
Depreciation	5,887	11,957
Equipment Hire & Maintenance	1,594	1,781
Heat, Light, Power & Utilities	5,994	11,141
Insurance	15,468	11,837
Interest expense	1,543,708	1,831,389
Legal Fees	(2,742)	463
Licence & Registration Fees	2,146	1,187
Long Service Leave	2,507	1,713
Management Fees	-	4,400
Motor Vehicle Expenses	3,492	2,806
Office Repairs	18,310	1,002
Postage	3,788	2,415
Printing and Stationery	11,965	4,590
Sponsorships	805	4,680
Superannuation	9,940	10,218
Subscriptions	2,485	8,331
Telephone	5,540	3,792
Travel & Conference Expenses	2,090	3,546
Trustee Fees	14,575	12,980
Valuation Fees	1,034	-
Wages	111,853	110,061
Assets Written Off	10,278	-
	<u>1,877,552</u>	<u>2,137,044</u>
<b>Profit before income tax</b>	430,091	379,143
Income Tax Expense	16 (129,452)	(114,408)
<b>Profit for the half year</b>	<u>300,639</u>	<u>264,735</u>
<b>Other comprehensive income:</b>		
<b>Total comprehensive income for the half year attributable to the members of the company</b>	<u>300,639</u>	<u>264,735</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 2014

		31 December	30 June
		2014	2014
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	7,630,261	3,656,662
Receivables	3	201,869	192,034
Investments	4	15,010,000	17,010,000
Loans secured by mortgage	5	43,529,463	42,504,310
Other assets	6	5,698	18,775
<b>TOTAL CURRENT ASSETS</b>		<b>66,377,291</b>	<b>63,381,781</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,040,764	1,053,238
Investment property	8	930,000	930,000
Deferred tax assets	17	22,684	16,158
Intangible assets	9	100,000	100,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,093,448</b>	<b>2,099,396</b>
<b>TOTAL ASSETS</b>		<b>68,470,739</b>	<b>65,481,177</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	618,188	668,624
Debentures	11	59,529,190	58,731,739
Short-term provisions	12	20,995	18,261
Current tax liabilities	17	67,929	43,900
<b>TOTAL CURRENT LIABILITIES</b>		<b>60,236,302</b>	<b>59,462,524</b>
<b>NON-CURRENT LIABILITIES</b>			
Debentures	11	5,022,711	2,989,552
Long-term provisions	12	18,886	16,900
Deferred tax liabilities	17	135,150	135,150
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,176,747</b>	<b>3,141,602</b>
<b>TOTAL LIABILITIES</b>		<b>65,413,049</b>	<b>62,604,126</b>
<b>NET ASSETS</b>		<b>3,057,690</b>	<b>2,877,051</b>
<b>EQUITY</b>			
Issued capital	13	358,890	358,890
Reserves	14	489,950	489,950
Retained Earnings		2,208,850	2,028,211
<b>TOTAL EQUITY</b>		<b>3,057,690</b>	<b>2,877,051</b>

The accompanying notes form part of these financial statements.

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Statement of Changes in Equity**  
For the Half Year Ended 31 December 2014

31 December 2014

	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	358,890	2,028,211	489,950	2,877,051
Comprehensive income attributable to members	-	300,639	-	300,639
Dividends paid	-	(120,000)	-	(120,000)
Balance at 31 December 2014	<u>358,890</u>	<u>2,208,850</u>	<u>489,950</u>	<u>3,057,690</u>

31 December 2013

	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2013	358,890	1,769,674	483,605	2,612,169
Comprehensive income attributable to members	-	264,735	-	264,735
Dividends paid	-	(120,000)	-	(120,000)
Balance at 31 December 2013	<u>358,890</u>	<u>1,914,409</u>	<u>483,605</u>	<u>2,756,904</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 2014

