Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements

For the Year Ended 30 June 2016

Central Victorian Investments Ltd
ABN 35 058 071 631

Contents

For the Year Ended 30 June 2016

Directors' Report
For the Year Ended 30 June 2016

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

Directors

The names of each person who has been a director during the year and to the date of this report are:
John Arthur Cameron Nevett
Francis Damien Frawley
Peter Alexander Bain
Peter John Catramados
David Peter Draper

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 $1,033,117 (2015 $611,563).

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 $360,446 (2015: $280,004).

Review of operations

In commencing the year with liquidity exceeding 34%, we felt that in order to maintain and improve profitability we needed to reduce this figure. As such, secured notes decreased 4.48% for the year ended 30 June 2016 and the loan book increased by 10.78% and seeing liquidity decrease to 24.37% which is still a strong figure and well within our targeted range. We will continue to attempt to find more quality, non-construction type lending opportunities to maintain these levels ongoing. The company's trading postion has been very steady and maintained reasonable trading profits compared with previous years. The directors do not expect any losses on loans and are expecting continued steady profitability.

Directors' Report

For the Year Ended 30 June 2016

Significant changes in state of affairs

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

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the 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

John Arthur Cameron Nevett	First appointed as a director in 1993. A former practising solicitor. Partner of Fraser Nevett & Frawley - Retired 30 June 2010. Past President of the Buninyong Football Club. Ownership interest of 11,970 shares in Central Victorian Investments Ltd.
Francis Damien Frawley	First appointed as a director in 1993. A practising solicitor. Partner of Nevett Wilkinson Frawley Pty Ltd. 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 5,000 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.

Directors' Report
For the Year Ended 30 June 2016

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
John Arthur Cameron Nevett	12	11
Francis Damien Frawley	12	10
Peter Alexander Bain	12	11
Peter John Catramados	12	10
David Peter Draper	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 $4,902 (2015 $4,902) 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.

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.

Directors' Report
For the Year Ended 30 June 2016

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 2016 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: ....
John Arthur Cameron Nevett

Director: ....
Francis Damien Frawley

Dated 16 September 2016

PPT
AUDIT

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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 2016 there have been:

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

PPT Audit Pty Ltd
PPT Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 15th day of September 2016

Statement of Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Revenue			
Administration Fees		**18,645**	18,398
Application Fees		**154,065**	128,571
Commissions		**-**	6,267
Interest		**4,201,804**	4,297,864
Rental Income		**97,330**	85,014
		4,471,844	4,536,114
Expenses			
Accounting Fees		**16,640**	11,578
Advertising & Promotions		**48,311**	44,090
Assets Written Off		**-**	10,278
Annual Leave		**3,848**	4,913
Audit Fees		**25,950**	26,950
Bank Fees and Charges		**7,648**	7,540
Cleaning		**5,490**	4,523
Commission		**67,286**	79,963
Computer Expenses		**35,375**	35,833
Depreciation		**10,279**	12,170
Director Meeting Allowance		**8,200**	-
Equipment Purchases - Minor		**3,773**	4,758
Fringe Benefits Tax		**1,598**	2,029
Heat, Light, Power & Utilities		**7,310**	10,077
Insurance		**27,486**	29,797
Interest		**2,711,047**	3,018,229
Land Tax		**3,991**	3,991
Legal Fees		**11,139**	4,067
Licence & Registration Fees		**2,947**	6,197
Long Service Leave		**2,136**	2,507
Motor Vehicle Expenses		**6,067**	5,451
Office Repairs		**1,519**	18,635
Postage		**7,142**	5,958
Printing and Stationery		**13,077**	11,893
Sponsorships		**11,065**	1,305
Superannuation		**21,566**	20,331
Subscriptions		**7,095**	8,261
Sundry Expenses		**2,427**	-
Telephone		**7,805**	7,728
Travel & Conference Expenses		**14,855**	4,355
Trustee Fees		**59,282**	33,413
Valuation Fees		**1,107**	1,532
Wages		**254,305**	223,463
		3,407,766	3,661,815

Statement of Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Operating profit before income tax		**1,064,078**	874,299
Legal recovery from CDO's previously written off as a bad debt		**342,390**	-
Net gain on revaluation of investment property		**70,000**	-
Profit before income tax		**1,476,468**	874,299
Income Tax Expense	16	**(443,351)**	(262,736)
Profit for the year		**1,033,117**	611,563
Other Comprehensive Income, net of tax			
Net gain on revaluation of land and buildings	16	**167,580**	-
Total comprehensive income attributable to: Owners of the Company		**1,200,697**	611,563

