

Central Victorian Investments Ltd

ABN 35 058 071 631

Financial Statements - 30 June 2022

Central Victorian Investments Ltd
ABN: 35 058 071 631

Directors' report
For the Year Ended 30 June 2022

The directors present their report, together with the financial statements, on Central Victorian Investments Ltd ("CVI") for the year ended 30 June 2022.

Directors

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

David Peter Draper
Francis Damien Frawley
Mark Andrew Harrison Bain
Peter Alexander Bain (retired 9 December 2021)
Peter John Catramados
Dominic Peter Dunne

Company Secretary

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

Principal activities

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

CVI's business model is to raise funds from investors through the issue of secured notes to provide for CVI's principal activity, which is to lend these funds on the security of registered first mortgages over titles to real property principally in Victoria, and to invest in other investments as permitted by the trust deed. CVI's profits are derived primarily from the difference between its average interest rate on mortgage loans and investments of liquid funds and the average rate of interest paid to our secured note holders. Secured note holders do not participate in profits CVI, but receive a rate of return on their investments.

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

Operating results

The profit of CVI after providing for income tax amounted to \$1,696,254 (2021: \$537,240).

Dividends paid or recommended

Dividends are paid or declared since the start of the financial year in relation to ordinary share dividends amounted to \$386,926 (2021: \$385,461).

Review of operations

Overall, Central Victorian Investments Ltd has had a very profitable year.

The liquidity position remains above the board's targeted range as at 30 June 2022, with depositor funds increasing by 16.12% over the prior year balance being offset by a 47.90% increase in loans under management, leading to reduced liquidity and improved profitability. We will continue to attempt to find more quality, non-construction type lending opportunities to maintain the liquidity position of the company. The directors do not expect any losses on loans and are expecting continued profitability.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Details are included in note 25 of the financial statements.

Likely developments and expected results of operations

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

Environmental regulation

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

Shares

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

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Shares issued on the exercise of options

There were no ordinary shares issued on the exercise of options during the period ended 30 June 2022 and up to the date of this report.

Information on directors

David Peter Draper

First appointed as a director in 2015.
Managing Director of Draper's Civil Contracting Pty Ltd since 1989.
Directorships held in numerous Commercial, Industrial and Residential Property Businesses.
Ownership interest of 16,967 shares in Central Victorian Investments Ltd.

Francis Damien Frawley

First appointed as a director in 1993. A practicing solicitor.
Special Counsel of Nevett Wilkinson Frawley.
Life governor of Child & Family Services Inc.
Ownership interest of 16,967 shares in Central Victorian Investments Ltd.

Mark Andrew Harrison Bain

First appointed as a director in 2019.
Bachelor of Arts.
Mark also has a background and interests in the property development business and directorships in this space.
Manager of a local retail business for last 26 years.

Peter Alexander Bain (retired 9 December 2021)

First appointed as a director in 1999.
A former practicing solicitor who retired 30 June 2021.
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).
Past Victorian State President of the MFAA and National Director and current member of the MFAA Disciplinary Tribunal.
Ownership interest of 16,967 shares in Central Victorian Investments Ltd.

Dominic Peter Dunne

First appointed as a director in 2020.
Dominic is a CPA, with extensive tax and business services experience.
He has also spent time working on the other side on both family businesses and listed multi-national companies. Dominic is also a Xero Certified Consultant.
Ownership interest of 3,083 shares in CVI.

Meetings of directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number Attended
David Peter Draper	11	9
Francis Damien Frawley	11	10
Mark Andrew Harrison Bain	11	11
Peter Alexander Bain	6	0
Peter John Catramados	11	11
Dominic Dunne	11	11

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Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Francis Damien Frawley

Dominic Peter Dunne

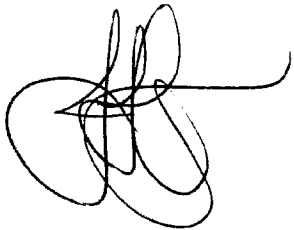
Dated this 17 day of August 2022

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 2022 there have been:

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

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd



Jason Hargreaves
Director

Signed at Ballarat, 17th August 2022

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Statement of profit or loss and other comprehensive income
 For the year ended 30 June 2022