	31 December 2014	31 December 2013
Note	\$	\$
<b>CASH FROM OPERATING ACTIVITIES:</b>		
Interest and fees received	2,297,808	2,539,708
Interest paid	(1,600,570)	(2,202,175)
Payments to suppliers and employees	(293,456)	(303,133)
Income tax paid (net)	(111,949)	(125,904)
Net cash provided by (used in) operating activities	19(a) <u>291,833</u>	<u>(91,504)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(3,691)	(1,145)
Net movement in secured loans	(1,025,153)	3,591,548
Net cash provided by investing activities	<u>(1,028,844)</u>	<u>3,590,403</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(120,000)	(120,000)
Net movement in debentures	2,830,610	(3,605,138)
Net cash used by financing activities	<u>2,710,610</u>	<u>(3,725,138)</u>
Net increase (decrease) in cash and cash equivalents held	1,973,599	(226,239)
Cash and cash equivalents at beginning of year	20,666,662	18,018,757
Cash and cash equivalents at end of the half year	19(b) <u>22,640,261</u>	<u>17,792,518</u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

### 1 Summary of Significant Accounting Policies

#### Basis of preparation

This general purpose interim financial report for the half year reporting period ending 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Central Victorian Investments Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Central Victorian Investments Ltd. This financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of Central Victorian Investments Ltd for the year ended 30 June 2014, together with any public announcements made during the half year.

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

#### (a) Income tax

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

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

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

Current and deferred income tax expense (income) is charged or credited 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 interim financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

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

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

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

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

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

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

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

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

#### (c) Loans secured by mortgage

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

#### (d) Provision for doubtful loans

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

#### (e) Financial instruments

##### *Initial recognition and measurement*

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

##### *Derecognition*

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

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

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

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

##### Property

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

Freehold land and buildings recognised in the statement of financial position under property, plant and equipment represents the land 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. 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 each reporting period.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

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

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 half years ended 31 December 2014 and 31 December 2013.

#### (i) Trade and other payables

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

#### (j) Employee benefits

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

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

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

#### (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.

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

#### (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.

#### (n) Comparative figures

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

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

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

#### (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 2014**

**2 Cash and Cash Equivalents**

	31 December 2014	30 June 2014
	\$	\$
Cash at bank and in hand	<u>7,630,261</u>	<u>3,656,662</u>

**3 Receivables**

CURRENT		
Accrued interest on investments	45,284	46,194
Accrued interest on loans	<u>156,585</u>	<u>145,840</u>
	<u>201,869</u>	<u>192,034</u>

**4 Investments**

Held-to-maturity financial assets	<u>15,010,000</u>	<u>17,010,000</u>
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Total current investments	15,010,000	17,010,000
Total non-current investments	-	-
Total investments	<u>15,010,000</u>	<u>17,010,000</u>

CURRENT

<i>Short Term Deposits - Banks/ADIs</i>		
Less than 3 months to maturity	15,010,000	17,010,000
Longer than 3 months to maturity	-	-
Total current investments	<u>15,010,000</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 2014**

**5 Loans Secured by Mortgage**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Loans secured by mortgage	43,529,463	42,504,310
Less: Provision for doubtful debts	-	-
	<u>43,529,463</u>	<u>42,504,310</u>

The loans above can be divided into the following segments:

Residential	20,833,951	20,441,276
Rural	2,816,656	3,100,603
Commercial	3,835,164	4,203,016
Subdivisional land	-	3,160,645
Industrial	3,032,089	2,487,052
Specialised accommodation	1,761,551	1,958,776
Construction/Development	11,250,052	7,152,942
<b>Total</b>	<u>43,529,463</u>	<u>42,504,310</u>

The entity holds security over the loans to the value of \$91,561,141 (30 June 2014: \$104,764,277).

**6 Other Assets**

CURRENT Prepayments	<u>5,698</u>	<u>18,775</u>
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## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

### 7 Property, Plant and Equipment

	31 December 2014 \$	30 June 2014 \$
<i>LAND AND BUILDINGS</i>		
<b>Freehold land</b>		
At independent valuation	785,000	785,000
<b>Building</b>		
At independent valuation	235,000	235,000
Accumulated depreciation	(2,369)	-
<b>Total buildings</b>	<u>232,631</u>	<u>235,000</u>
<b>Total land and buildings</b>	<u>1,017,631</u>	<u>1,020,000</u>
<i>PLANT AND EQUIPMENT</i>		
<b>Plant and equipment</b>		
At cost	258,857	275,701
Accumulated depreciation	(235,724)	(242,463)
<b>Total plant and equipment</b>	<u>23,133</u>	<u>33,238</u>
<b>Total property, plant and equipment</b>	<u>1,040,764</u>	<u>1,053,238</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 20 June 2014 and applied effective 30 June 2014.