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**5,166,805**	5,281,960
Receivables	3	**197,040**	195,892
Investments	4	**10,010,000**	17,010,000
Loans secured by mortgage	5	**51,186,541**	46,203,552
Other assets	6	**16,749**	16,753
TOTAL CURRENT ASSETS		**66,577,135**	68,708,157
NON-CURRENT ASSETS			
Property, plant and equipment	7	**1,265,459**	1,036,338
Investment property	8	**1,000,000**	930,000
Deferred tax assets	17	**23,726**	20,775
Intangible assets	9	**100,000**	100,000
TOTAL NON-CURRENT ASSETS		**2,389,185**	2,087,113
TOTAL ASSETS		**68,966,320**	70,795,270
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**604,404**	618,512
Current debentures	11	**58,428,915**	60,404,521
Short-term provisions	12	**34,803**	27,680
Current tax liabilities	17	**200,168**	58,289
TOTAL CURRENT LIABILITIES		**59,268,290**	61,109,002
NON-CURRENT LIABILITIES			
Non-current debentures	11	**3,838,252**	4,780,646
Long-term provisions	12	**23,761**	19,901
Deferred tax liabilities	17	**227,970**	135,150
TOTAL NON-CURRENT LIABILITIES		**4,089,983**	4,935,697
TOTAL LIABILITIES		**63,358,273**	66,044,699
NET ASSETS		**5,608,047**	4,750,571
EQUITY			
Issued capital	13	**1,918,076**	1,900,851
Reserves	14	**657,530**	489,950
Retained Earnings		**3,032,441**	2,359,770
TOTAL EQUITY		**5,608,047**	4,750,571

Statement of Changes in Equity
For the Year Ended 30 June 2016

2016

	Note	Issued Capital $	Retained Earnings $	Asset Revaluation Surplus $	Total $
Balance at 1 July 2015		**1,900,851**	**2,359,770**	**489,950**	**4,750,571**
Comprehensive income attributable to members		**-**	**1,033,117**	**167,580**	**1,200,697**
Shares issued during the year	13	**17,225**	**-**	**-**	**17,225**
Dividends paid	18	**-**	**(360,446)**	**-**	**(360,446)**
Balance at 30 June 2016		**1,918,076**	**3,032,441**	**657,530**	**5,608,047**

2015

	Note	Issued Capital $	Retained Earnings $	Asset Revaluation Surplus $	Total $
Balance at 1 July 2014		358,890	2,028,211	489,950	2,877,051
Comprehensive income attributable to members		-	611,563	-	611,563
Shares issued during the year	13	1,541,961	-	-	1,541,961
Dividends paid	18	-	(280,004)	-	(280,004)
Balance at 30 June 2015		1,900,851	2,359,770	489,950	4,750,571

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FROM OPERATING ACTIVITIES:			
Interest and fees received		**4,813,086**	4,532,256
Interest paid		**(2,723,885)**	(3,072,159)
Payments to suppliers and employees		**(659,497)**	(602,878)
Income tax paid		**(283,423)**	(252,964)
Net cash provided by operating activities	23	**1,146,281**	604,255
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**-**	(5,548)
Net movement in secured loans		**(4,982,989)**	(3,699,242)
Net cash provided by investing activities		**(4,982,989)**	(3,704,790)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**-**	1,541,961
Dividends paid		**(360,446)**	(280,004)
Net movement in deposits		**(2,918,001)**	3,463,876
Net cash used in financing activities		**(3,278,447)**	4,725,833
Net increase / (decrease) in cash and cash equivalents held		**(7,115,155)**	1,625,298
Cash and cash equivalents at beginning of year		**22,291,960**	20,666,662
Cash and cash equivalents at end of financial year	2(a)	**15,176,805**	22,291,960

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

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 16 September 2016.

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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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.

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

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 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.

(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.

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.

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 ths 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
Building revonations	5% diminishing value
Computer Software	25% straight-line
Plant and Equipment	10-50% diminishing value

1 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Investment property

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

(h) Intangibles - Goodwill

Under 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 year ended 30 June 2016 and 30 June 2015.

(i) Trade and other payables

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

(j) Employee benefits

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

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

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

(k) 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

1 Summary of Significant Accounting Policies (continued)

(k) Valuation of investments (continued)

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.

(l) 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.

(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.