	Note	2022 \$	2021 \$
REVENUE			
Administration fees		25,740	25,658
Application fees		580,427	283,363
Interest		5,576,664	4,233,695
Rental income		109,307	105,211
Other income		-	50,578
Total revenue		<u>6,292,138</u>	<u>4,698,505</u>
EXPENSES			
Accounting fees		15,500	15,001
Advertising & promotions		39,515	30,977
Annual leave		948	5,669
Audit fees		33,500	33,000
Bank fees and charges		7,410	7,130
Cleaning		4,152	5,368
Commission		99,253	82,666
Computer expenses		45,348	40,357
Depreciation		16,168	24,156
Fringe benefits tax		2,939	2,700
Heat, light, power & utilities		4,699	5,377
Insurance		131,033	118,134
Interest		2,919,647	2,833,805
Land tax		3,991	3,991
Legal fees		5,104	3,387
License & registration fees		6,685	7,089
Long service leave		13,820	7,365
Motor vehicle expenses		5,736	3,866
Office repairs		32,861	911
Postage		6,484	7,564
Printing and stationery		8,631	10,829
Sponsorships		7,949	8,618
Superannuation - Staff		35,347	40,364
Superannuation – Directors		13,000	13,680
Subscriptions		10,933	9,287
Sundry expenses		3,273	214
Telephone		4,849	4,627
Travel & conference expenses		13,696	13,011
Trustee fees		170,593	155,003
Valuation fees		3,300	(605)
Wages - Staff		377,720	356,577
Wages – Directors		130,000	144,000
Total expenses		<u>4,174,084</u>	<u>3,984,118</u>
Operating profit before income tax expense		<u>2,118,054</u>	714,387
Net gain on revaluation of investment property		130,000	-
Profit before income tax expense		<u>2,248,054</u>	714,387
Income tax expense	17	(551,800)	(177,147)
Profit after income tax expense for the period		<u>1,696,254</u>	<u>537,240</u>
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net gain on revaluation of land and buildings, net of tax		133,969	-
Total comprehensive income for the year		<u>1,830,223</u>	<u>537,240</u>

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

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Statement of Financial Position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	2	10,282,977	19,653,168
Receivables	3	288,985	193,723
Financial assets	4	16,010,000	21,010,000
Loans secured by mortgage	5	97,420,565	65,871,139
Other assets	6	95,338	85,680
Total current assets		<u>124,097,865</u>	<u>106,813,710</u>
Non-current assets			
Property, plant and equipment	7	1,395,407	1,204,623
Investment property	8	1,100,000	970,000
Deferred tax assets	18	33,605	33,964
Intangible assets	9	100,000	100,000
Total non-current assets		<u>2,630,012</u>	<u>2,308,587</u>
Total assets		<u>126,726,877</u>	<u>109,122,297</u>
Liabilities			
Current liabilities			
Trade and other payables	10	744,203	674,262
Debentures	11	95,329,056	83,506,659
Provisions	12	80,679	82,735
Tax liabilities	18	176,444	63,608
Total current liabilities		<u>96,330,382</u>	<u>84,327,264</u>
Non-current liabilities			
Debentures	11	19,756,357	15,861,805
Provisions	12	8,432	4,849
Deferred tax liabilities	18	252,152	181,996
Total non-current liabilities		<u>20,016,941</u>	<u>16,048,650</u>
Total liabilities		<u>116,347,323</u>	<u>100,375,914</u>
Net assets		<u>10,379,554</u>	<u>8,746,383</u>
Equity			
Issued capital	13	2,711,196	2,527,922
Reserve	14	803,557	662,988
Retained earnings		6,864,801	5,555,473
Total equity		<u>10,379,554</u>	<u>8,746,383</u>

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

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**Statement of changes in equity
 For the year ended 30 June 2022**

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

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

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

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Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Interest and fees received		6,196,876	4,731,485
Interest paid		(2,850,834)	(2,899,047)
Payments to suppliers and employees		(1,245,272)	(1,090,259)
Income tax paid		(406,505)	(190,804)
Net cash provided by operating activities	24	<u>1,694,265</u>	<u>551,375</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(28,327)	-
Net movement in secured loans		(31,549,426)	(563,003)
Net cash used in investing activities		<u>(31,577,753)</u>	<u>(563,003)</u>
Cash flows from financing activities			
Dividends paid		(386,926)	(385,461)
Net movement in deposits		15,716,949	9,018,526
Proceeds from issue of share capital		183,274	-
Net cash provided by financing activities		<u>15,513,297</u>	<u>8,633,065</u>
Net (decrease)/increase in cash and cash equivalents held		(14,370,191)	8,621,437
Cash and cash equivalents at beginning of year		40,663,168	32,041,731
Cash and cash equivalents at the end of the financial year	2(a)	<u>26,292,977</u>	<u>40,663,168</u>

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

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Notes to the Financial Statements
For the Year Ended 30 June 2022

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 17 August 2022.