#### (a) Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant and Equipment \$	Total \$
<b>Balance at 31 December 2014</b>				
Balance at the beginning of half year	785,000	235,000	33,238	1,053,238
Additions	-	-	3,691	3,691
Disposals - written down value	-	-	(10,278)	(10,278)
Depreciation expense	-	(2,369)	(3,518)	(5,887)
Balance at 31 December 2014	<u>785,000</u>	<u>232,631</u>	<u>23,133</u>	<u>1,040,764</u>
<b>Balance at 30 June 2014</b>				
Balance at the beginning of year	785,000	235,000	43,620	1,063,620
Additions	-	-	4,145	4,145
Revaluation increment	-	6,345	-	6,345
Depreciation expense	-	(6,345)	(14,527)	(20,872)
Balance at 30 June 2014	<u>785,000</u>	<u>235,000</u>	<u>33,238</u>	<u>1,053,238</u>

## Central Victorian Investments Ltd

ABN 35 058 071 631

### Notes to the Financial Statements

For the Half Year Ended 31 December 2014

#### 8 Investment Property

	31 December 2014	30 June 2014
	\$	\$
Balance at beginning of year	930,000	930,000
Fair value adjustments	-	-
<b>Balance at end of year</b>	<b>930,000</b>	<b>930,000</b>

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 20 June 2014 and applied effective 30 June 2014.

#### 9 Intangible Assets

Goodwill		
Contributory mortgage practice	100,000	100,000
Less accumulated amortisation	-	-
	<b>100,000</b>	<b>100,000</b>

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

#### 10 Trade and Other Payables

##### CURRENT

##### *Unsecured liabilities*

Accrued interest on deposits	592,711	649,573
Sundry payables and accrued expenses	25,477	19,051
	<b>618,188</b>	<b>668,624</b>

#### 11 Debentures

##### CURRENT

At Call	13,030,263	12,852,355
Not longer than 3 months	21,575,972	16,541,967
Longer than 3 and not longer than 12 months	24,922,955	29,337,417
	<b>59,529,190</b>	<b>58,731,739</b>

##### NON-CURRENT

Longer than 12 and not longer than 24 months	5,022,711	2,989,552
	<b>64,551,901</b>	<b>61,721,291</b>

**Central Victorian Investments Ltd**

ABN 35 058 071 631

**Notes to the Financial Statements**

**For the Half Year Ended 31 December 2014**

**12 Provisions**

**Analysis of total provisions**

	31 December 2014	30 June 2014
	\$	\$
Current	20,995	18,261
Non-current	18,886	16,900
	<u>39,881</u>	<u>35,161</u>
<b>CURRENT</b>		
Provision for annual leave	16,296	14,083
Provision for long service leave	4,699	4,178
	<u>20,995</u>	<u>18,261</u>
<b>NON-CURRENT</b>		
Provision for long service leave	18,886	16,900
	<u>18,886</u>	<u>16,900</u>

**13 Issued Capital**

67,871 (June 2014: 67,871) Ordinary - fully paid	<u>358,890</u>	<u>358,890</u>
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**14 Reserves**

**Asset Revaluation Reserve**

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

**15 Financial Risk Management**

**Net Fair Values**

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

## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

### 16 Income Tax Expense

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

	31 December 2014	31 December 2013
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	129,027	113,743
Add:		
Tax effect of:		
- non-deductible depreciation	425	665
	<u>129,452</u>	<u>114,408</u>

(b) The components of tax expense comprise:

<i>Current tax expense</i>		
Current period tax liability	135,978	112,321
<i>Deferred tax expense</i>		
Net movement in deferred tax asset	(6,526)	2,087
	<u>129,452</u>	<u>114,408</u>

### 17 Tax

#### (a) Current Tax Liability

	31 December 2014	30 June 2014
	\$	\$
Income tax payable	67,929	43,900

#### (b) Recognised deferred tax assets

Expenses not tax deductible until paid	7,785	5,610
Taxable temporary differences	14,899	10,548
	<u>22,684</u>	<u>16,158</u>

