CVC Limited

RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 30 JUNE 2019

GROUP SUMMARY

The financial year has resulted in an underlying loss after tax to shareholders of $2.1 million (2018: profit of $22.7 million).

Underlying Results			
	FY2019	FY2018	Change (%)
Total income	$69.6 m	$65.2 m	6.8%
Underlying NPAT	$1.0 m	$27.1 m	(96.3%)
NPAT to shareholders	($2.1 m)	$22.7 m	(109.1%)
Ordinary dividends	15.0 cps	15.0 cps	-%
Net tangible assets	$179.8 m	$206.2 m	(12.8%)
Net cash position	$57.2 m	$71.1 m	(19.6%)

Milestones for the 2019 financial year included:

- The completion of the development of the Bunnings and associated bulky goods centre at Port Macquarie, New South Wales;
- The completion of the development of the Caltex travel centre at Caboolture, Queensland;
- The continued refurbishment of the Mooloolaba Wharf, Queensland with the rejuvenation of the centre with re-leasing and repositioning of retail tenancies;
- Advances made in planning approvals of property projects at Marsden Park, Liverpool, Turrella, Kingsgrove and Bentleigh;
- Increased ownership in the Liverpool and Turrella projects in New South Wales to approximately 67% which, along with Marsden Park, East Bentleigh and Donnybrook, are expected to provide long term value to shareholders;
- Completion of a capital raising by the CVC Emerging Companies Fund and the launch of the Eildon Debt Fund, with combined total Funds Under Management of approximately $100 million; and
- Undertaking a strategic review of the operations of CVC which has led to a repositioning of the business.

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CVC Limited

YEAR IN REVIEW

A summary of the operating results for the financial year are as follows:

	2019 $	2018 $
Direct property investment	16,428,583	15,352,001
Property backed lending	5,790,648	8,413,127
Funds management	1,503,677	1,584,772
Commercial debt and alternative assets	335,398	1,213,182
Listed investments	(5,747,160)	13,738,943
Private equity and venture capital	(1,679,752)	1,559,050
Convertible note interest	(4,252,724)	(105,368)
Unallocated	(11,323,707)	(9,023,403)
Tax effect	(46,804)	(5,659,662)
Total Comprehensive Income	**1,008,159**	**27,072,642**

Direct Property

CVC's property portfolio is a major source of recurrent earnings and capital growth. Total contribution to profit before tax was $16.4 million (2018: $15.4 million) net of project specific borrowing costs of $0.7 million. This included the following significant events during the year:

- Completion of the Bunnings development in Port Macquarie, New South Wales generating a profit of $6.2 million;
- Continued refurbishment of the Mooloolaba Wharf, Queensland generated an uplift in value of $3.5 million; and
- Further progress in rezoning the Bentleigh, Victoria project delivered an increase in value of $5.0 million;

CVC focuses on opportunities to acquire quality long term property holdings with potential for repositioning and value creation. The current portfolio includes investments in residential, commercial, retail and industrial assets.

The Board is confident of the potential value to be unlocked from the investment portfolio over the long term, particularly from its significant property positions including, but not limited to, the Marsden Park, Donnybrook and Liverpool projects, which are forecast to deliver substantial upside from their current carrying values once planning outcomes have been achieved.

CVC Limited

Property Backed Lending

Total contribution to profit before tax was $5.8 million (2018: $8.4 million). The net loan portfolio at the end of the financial year has increased to a net $41.3 million (2018: $31.0 million). Net returns have been impacted year-on-year by impairment charges of $1.0 million during the current financial year compared to impairment recoveries of $2.2 million in 2018.

The property market continues to experience a degree of volatility, with a tightening of credit markets as well as falls in values across different segments. This has meant that flexible lenders like CVC are able to achieve higher returns and improved security on loans.

Deal flow remains strong for lending opportunities creating significant opportunities for CVC over the longer term. The capital market for the provision of loan finance solutions is expected to generate consistent long-term interest income streams.