Note 1: Summary of Significant Accounting Policies

Basis of preparation

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

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

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

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

(a) Income tax

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

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

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

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

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

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

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

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

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Notes to the Financial Statements
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Note 1: Summary of Significant Accounting Policies

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

Cash and cash equivalents include cash on hand and deposits held at call with banks.

For the purpose of the statement of cash flows, cash and cash equivalents also includes other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value. Short term highly liquid investments are disclosed as investments in the statement of financial position and are further detailed in Note 4.

(c) Loans secured by mortgage

All loans secured by mortgage are recorded under current receivables, as they have been advanced on the basis that they are recoverable in full within 90 days of service by the mortgagee of written demand.

This was previously 30 days, however during the 2022 Financial Year the board resolved to offer a 90 day call to borrowers as 30 days is not possible in the current climate.

(d) Provision for doubtful loans

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

**Notes to the Financial Statements
For the Year Ended 30 June 2022**

(e) Financial instruments

Classification

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

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income

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

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

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

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

Impairment of financial assets

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

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk. The company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment on non-financial assets

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

**Notes to the Financial Statements
For the Year Ended 30 June 2022**

(f) Property, Plant and Equipment

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

Property

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

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

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

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

Depreciation

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

The depreciation rates used for each class of depreciable assets which are consistent with the prior year are:

Buildings	2.5% straight-line
Computer Software	25-50% straight-line
Plant and Equipment	10-50% diminishing value

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

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

(g) Investment Property

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

(h) Intangible assets – goodwill

Under AASB 3: *Business Combinations*, goodwill is capitalised to the balance sheet and subjected to an annual impairment test. Amortisation of goodwill is prohibited. There was no impairment of goodwill in the years ended 30 June 2022 or 30 June 2021.

(i) Trade and other payables

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

Notes to the Financial Statements
For the Year Ended 30 June 2022

(j) Employee benefits

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

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

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

(k) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Central Victorian Investments Ltd's activities as discussed below:

- Loan interest is calculated and accrued on the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.
- Interest on Investments is recognised on a proportional basis taking into account interest rates applicable to financial assets.
- Rental income is recognised in accordance with the lease agreement.
- Administration fees are recognised on a six monthly basis in arrears.
- Application fees are recognised on establishment of the loan.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Comparative Figures

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

(n) Goods and services tax (GST)

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

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2022

(o) Critical accounting estimates and judgments

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

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

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

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

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

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

Notes to the financial statements
 30 June 2022

	2022 \$	2021 \$
Note 2: Cash and cash equivalents		
<i>Current</i>		
Cash at bank and in hand	<u>10,282,977</u>	<u>19,653,168</u>

Reconciliation to cash and cash equivalents at the end of the financial year

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

Cash and cash equivalents	10,282,977	19,653,168
Investments	16,010,000	21,010,000
Balance as per statement of cash flows	<u>26,292,977</u>	<u>40,663,168</u>

Note 3: Receivables

Current

Accrued interest on investments	13,344	9,271
Accrued interest on loans	275,641	184,452
	<u>288,985</u>	<u>193,723</u>

Note 4: Financial assets

Current

Short term deposits held with banks/ADIs with less than 3 months to maturity	<u>16,010,000</u>	<u>21,010,000</u>
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Note 5: Loans Secured by Mortgage

Current

Loans secured by mortgage	97,420,565	65,871,139
Less: provision for expected credit losses	-	-
	<u>97,420,565</u>	<u>65,871,139</u>

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

The loans above can be divided into the following segments:

Residential	54,647,774	42,631,225
Rural	8,177,894	3,441,609
Commercial	3,600,266	4,413,242
Subdivisional land	1,438,896	3,274,764
Industrial	5,947,261	1,465,110
Specialised accommodation	5,127,436	3,930,957
Construction/Development	18,481,038	6,714,232
	<u>97,420,565</u>	<u>65,871,139</u>

CVI holds security over the loans to the value of \$228,084,379 (2021: \$157,805,080).