#### (c) Recognised deferred tax liabilities

Deferred tax liability - asset revaluation	135,150	135,150
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## Notes to the Financial Statements

For the Half Year Ended 31 December 2014

### 18 Fair Value Measurement

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

- Property, plant and equipment
- Investment property

#### Fair value hierarchy

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 by the company:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>31 December 2014</b>				
<b>Recurring fair value measurements</b>				
Property, plant and equipment - land and buildings	-	1,020,000	-	1,020,000
Investment property	-	930,000	-	930,000
<b>31 December 2013</b>				
<b>Recurring fair value measurements</b>				
Property, plant and equipment - land and buildings	-	1,020,000	-	1,020,000
Investment property	-	930,000	-	930,000

#### 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 2014 and applied effective 30 June 2014.

#### 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 2014

#### 19 Cash Flow Information

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

	31 December 2014	31 December 2013
	\$	\$
Profit for the half year	300,639	264,735
Cash flows excluded from profit attributable to operating activities:		
<i>Non-cash flows in profit:</i>		
- depreciation	5,887	11,957
- write-downs to recoverable amount	10,278	-
<i>Changes in assets and liabilities:</i>		
- (increase)/decrease in interest receivable	(9,835)	23,521
- decrease in prepayments	13,077	8,791
- (increase)/decrease in deferred tax receivable	(6,526)	2,087
- increase/(decrease) in trade and other payables	6,426	(15,672)
- increase/(decrease) in income taxes payable	24,029	(13,582)
- (decrease) in interest payable	(56,862)	(370,786)
- increase/(decrease) in employee benefits	4,720	(2,555)
Cashflow from operations	<u>291,833</u>	<u>(91,504)</u>

##### (b) Reconciliation of cash

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

Cash and cash equivalents	2	7,630,261	2,782,518
Investments	4	15,010,000	15,010,000
		<u>22,640,261</u>	<u>17,792,518</u>

#### 20 Events after the end of the Reporting Period

The financial statements were authorised for issue on 27 February 2015.

On 26 February, 2015, the Company raised additional working capital of \$1,541,961 through the issue of 33,934 ordinary shares.

Except for the above, no other matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### 21 Company Details

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

Central Victorian Investments Ltd  
41 Lydiard Street South  
Ballarat Vic 3350

**Central Victorian Investments Ltd**


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 21 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 2014 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 27 February 2015



## Independent Auditor's Review Report To the Directors of Central Victorian Investments Limited

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 2014, 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 2014 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 2014 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, 2<sup>nd</sup> March 2015



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## Report of Auditor for the Period Ended 31 December 2014 of Central Victorian Investments Ltd

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

- The amount of the Issued Debenture Stock as at 31 December 2014 was \$64,551,901.
- All interest due and Principal Moneys repayable on the Issued Debenture Stock have been paid;
- The Company has duly maintained the Register of Debenture holders;
- To the best of my knowledge, information and belief I have not become aware, in the course of the performance of my duties as auditor, of the occurrence of any one or more of the events listed in Clause 12 of the Deed.

*PPT Audit Pty Ltd*  
PPT Audit Pty Ltd

A handwritten signature in black ink, appearing to be 'JH', with a long horizontal line extending to the right.

Jason Hargreaves  
Director

Signed at Ballarat, 2<sup>nd</sup> day of March 2015

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

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

- I have audited the Statement of Financial Position of the Company as at 31 December 2014 and based on the information disclosed therein and having regard to the issued Debenture Stock, it is my opinion that the amount of Debenture Stock which could as at 31 December 2014 be issued by the Company without breach of the limitations contained in Clause 8 of the deed is unlimited.
- In the period between 31 December 2014 and the date of this report, I have not become aware of any material circumstances which would, if taken into account at the date of this report affect the amount of Debenture Stock which may be issued without breaching the limitations set out in Clause 8.01 of the deed.

*PPT Audit Pty Ltd*  
PPT Audit Pty Ltd



Jason Hargreaves  
Director

Signed at Ballarat, 2<sup>nd</sup> day of March 2015