Funds Management

The contribution to comprehensive income of this segment was $1.5 million (2018: $1.6 million). CVC continues to grow its funds management segment. CVC rolled out new offerings which included the following:

- In joint venture with Evans Dixon Limited (ASX: ED1), CVC established and raised $45 million in the CVC Emerging Companies Fund, a wholesale unit trust which will invest in unlisted and listed emerging companies;
- The acquisition of the remaining 60% of Eildon Funds Management Limited, which provides management services to Eildon Capital Limited and Eildon Debt Fund, with a combined Funds Under Management of approximately $100 million;
- Causeway Income Partners Limited, a joint venture with Causeway Financial Pty Limited, commenced the raising of a $75 million wholesale corporate debt fund; and
- Australian Invoice Finance Limited and Bigstone Capital Pty Limited continuing to grow their loan portfolio and investor base.

CVC has supported the development of external fund managers including seeding investment vehicles that are synergistic with the investment philosophy of CVC. These new strategies will complement the existing portfolio and contribute to ongoing profitability via recurrent management fees and performance fees.

Commercial Debt and Alternative Assets:

Total contribution to profit before tax was $0.3 million (2018: $1.2 million). The current loan portfolio at the end of the financial year was $9.9 million (2018: $10.8 million).

Returns have been impacted by impairment provisions of $1.8 million in relation to a number of investments.

Similar to the tightening credit markets being experienced by property borrowers, bank lenders are continuing to tighten commercial lending, with more stringent credit assessments, while relying less on property as underlying security. In particular, Small to Medium Enterprises (SME) and Middle Market borrowers are being adversely impacted. This is presenting lenders like CVC with opportunities to generate higher return on loans with improved security.

Listed Investments:

CVC's active listed investment management strategy, contributed a loss to comprehensive income of $5.7 million (2018: profit of $13.7 million). The results include losses from trading and share price reductions of $7.5 million (2018: profit of $10.8 million) which was partially offset by distributions received of $1.8 million (2018: $2.9 million).

Private Equity:

The total loss to comprehensive income was $1.7 million (2018: profit of $1.6 million) including the results of equity accounted investments. The loss was mainly attributed to the revaluation of a number of smaller equity holdings in investments.

Following a review of the carrying value of the listed and private equity portfolio, a decision was made to rebalance the investment portfolio to a more concentrated investment strategy, including holding a smaller, concentrated high conviction equities portfolio, growing the loan portfolio, while continuing to focus on the existing successful direct property investment strategy.

FUTURE OUTLOOK

Given the transition to the new investment strategy, the Board is not in a position to provide guidance for the financial year ending 30 June 2020.

With substantial cash holdings and a portfolio of investments that are forecast to result in short, medium and long term realisations, CVC is well positioned to deliver both growing annual profitability and dividends for shareholders over the longer term.

CVC Limited

CAPITAL MANAGEMENT AND DIVIDEND POLICY

The Board is committed to the payment of dividends to shareholders that reflects underlying profitability.

A final fully franked dividend of 8 cents per share was declared and paid to shareholders on 20 August 2019. Given the uncertainty of short term profitability as CVC transitions to the new strategy, the Board is unable to provide guidance on the payment of dividends to shareholders, including the level to which dividends will be franked.

CVC has periodically purchased shares under its buy back scheme, dependant on price. The buy back scheme will be utilised to enable a better alignment of assets with recurrent earnings and is accretive to shareholder value.

Mark Avery
Managing Director
30 August 2019

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Appendix 4E

Preliminary Final Report
Results for announcement to the market

CVC Limited

ABN	Financial Year ended ('Reporting Period')	Previous Financial Year ended ('Corresponding period')
34 002 700 361	30 June 2019	30 June 2018

Results

Income from ordinary activities	up/~~down~~	7%	to	$69,646,650
Profit after tax attributable to members	~~up~~/down	(109%)	to	($2,060,022)
Net profit for the period attributable to members	~~up~~/down	(109%)	to	($2,060,022)

Dividends (distributions)

	Amount per security	Franked amount per security
Final Dividend – 2019 (Paid 20 August 2019)	8 ¢	8 ¢
Interim Dividend – 2018 (Paid 8 March 2019)	7 ¢	7 ¢

Information on Dividends:

The directors paid a final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share on 20 August 2019.

A fully franked interim dividend in respect of the financial year ended 30 June 2019 of 7 cents per share was paid on 8 March 2019.

The Dividend Reinvestment Plan continues to be suspended and as such is not be in operation in relation to the payment of the dividend.