1 Summary of Significant Accounting Policies (continued)

(n) Comparative figures

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

(o) Goods and services tax (GST)

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) 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 doubtful debts 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.

1 Summary of Significant Accounting Policies (continued)

(q) 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.

(r) 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 2016. 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.

AASB 9 Financial Instruments (effective 1 January 2018)

The new standard replaces the existing complicated, rules-based approach to financial instruments with simplified principles. Increased judgement will be required to apply these principles. A deeper understanding of how an entity manages its financial instruments will be required. Depending on circumstance, more financial instruments will likely be measured subsequently at fair value. System remodelling will likely be required to implement impairment.

Classification and measurement

The classification of financial assets has been simplified: Debt instruments meeting the ‘business model’ and ‘cash flow characteristics’ tests can be measured at amortised cost. All other financial assets, including investments in equity instruments, are measured at fair value. Movements in fair value for equity instruments can be presented in other comprehensive income (OCI) in some instances.

Most financial liabilities will be classified and measured at amortised cost. Others, such as derivatives, are measured at fair value through profit or loss.

For financial assets, embedded derivatives are not separated from the host.

Reclassifications of financial assets can only take place in limited circumstances; this is expected to be uncommon. Financial liabilities are not reclassified.

Fair value is measured as an exit price from the perspective of a market participant, including ‘non-performance risk’ adjustments for liabilities, which are presented in OCI. Cost may be an approximation of fair value only in very limited circumstances.

Impairment

Entities are required to account for 12-month ‘expected credit losses’ (ECL) when financial assets are first recognised. ‘Full-lifetime’ ECL are recognised when there is a substantial increase in credit risk. The calculation of interest revenue does not change until there is objective evidence of impairment.

1 Summary of Significant Accounting Policies (continued)

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

Transition

Transitional arrangements include a comospective application. 'Non-performance risk' adjustments related to liabilities at fair value through profit or loss can already be presented in OCI without adopting the remainder of the standard.

AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)

The standard replaces most of the existing standards and interpretations relating to revenue recognition, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

The standard will have little, if any, effect on the amount and timing of revenue recognised for the most straightforward contracts. Changes are likely where contracts extend over time, where there are considerations that may vary the timing or amount of the consideration, or where there are multiple performance elements, such as product warranties, customer loyalty programmes, customer incentives and rights of return. Some industries, for example telecommunications, construction and software, will be significantly impacted.

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract.

All existing revenue recognition will follow a 5-step process:

Step 1: Identify the contract with the customer,

Step 2: Identify the performance obligations in the contract,

Step 3:Determine the transaction price,

Step 4: Allocate the transaction price to the performance obligations in the contract, and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard will apply to not-for-profit entities with contracts with customers, even if some of those contracts might have been regarded as 'non-reciprocal' in accordance with existing AASB 1004 *Contributions*. The effect is that revenue for some not-for-profits may be deferred.

Significant implementation guidance is included with the standard.

Transition

The entity has a choice of 'full retrospective' or 'modified retrospective' approach.

AASB 2015 - 1 Annual Improvements (effective 1 January 2016)

The following are the main amendments:

AASB 5 *Non-current assets held for sale and discontinued operations* – guidance on reclassifications between held for sale and held for distribution to/from owners,

AASB 7 *Financial instruments: disclosures* – clarifies accounting for servicing contracts,

AASB 119 *Employee benefits* – guidance on use of national government bond rates,

AASB 134 *Interim financial reporting* – cross reference clarifications.

1 Summary of Significant Accounting Policies (continued)

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

AASB 2016-2 Disclosure Initiative - Amendment to AASB 107 (effective 1 January 2016)

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Teir 1 reporting reqirements to provide disclosures that enable users of financial statements to evaluate changes in liabilties arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2015-2 Disclosure Initiative - Amendment to AASB 101 (effective 1 January 2016)

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's disclosure Initiative project.

The amendments:

- Clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- Clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial postion can be disaggregated
- Add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and statement of financial postion
- Clarify that entities have flexability as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- Remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy.

AASB 1057 - Application of Australian Accounting Standards (effective 1 January 2016)

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specifc wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged into a new Standard AASB 1057 Application of Australian Accounting Standards.