Note 6: Other Assets

Current

Prepayments	<u>95,338</u>	<u>85,680</u>
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Notes to the financial statements
 30 June 2022

	2022	2021
	\$	\$
Note 7: Property, plant and equipment		
<i>Non-current</i>		
LAND AND BUILDINGS		
Freehold land		
At fair value (valuation: 30 June 2020)	-	835,000
At fair value (valuation: 6 April 2022)	<u>850,000</u>	<u>-</u>
	<u>850,000</u>	<u>835,000</u>
Buildings		
At fair value (valuation: 30 June 2020)	-	345,000
At fair value (valuation: 6 April 2022)	<u>500,000</u>	<u>-</u>
Less: accumulated depreciation	<u>(2,945)</u>	<u>(8,625)</u>
Total buildings	<u>497,055</u>	<u>336,375</u>
Total land and buildings	<u>1,347,055</u>	<u>1,171,375</u>
PLANT AND EQUIPMENT		
Plant and equipment - at cost	<u>335,784</u>	<u>281,837</u>
Less: accumulated depreciation	<u>(287,432)</u>	<u>(248,589)</u>
Total plant and equipment	<u>48,352</u>	<u>33,248</u>
Total property, plant and equipment	<u>1,395,407</u>	<u>1,204,623</u>

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
	\$	\$	\$	\$
2022				
Balance at the beginning of year	835,000	336,375	33,248	1,204,623
Additions	-	-	28,327	28,327
Revaluation increment	15,000	163,625	-	178,625
Depreciation expense	-	(2,945)	(13,223)	(16,168)
Balance at the end of year	<u>850,000</u>	<u>497,055</u>	<u>48,352</u>	<u>1,395,407</u>
2021				
Balance at the beginning of year	835,000	345,000	48,779	1,228,779
Depreciation expense	-	(8,625)	(15,531)	(24,156)
Balances at the end of the year	<u>835,000</u>	<u>336,375</u>	<u>33,248</u>	<u>1,204,623</u>

Historical cost

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

	2022	2021
	\$	\$
Land at cost	250,000	250,000
Buildings at cost	266,215	266,215
Less: Accumulated depreciation	<u>(120,681)</u>	<u>(115,357)</u>
Net Book Value	<u>395,534</u>	<u>400,858</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 Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

Notes to the financial statements
 30 June 2022

	2022 \$	2021 \$
Note 8: Investment Property		
<i>Non-current</i>		
Balance at beginning of year	970,000	970,000
Fair value adjustments	130,000	-
Balance at end of year	<u>1,100,000</u>	<u>970,000</u>

The revaluation of investment property was based on the assessment of their current market value and the asset's highest and best use. The independent revaluation was carried out by Mr Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

Note 9: Intangible Assets

<i>Non-current</i>		
Goodwill - contributory mortgage practice	<u>100,000</u>	<u>100,000</u>

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

Note 10: Trade and Other Payables

<i>Current</i>		
<i>Unsecured liabilities</i>		
Accrued interest on deposits	701,059	632,246
Sundry payables and accrued expenses	43,144	42,016
	<u>744,203</u>	<u>674,262</u>

Note 11: Debentures

<i>Current</i>		
Not longer than 3 months	22,157,020	35,724,748
Longer than 3 and not longer than 12 months	73,172,036	47,781,911
	<u>95,329,056</u>	<u>83,506,659</u>
<i>Non-current</i>		
Longer than 12 and not longer than 24 months	19,756,357	15,861,805
	<u>115,085,413</u>	<u>99,368,464</u>

Note 12: Provisions

<i>Current</i>		
Provision for annual leave	26,180	25,233
Provision for long service leave	54,499	44,262
Other provisions	-	13,240
	<u>80,679</u>	<u>82,735</u>
<i>Non-current</i>		
Provision for long service leave	8,432	4,849

Note 13: Issued Capital

Ordinary – fully paid	<u>2,711,196</u>	<u>2,527,922</u>
	No.	No.
At the beginning of the reporting period	109,002	108,662
Shares issued during the year	1,690	340
At the end of the reporting period	<u>110,692</u>	<u>109,002</u>

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.