Ex-dividend date	6 August 2019
Record date for determining entitlements to the final dividend	7 August 2019
Payment Date	20 August 2019

Net tangible asset per security

	Year ended 30 June 2018	Year ended 30 June 2018
Net assets per share	$1.53	$1.71
Net tangible assets ("NTA") per share	$1.53	$1.71

The preliminary final report is based on accounts that have been audited.

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

CVC LIMITED
AND ITS CONTROLLED ENTITIES

FINANCIAL REPORT

For the year ended
30 June 2019

The financial report was authorised for issue by the Directors on 30 August 2019.
The company has the power to amend and reissue the financial report.

ACN 002 700 361

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2019 together with the Auditors' Report thereon.

DIRECTORS
The names of Directors who served at any time during the financial year and up to the date of this report, unless otherwise stated are John Douglas Read, John Scott Leaver (appointed 8 April 2019), Mark Anthony Avery (appointed 1 July 2019), Alexander Jovan Rapajic-Leaver (appointed 1 July 2019), Ian Houston Campbell and Alexander Damien Harry Beard (resigned 1 August 2019). The names of Company Secretaries in office throughout the financial year and to the date of this report are Mr Alexander Damien Harry Beard (resigned 1 August 2019) and Mr John Andrew Hunter. Details of qualifications, experience and special responsibilities of Directors are as follows:

John Douglas Read (Chairman)
B.Sc. (Hons) (Cant.), M.B.A. (A.G.S.M.)
Fellow of the Australian Institute of Company Directors.
Board member since 1989. Member of the audit committee.
Mr Read has over 30 years experience in the venture capital industry. He is a former Director of CSIRO and the Australian Institute for Commercialisation Limited.
During the past three years Mr Read has also served as Chairman of Patrys Limited, and the Central Coast Water Corporation.

Ian Houston Campbell (Non-Executive Director)
Fellow of the Chartered Accountants Australia and New Zealand; Member of Australian Institute of Company Directors; Chairman of the audit committee of the Company.
Mr Campbell is currently a Non-Executive Director of Kip McGrath Education Centres Limited (ASX: KME) and Redox Pty Limited. Mr Campbell's previous Non-Executive Director roles include Gloria Jeans Coffees International Pty Limited, Young Achievement Australia Limited and Green's Foods Holdings Pty Limited. Mr Campbell brings to CVC 30 years of experience as a former partner with Ernst and Young and predecessor firms, principally working with entrepreneurial companies in preparing them for growth, sale and the capital markets.

John Scott Leaver (Executive Director) (Appointed 8 April 2019)
B.Ec. (Uni. of Sydney)
Mr Leaver was originally a founder of CVC in 1984 and as previously a board member until 29 November 2013.

Mark Anthony Avery (Managing Director) (Appointed 1 July 2019)
B.Com.Pl.Ds. (UOM)
Mr Avery began his professional career at Macquarie Group in 2002 in the property finance and residential development divisions. Mr Avery also worked for private and listed property development and investment groups. Mr Avery commenced at CVC Limited in 2010, and has been responsible for all of the group's real estate investment activities. He is also a director of Eildon Capital Limited and Eildon Funds Management Limited.

Alexander Jovan Rapajic-Leaver (Non-Executive Director) (Appointed 1 July 2019)
B.Bus. (Bond University), Member of the Australian Institute of Company Directors (MAICD)
Mr Rapajic-Leaver has over 15 years' experience in the property industry, commencing his career with Sunland Group Limited (ASX:SDG), where he worked in all aspects of the business from site acquisition and feasibility analysis to construction and project management. Mr Rapajic-Leaver also worked for a private Melbourne property development corporation, concentrating on land subdivisions and site identification. In 2010, Mr Rapajic-Leaver was the founding partner of LeaMac Property Group which is focused on identifying and securing property development opportunities, such as the joint venture holdings by CVC at Marsden Park, Turrella and Liverpool.

Alexander Damien Harry Beard (Managing Director and Company Secretary) (Resigned 1 August 2019)
B.Com. (Uni. of NSW)
Fellow of the Chartered Accountants Australia and New Zealand; Member of Australian Institute of Company Directors.
Board member since 2000 and Chief Executive Officer since 2001. Member of the audit committee.
Mr Beard has been employed by the manager of the Company since 1991.
During the past three years Mr Beard has also served as Director of the following other listed companies: Probiotec Limited, Shellfish Culture Limited, Tasfoods Limited, US Residential Fund and Eildon Capital Limited.