1 Summary of Significant Accounting Policies (continued)

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

AASB 16 - Leases (effecive 1 January 2019)

AASB 16:

- Replaces AASB 117 Leases and some lease-related Interpretations
- Required all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- Provides new guidance on the application of the definition of lease and on sale and lease back accounting
- Largely retains the existing lessor accounting requirements in AASB 117
- Requires new and different disclosures about leases

Notes to the Financial Statements
For the Year Ended 30 June 2016

2 Cash and Cash Equivalents

	Note	2016 $	2015 $
Cash at bank and in hand		**5,166,805**	5,281,960

(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:

	Note	2016 $	2015 $
Cash and cash equivalents	2	**5,166,805**	5,281,960
Investments	4	**10,010,000**	17,010,000
Balance as per statement of cash flows		**15,176,805**	22,291,960

3 Receivables

	2016 $	2015 $
CURRENT		
Accrued interest on investments	**37,444**	46,471
Accrued interest on loans	**159,596**	149,421
	197,040	195,892

4 Investments

	2016 $	2015 $
Held-to-maturity financial assets	**10,010,000**	17,010,000
Total current investments	**10,010,000**	17,010,000
CURRENT		
Short Term Deposits - Banks/ADIs		
Less than 3 months to maturity	**10,010,000**	17,010,000

Notes to the Financial Statements
For the Year Ended 30 June 2016

5 Loans Secured by Mortgage

	2016 $	2015 $
Loans secured by mortgage	**51,186,541**	46,203,552
Less: Provision for doubtful debts	**-**	-
	51,186,541	46,203,552

An analysis on the loans 'past due but not impaired' can be found in Note 15(a) under the heading Credit Risk Exposures.

The loans above can be divided into the following segments:

	2016 $	2015 $
Residential	**26,943,245**	29,868,314
Rural	**5,009,981**	2,759,310
Commercial	**6,663,879**	2,887,796
Industrial	**3,102,977**	3,062,164
Specialised accommodation	**1,490,941**	1,257,072
Construction/Development	**7,975,518**	6,368,896
Total	**51,186,541**	46,203,552

The entity holds security over the loans to the value of $112,340,172 (2015: $94,307,631).

6 Other Assets

	2016 $	2015 $
CURRENT		
Prepayments	**16,749**	16,753

Notes to the Financial Statements
For the Year Ended 30 June 2016

7 Property, Plant and Equipment

	2016 $	2015 $
LAND AND BUILDINGS		
Freehold land		
Land	**860,000**	785,000
Building		
Buildings	**390,000**	235,000
Accumulated depreciation	**-**	(4,700)
Total buildings	**390,000**	230,300
Total land and buildings	**1,250,000**	1,015,300
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**260,714**	260,714
Accumulated depreciation	**(245,255)**	(239,676)
Total plant and equipment	**15,459**	21,038
Total property, plant and equipment	**1,265,459**	1,036,338

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 21 June 2016 and applied effective 30 June 2016.

(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 30 June 2015				
Balance at the beginning of year	**785,000**	**230,300**	**21,038**	**1,036,338**
Revaluation increment	**75,000**	**164,400**	**-**	**239,400**
Depreciation expense	**-**	**(4,700)**	**(5,579)**	**(10,279)**
Balance at 30 June 2016	**860,000**	**390,000**	**15,459**	**1,265,459**
Balance at 30 June 2014				
Balance at the beginning of year	785,000	235,000	33,238	1,053,238
Additions	-	-	5,548	5,548
Disposals - written down value	-	-	(10,278)	(10,278)
Depreciation expense	-	(4,700)	(7,470)	(12,170)
Balance at 30 June 2015	785,000	230,300	21,038	1,036,338

7 Property, Plant and Equipment (continued)

(b) Historical Cost

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

	2016 $	2015 $
Land at cost	**250,000**	250,000
Buildings at cost	**266,215**	266,215
Accumulated depreciation	**(88,736)**	(83,411)
Net book value	**427,479**	432,804

8 Investment Property

	2016 $	2015 $
Balance at beginning of year	**930,000**	930,000
Fair value adjustments	**70,000**	-
Balance at end of year	**1,000,000**	930,000

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 21 June 2016 and applied effective 30 June 2016.