Notes to the financial statements
30 June 2022

Capital Management

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

The entity needs to meet certain capital requirements imposed by its Trustee. These capital requirements have been met for the year ended 30 June 2022. 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:

	2022 \$	2021 \$
Total net assets per financial statements	10,379,554	8,746,383
Exclude:		
Deferred tax asset	33,605	33,964
Goodwill	100,000	100,000
Total tangible net assets	<u>10,245,949</u>	<u>8,612,419</u>

Note 14: Reserves

Asset Revaluation Reserve

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

Note 15: Contingent Assets & Liabilities

In the opinion of the directors, CVI did not have any contingencies at 30 June 2022 (30 June 2021: nil).

Note 16: Financial Risk Management

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

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

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

	Note		
Financial assets			
Cash and cash equivalents	2	10,282,977	19,653,168
Financial assets	4	16,010,000	21,010,000
Loans secured by mortgage	5	97,420,565	65,871,139
Total financial assets		<u>123,713,542</u>	<u>106,534,307</u>
Financial liabilities			
Debentures	11	115,085,413	99,368,464
Total financial liabilities		<u>115,085,413</u>	<u>99,368,464</u>

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

Notes to the financial statements
 30 June 2022

Financial risk management policies

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

(a) Credit risk

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

Credit risk exposures

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

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

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

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

The 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 \$
2022				
Loans secured by mortgage	97,420,565	-	-	-
Total	<u>97,420,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
2021				
Loans secured by mortgage	65,871,139	-	-	-
Total	<u>65,871,139</u>	<u>-</u>	<u>-</u>	<u>-</u>

Impairment losses

A provision for impairment is recognised when there is objective evidence that an individual loan is impaired. The company has assessed that it has no impaired loans as at 30 June 2022 (2021: nil). The company holds first mortgage collateral security over all mortgages.

(b) Liquidity Risk

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

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

Notes to the financial statements
30 June 2022

(c) Net Fair Values

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

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

(d) Interest rate risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash and cash equivalents	0.15%	0.15%	10,282,977	19,653,168	-	-	-	-	10,282,977	19,653,168
Short-term deposits	0.70%	0.27%	-	-	16,010,000	21,010,000	-	-	16,010,000	21,010,000
Loans secured by mortgage	7.13%	6.92%	97,420,565	65,871,139	-	-	-	-	97,420,565	65,871,139
Total financial assets			107,703,542	85,524,307	16,010,000	21,010,000	-	-	123,713,542	106,534,307
Financial liabilities										
Debentures	2.7%	2.8%	-	-	95,329,056	83,506,659	19,756,357	15,861,805	115,085,413	99,368,464
Total financial liabilities			-	-	95,329,056	83,506,659	19,756,357	15,861,805	115,085,413	99,368,464

Note 17: Income tax expense

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

Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	562,014	185,741
Tax effect of:		
- non-deductible depreciation	(11,120)	3,390
- other non-assessable income	-	(13,150)
- effect of corporate rate change on deferred tax liability	(400)	(600)
- effect of corporate rate change on deferred tax assets	1,306	1,766
Income tax expense	551,800	177,147

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

	2022			2021		
	Before-tax amount	Tax (Expense) benefit	Net-of-tax amount	Before-tax amount	Tax (Expense) benefit	Net-of-tax amount
	\$	\$	\$	\$	\$	\$
Gain on land and buildings revaluation	(178,625)	44,656	(133,969)	-	-	-

Notes to the financial statements
 30 June 2022

	2022	2021
	\$	\$
(c) <i>The components of tax expense comprise:</i>		
<i>Current Tax Expense</i>		
Current period tax liability	520,246	179,328
<i>Deferred Tax Expense</i>		
Net movement in deferred tax asset	(946)	(3,347)
Net movement in deferred tax liability	32,500	1,166
Total income tax expense	551,800	177,147

Note 18: Tax

(a) <i>Current tax liability</i>		
Income Tax Payable	<u>176,444</u>	<u>63,608</u>
(b) <i>Recognised deferred tax assets</i>		
Expenses not tax deductible until paid	22,278	19,329
Temporary timing differences	<u>11,327</u>	<u>14,635</u>
	<u>33,605</u>	<u>33,964</u>
(c) <i>Recognised deferred tax liabilities</i>		
Deferred tax liability - asset revaluation	<u>252,152</u>	<u>181,996</u>

Note 19: Dividends and Franking Account Balance

The following dividends were declared and paid:

Interim franked ordinary dividend of 1.77 (2021: 1.77) dollars per share	193,214	192,731
Interim franked ordinary dividend of 1.47 dollars per share	162,001	-
Final franked ordinary dividend of 0.30 (1.77) dollars per share	<u>31,711</u>	<u>192,730</u>
	<u>386,926</u>	<u>385,461</u>

Franked dividends declared or paid during the year were franked at the tax rate of 25% (2021: 26%).