COMPANY SECRETARIES

John Andrew Hunter
B.Com. (ANU), M.B.A. (MGSM), MAppFin (MAFC)
Member of the Chartered Accountants Australia and New Zealand.

In addition to being a Director of the Company, **Alexander Damien Harry Beard** was also a Company Secretary of the Company until 1 August 2019.

KEY MANAGEMENT PERSONNEL

The key management personnel during the financial year include:

- Mark Anthony Avery who is head of property of CVC
- John Andrew Hunter who is the Chief Financial Officer of CVC.

MEETINGS OF DIRECTORS

The number of meetings and the number of meetings attended by each of the Directors during the financial year were:

	Directors' Meetings	
	No of meetings attended	**No of meetings eligible to attend**
John Douglas Read	5	5
Alexander Damien Harry Beard	5	5
Ian Houston Campbell	5	5
John Scott Leaver	2	2

The Company has an audit committee. The number of meetings and the number of meetings attended by each of the Directors on the audit committee during the financial year were:

	Audit Committee Meetings	
	No of meetings attended	**No of meetings eligible to attend**
John Douglas Read	2	2
Alexander Damien Harry Beard	2	2
Ian Houston Campbell	2	2

DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S INTERESTS

The relevant interest of each Director and Key Management Personnel in the share capital of the Company as at the date of this report is as follows:

Ordinary shares	Opening	Purchases	Sales	Other changes during the year	Closing
Mr J.D. Read	528,956	-	-	-	528,956
Mr A.D.H. Beard	1,381,136	-	(1,381,136)	-	-
Mr I.H. Campbell	50,000	-	-	-	50,000
Mr J.S. Leaver	-	-	-	49,825,546	49,825,546
Mr M.A. Avery (a)	-	-	-	9,500	9,500
Mr A.J. Rapajic-Leaver (a)	-	-	-	-	-
Mr J.A. Hunter	-	-	-	-	-

(a) Messrs Avery and Rapajic-Leaver were appointed as directors on 1 July 2019.

OVERVIEW OF ACTIVITIES

The sections below provide details on the results, dividends, activities, operations, changes in state of affairs and expectations for the future.

DIVIDENDS

A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 and paid on 20 August 2019 to those shareholders registered on 6 August 2019. An interim fully franked dividend of 7 cents per share amounting to $8,357,505 was paid on 8 March 2019.

A final fully franked dividend in respect of the year ended 30 June 2018 of 8 cents per share was declared on 17 August 2018 and paid on 5 September 2018 to those shareholders registered on 23 August 2018. An interim fully franked dividend of 7 cents per share amounting to $8,367,295 was paid on 7 March 2018.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

The principal activities of entities within CVC during the year were:
- property finance and development;
- investment in listed entities;
- the provision of investment and development capital; and
- funds management.

CONSOLIDATED RESULTS

The financial performance for the 2019 financial year is as follows:
- Net loss after tax of $2.1 million (2018: profit of $22.7 million) to shareholders;
- Net profit after tax of $1.0 million (2018: $27.1 million);
- Earnings per share of loss of 1.7 cents (2018: profit of 19 cents); and
- Decrease in Net Tangible Assets per share of 18 cents (2018: increase of 5 cents), following dividends per share totalling 15 cents (2018: 15 cents) paid during the year.

The consolidated profit for the year attributable to the members of the Company is calculated as follows:

	2019	2018
	$	$
Net profit after income tax	**1,008,159**	27,072,642
Net profit attributable to non-controlling interests	**3,068,161**	4,356,266
Net (loss)/profit after income tax attributable to members of parent entity	**(2,060,002)**	22,716,376

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS
Highlights for the year of the main operating segments are as follows:

	2019	2018
	$	$
Direct Property Investments	**16,428,583**	15,352,001
Property Backed Lending	**5,790,648**	8,413,127
Funds management	**1,503,677**	1,584,772
Commercial Debt and Alternative Assets	**335,398**	1,213,182
Listed investments	**(5,747,160)**	13,738,943
Private equity and venture capital	**(1,679,752)**	1,559,050
Convertible note interest	**(4,252,724)**	(105,368)
Unallocated	**(11,323,707)**	(9,023,403)
Tax effect	**(46,804)**	(5,659,662)
Total Comprehensive Income	**1,008,159**	27,072,642

Note, prior year balances have been reclassified for consistency.