9 Intangible Assets

	2016 $	2015 $
Goodwill		
Contributory mortgage practice	**100,000**	100,000
Less accumulated amortisation	**-**	-
	100,000	100,000

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

10 Trade and Other Payables

	2016 $	2015 $
CURRENT		
Unsecured liabilities		
Accrued interest on deposits	**582,805**	595,643
Sundry payables and accrued expenses	**21,599**	22,869
	604,404	618,512

Notes to the Financial Statements
For the Year Ended 30 June 2016

11 Debentures

	2016 $	2015 $
CURRENT		
At Call	**11,910,958**	12,213,397
Not longer than 3 months	**13,932,997**	17,209,719
Longer than 3 and not longer than 12 months	**32,584,960**	30,981,405
	58,428,915	60,404,521
NON-CURRENT		
Longer than 12 and not longer than 24 months	**3,838,252**	4,780,646
	62,267,167	65,185,167

12 Provisions

Analysis of total provisions

Current	**34,803**	27,680
Non-current	**23,761**	19,901
	58,564	47,581

CURRENT		
Provision for annual leave	**15,444**	16,971
Provision for long service leave	**9,359**	5,709
Other provisions	**10,000**	5,000
	34,803	27,680
NON-CURRENT		
Provision for long service leave	**23,761**	19,901

13 Issued Capital

Ordinary - fully paid	**1,918,076**	1,900,851

(a) Ordinary shares

	2016 No.	2015 No.
At the beginning of the reporting period	**101,806**	67,871
Shares issued during the year	**369**	33,935
At the end of the reporting period	**102,175**	101,806

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Issued Capital (continued)

(a) Ordinary shares (continued)

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 . 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:

	2016	2015
	$	$
Total net assets per financial statements	**5,608,047**	4,750,571
Exclude:		
Deferred tax asset	**23,726**	20,775
Goodwill	**100,000**	100,000
Accrual for interest on entity investments	**37,444**	46,471
Total tangible net assets	**5,446,877**	4,583,325

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 2016

15 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	2016 $	2015 $
Financial Assets			
Cash and cash equivalents	2	**5,166,805**	5,281,960
Receivables	3	**197,040**	195,892
Investments	4	**10,010,000**	17,010,000
Loans secured by mortgage	5	**51,186,541**	46,203,552
Other assets	6	**16,749**	16,753
Total financial assets		**66,577,135**	68,708,157
Financial Liabilities			
Trade and sundry payables	10	**604,404**	618,512
Debentures	11	**62,267,167**	65,185,167
Total financial liabilities		**62,871,571**	65,803,679

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.

15 Financial Risk Management (continued)

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.

		Past due but not impaired (days overdue)		
	Gross amount	31-60	61-90	> 90
	$	$	$	$
2016				
Loans secured by mortgage	**51,186,541**	**1,459,868**	**-**	**3,905,193**
Provision for impairment	**-**	**-**	**-**	**-**
Total	**51,186,541**	**1,459,868**	**-**	**3,905,193**
2015				
Loans secured by mortgage	46,203,552	-	-	-
Provision for impairment	-	-	-	-
Total	46,203,552	-	-	-

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 2016.

The Company holds first mortgage collateral security over all mortgages

The Company holds security in respect of two loans that are in arrears at 30 June 2016 totalling $5,365,061.

The amount in arrears and the security details for the two loans is as follows:

- Loan past due date but not imparied of $3,903,193. The Company holds title over the property with an independent valuation of $6,050,000 on completion. Works are continuing on this project with a completion date set for 30 September 2016. At this time it is anticipated that the property will be marketed for sale with proceeds from the sale expected to fully extinguish the outstanding loan balance.
- Loan past due date but not impaired of $1,459,868. The company holds title over the property with an independent valuation of $2,500,000. A contract for sale of the property has been signed and is

15 Financial Risk Management (continued)

conditional on the apporoval of a Bushfire Management Plan by the Country Fire Authority and the Local Council. Approval is expected to be granted by 30 September 2016, at which time sale of the property will settle and the outstanding loan balance extinguished.

(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 Companies 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.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2016

15 Financial Risk Management (continued)

(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		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets:												
Cash and cash equivalents	**2.05**	2.29	**5,166,805**	5,281,960	**-**	-	**-**	-	**-**	-	**5,166,805**	5,281,960
Receivables	**-**	-	**-**	-	**-**	-	**-**	-	**197,040**	195,892	**197,040**	195,892
Investments	**2.62**	2.73	**-**	-	**10,010,000**	17,010,000	**-**	-	**-**	-	**10,010,000**	17,010,000
Loans secured by mortgage	**7.82**	7.89	**51,186,541**	46,203,552	**-**	-	**-**	-	**-**	-	**51,186,541**	46,203,552
Total Financial Assets			**56,353,346**	51,485,512	**10,010,000**	17,010,000	**-**	-	**197,040**	195,892	**66,560,386**	68,691,404
Financial Liabilities:												
Debentures	**4.05**	4.59	**11,910,958**	12,213,397	**46,517,957**	48,191,124	**3,838,252**	4,780,646	**-**	-	**62,267,167**	65,185,167
Trade and sundry payables	**-**	-	**-**	-	**-**	-	**-**	-	**604,404**	618,512	**604,404**	618,512
Total Financial Liabilities			**11,910,958**	12,213,397	**46,517,957**	48,191,124	**3,838,252**	4,780,646	**604,404**	618,512	**62,871,571**	65,803,679