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

Franking account

The franking credits available for subsequent financial years at a tax rate of 25% (2021: 26%)

<u>2,175,190</u>	<u>2,304,165</u>
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Notes to the financial statements
 30 June 2022

20. Interests of Key Management Personnel

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

	2022 \$	2021 \$
Short-term employee benefits	275,000	283,904
Post-employment benefits	47,500	35,546
	<u>322,500</u>	<u>319,450</u>

Note 21: Related Party Transactions

- (i) As detailed in the current Prospectus in Section 5.7 'Security and Risk Assessment', the Company does not permit loans to Directors, Managers, Secretaries or Shareholders of the Company. Any loans made to staff members would be made on ordinary arms length terms. There were no loans made to staff members or outstanding from staff members for the years ended 30 June 2022 and 30 June 2021.
- (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 \$65,771 (2021: \$42,230) was received from Nevett Wilkinson Frawley, a firm of solicitors of which one of the current directors of the company is Special Counsel of the firm. The rent was charged at commercial rates for the use of office space in Ballarat.

Note 22: Auditor's Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial statements - Countpro Audit	<u>31,750</u>	<u>30,553</u>
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Note 23: Fair Value Measurement

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

- Property, plant and equipment
- Investment property

Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the financial statements
 30 June 2022

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2022				
Property, plant and equipment - land and buildings	-	1,350,000	-	1,350,000
Investment property	-	1,100,000	-	1,100,000
	-	<u>2,450,000</u>	-	<u>2,450,000</u>
2021				
Property, plant and equipment - land and buildings	-	1,180,000	-	1,180,000
Investment property	-	970,000	-	970,000
	-	<u>2,150,000</u>	-	<u>2,150,000</u>

Level 2 measurements

The revaluation of freehold land and buildings and investment property was based on the assessment of their current market value and the asset's highest and best use. The independent revaluation was carried out by Mr Darren Evans, Director, AAPI Member No: 62322, CPV & Mr Peter Murphy, Director, AAPI Member No: 62963, CPV, on 6 April 2022 and applied effective 6 April 2022.

Highest and best use

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

	2022 \$	2021 \$
Note 24: Cash flow information		
<i>Reconciliation of net income to net cash provided by operating activities:</i>		
Profit for the year	1,696,254	537,240
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	16,168	24,156
- gain on revaluation of investment property	(130,000)	-
- share options expensed	-	34,959
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(95,262)	32,980
- (increase) in other assets	(9,658)	(13,215)
- Decrease/(increase) in deferred tax assets	359	(2,180)
- increase/(decrease) in trade and other payables	69,941	(62,362)
- increase/(decrease) in tax liabilities	74,780	(11,477)
- increase in deferred tax liabilities	70,156	-
- increase in employee benefits	1,527	11,274
Cashflow from operations	<u>1,694,265</u>	<u>551,375</u>

Note 25: Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Note 26: Company details

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

Central Victorian Investments Ltd
 41 Lydiard Street South
 Ballarat Vic 3350

Central Victorian Investments Ltd
ABN: 35 058 071 631

Notes to the financial statements
30 June 2022

Central Victorian Investments Ltd
ABN: 35 058 071 631

Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Francis Damien Frawley
Director



Dominic Peter Dunne
Director

17 August 2022
Ballarat

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

Opinion

We have audited the financial report of Central Victorian Investments Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of Management and the Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Independent Auditor's Report

To the Directors of Central Victorian Investments Ltd

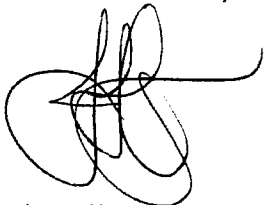
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

CountPro Audit Pty Ltd
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Jason Hargreaves
Director

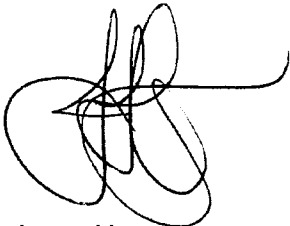
Signed at Ballarat, 17th August 2022

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

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

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

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Jason Hargreaves
Director

Signed at Ballarat, 17th August 2022