Direct Property:
Total contribution to profit before tax was $16.4 million (2018: $15.4 million) net of project specific borrowing costs of $0.7 million. The result for the year was directly attributed to positive results of a number of activities during the year including:

- The completion of the development of the Caltex travel centre at Caboolture, Queensland generating $0.7 million;
- The continued commercialisation of the Caboolture, Queensland project with approvals being finalised for the next stage of development and finalising negotiations with national tenants for the site, with an increase in value of $1.0 million;
- The completion of the development of the Bunnings and associated bulky goods centre at Port Macquarie, New South Wales of $6.2 million, including an uplift in the value of the arising from the sale of the site as part of a project delivery agreement with the buyer;
- The progression of the rezoning of the Bentleigh, Victoria site has seen further increase in value of $5.0 million; and
- The continued refurbishment of the Mooloolaba Wharf, Queensland with the rejuvenation of the centre with re-leasing and repositioning of retail tenancies, generating an uplift in value of $3.5 million.

In addition to the above, CVC increased its holding in the Liverpool and Turrella projects in New South Wales to approximately 67%. CVC continues to progress the planning approvals on these projects as well as the Marsden Park North in New South Wales, East Bentleigh and Donnybrook in Victoria projects. These projects provide long term development pipelines once planning outcomes have been achieved of retail, commercial and residential uses.

Property Backed Lending:
Total contribution to profit before tax was $5.8 million (2018: $8.4 million). Although the net loan portfolio at the end of the financial year has increased to $41.3 million (2018: $31.0 million) returns have been impacted year-on-year by impairment charges of $1.0 million during the current financial year compared to impairment recoveries of $2.2 million in 2018.

Funds Management:
The contribution to comprehensive income of this segment was $1.5 million (2018: $1.6 million). In joint venture with Evans Dixon Limited (ASX: ED1), CVC established and raised $45 million in the CVC Emerging Companies Fund, a wholesale unit trust which will invest in unlisted and listed emerging companies. In addition to both Australian Invoice Finance Limited and Bigstone Capital Pty Limited continuing to grow their loan portfolio and investors, Causeway Income Partners Limited, a joint venture with Causeway Financial Pty Limited, commenced the raising of a $75 million wholesale corporate debt fund.

Commercial Debt and Alternative Assets:
Total contribution to profit before tax was $0.3 million (2018: $1.2 million). The current loan portfolio at the end of the financial year is $9.9 million (2018: $10.8 million) returns have been impacted by impairment charges of $1.8 million.

Listed Investments:
CVC's active listed investment management strategy contributed a loss to comprehensive income of $5.7 million (2018: profit of $13.7 million). The results include losses from trading and share price reductions of $7.5 million (2018: profit of $10.8 million) distributions received of $1.8 million (2018: $2.9 million).

Private Equity:
The total loss to comprehensive income was $1.7 million (2018: profit of $1.6 million) including the results of equity accounted investments. The loss was mainly attributed to the revaluation of a number of smaller equity holdings in investments to reflect recent capital raising prices.

Following a review of the carrying value of the listed and private equity portfolio, a decision was made to rebalance the investment portfolio to a more concentrated investment strategy, including holding a smaller, concentrated high conviction equities portfolio, growing the loan portfolio, while continuing to focus on the existing successful direct property investment strategy.

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

LIKELY DEVELOPMENTS

As explained in previous reports, the total level of profit for any period, notwithstanding the recurrent earnings, is largely determined by the timing of the realisation of investments that result in capital gains. The Company believes the strong financial position and continual evaluation of investment opportunities by its management team will enable the identification and execution of suitable investment opportunities during the course of the coming year.

ENVIRONMENTAL REGULATION

CVC's operations are not subject to environmental regulations.

EVENTS SUBSEQUENT TO BALANCE DATE

On 8 August 2019, CVC acquired 60% of Eildon Funds Management Limited for a consideration of $3.6 million at which time it became a 100% subsidiary of CVC.

A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 and paid on 20 August 2019 to those shareholders registered on 6 August 2019.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

SHARE OPTIONS

There were no options issued by the Company during the year or to the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

a) Indemnification
During and since the end of the financial period CVC has provided an indemnity and entered into an agreement to indemnify Directors and Company Secretaries for liabilities that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

b) Insurance Premiums
CVC has not, during the year or since the end of the financial year, paid or agreed to pay a premium for insuring any person who is or has been an auditor of the Company or a related body corporate for the costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Company and its 100% owned entities in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of CVC.