Notes to the Financial Statements
For the Year Ended 30 June 2016

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:

	2016	2015
	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)	**442,940**	262,290
Tax effect of:		
- non-deductible depreciation	**411**	445
Income tax expense	**443,351**	262,735

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

	2016			2015		
	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	**239,400**	**(71,820)**	**167,580**	-	-	-

(c) The components of tax expense comprise:

	2016	2015
Current tax expense		
Current period tax liability	**425,301**	267,353
Deferred tax expense		
Net movement in deferred tax asset	**(2,950)**	(4,617)
Net movement in deferred tax liability	**21,000**	-
Total income tax expense	**443,351**	262,736

17 Tax

		2016	2015
(a)	**Current Tax Liability**		
	Income tax payable	**200,168**	58,289
(b)	**Recognised deferred tax assets**		
	Expenses not tax deductible until paid	**14,570**	8,001
	Temporary timing differences	**9,156**	12,774
		23,726	20,775
(c)	**Recognised deferred tax liabilities**		
	Deferred tax liability - asset revaluation	**227,970**	135,150

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Dividends and Franking Account Balance

	2016	2015
	$	$
The following dividends were declared and paid:		
Interim franked ordinary dividend of 2.36 (2015: 1.77) dollars per share	**240,007**	120,000
Final franked ordinary dividend of 1.18 (2015: 1.57) dollars per share	**120,439**	160,004
Total	**360,446**	280,004

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

	2016	2015
Franking account		
The franking credits available for subsequent financial years at a tax rate of 30%	**1,214,058**	1,142,950

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

19 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:

	2016	2015
Short-term employee benefits	**136,321**	120,000
Post-employment benefits	**11,135**	11,400
	147,456	131,400

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 2016.

20 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 and 30 June 2015.

(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 $41,788 (2015: $41,000) was received from Nevett Wilkinson Frawley, a firm of solicitors of which one the current directors of the Company is a Partner. The rent was charged at commercial rates for the use of office space in Ballarat.

21 Auditor's Remuneration

	2016 $	2015 $
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial statements - PPT Audit	**25,950**	26,950

22 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:

30 June 2016	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Recurring fair value measurements				
Property, plant and equipment - land and buildings	**-**	**1,250,000**	**-**	**1,250,000**
Investment property	**-**	**1,000,000**	**-**	**1,000,000**

30 June 2015	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Recurring fair value measurements				
Property, plant and equipment - land and buildings	-	1,020,000	-	1,020,000
Investment property	-	930,000	-	930,000

22 Fair Value Measurement (continued)

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 21 June 2016 and applied effective 30 June 2016.

Highest and best use

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

23 Cash Flow Information

	2016 $	2015 $
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	**1,033,117**	611,563
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**10,279**	12,170
- gain/(loss) on revaluation of investment property	**(49,000)**	-
- write-downs to recoverable amount	**-**	10,278
- share options expensed	**17,225**	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	**(1,148)**	(3,858)
- (increase)/decrease in prepayments	**4**	2,022
- (increase) in deferred tax receivable	**(2,951)**	(4,164)
- increase/(decrease) in trade and other payables	**(1,270)**	3,818
- increase/(decrease) in income taxes payable	**141,879**	13,936
- (decrease) in interest payable	**(12,838)**	(53,930)
- increase/(decrease) in employee benefits	**10,984**	12,420
Cashflow from operations	**1,146,281**	604,255

24 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

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6-34, 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 2016 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 ....
John Arthur Cameron Nevett

Director ....
Francis Damien Frawley

Dated 16 September 2016

PPT
AUDIT

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

We have audited the accompanying financial report of Central Victorian Investments Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Opinion

In our opinion:

(a) the financial report of Central Victorian Investments Ltd 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 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PPT Audit Pty Ltd
PPT Audit Pty Ltd

Jason Hargreaves
Director

Signed at Ballarat, 16th day of September 2016