Remuneration philosophy
The performance of CVC depends upon its ability to attract and retain quality people. CVC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre management personnel and providing the opportunity to receive superior remuneration tied directly to the creation of value for shareholders.

Remuneration structure
In accordance with best practice corporate governance, the structure of Non-Executive Director and remuneration for all other key management personnel is separate and distinct.

Non-Executive Director's remuneration is solely in the form of fees and has been set by shareholders at a maximum aggregate amount of $400,000, to be allocated amongst the Directors as they see fit. It has been set to balance the need to attract and retain Directors of the highest calibre at a cost that is acceptable to shareholders.

Key management personnel remuneration consists of: base salary, fees, superannuation contributions, short term performance discretionary bonuses and participation in the CVC Executive Long Term Incentive Plan and Employee Share Option Plan.

The Company does not have a remuneration committee. The remuneration of the Managing Director is determined following discussion with the Non-Executive Directors. The remuneration of key management personnel other than the Managing Director are determined following discussion with the Board of CVC.

Short term discretionary performance bonuses permit CVC to reward individuals for superior personal performance or contribution towards components of CVC's performance for which they have direct responsibility and are determined at the end of the financial year.

Employee Share Option Plan
The objective of the Employee Share Option Plan is to align the interests of CVC's Directors and senior management with those of shareholders by providing the ability for employees to participate in the increase in the share price of CVC. This also provides a mechanism to retain key employees over the longer term to deliver on CVC's strategic direction. In general terms, under the plan:

- Each option issued entitles an eligible employee to receive one ordinary share in the company; and
- The terms of the issue of options to eligible employees is at the discretion of the Directors, including the number of options issued, the exercise price, terms and vesting conditions.

No options have been issued under the Employee Share Option Plan. Although approval was obtained from shareholders to issue options to Messrs Read, Beard and Campbell on 28 November 2018 these have not been issued.

CVC Executive Long Term Incentive Plan
The objectives of the CVC Executive Long Term Incentive Plan are to directly align the opportunity to achieve superior employment rewards with the wealth generated for shareholders whilst providing a mechanism to retain key employees over the longer term. In general terms, under the plan:

- key employees are invited by the Directors to acquire shares in the Company subject to certain conditions;
- the conditions specify performance hurdles and time periods in which they are required to be achieved;
- all shares issued under the plan cover a three year period and require that the total return to shareholders over the three year period exceeds the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index;
- shares are issued at market value and the Company provides a loan to the participant to cover the cost of the shares;
- interest is charged on the loan equivalent to dividends paid on the shares;
- the shares are restricted and cannot be dealt with by the participant during the period;
- shares are forfeited and the loans are cancelled if the performance hurdles have not been met or the share price at the end of the period is below the issue price;
- if shares are not forfeited, at the end of the period the participant is required to repay the loan, the restrictions on the shares are removed and the shares are taken out of the plan; and
- a maximum of 5 million shares can be issued under the plan.

There are currently no shares issued under the CVC Executive Long Term Incentive Plan.

REMUNERATION REPORT (AUDITED) (CONTINUTED)

Remuneration of key management personnel (continued):
Individual remuneration disclosures:

The following table provides details of the remuneration expense of the Company and its 100% owned entities recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standard.

Remuneration of key management personnel for the year ended 30 June 2019

		Short-term employee benefits		Post – employ't benefits			
		Base Salary Fees $	STI Bonus (b) $	Super'n $	Termination benefit	Total $	Base % (a)
Directors							
ADH Beard	**2019**	**465,000**	**-**	**25,000**	**1,815,000**	**2,305,000**	**100%**
(Managing Director)	2018	447,500	300,000	25,000	-	772,500	61%
JD Read	**2019**	**75,000**	**-**	**25,000**	**-**	**100,000**	**100%**
(Non-Executive Director)	2018	60,000	-	25,000	-	85,000	100%
JS Leaver(c)	**2019**	**92,096**	**-**	**5,685**	**-**	**97,781**	**100%**
(Executive Director)	2018	-	-	-	-	-	-
IH Campbell	**2019**	**82,192**	**-**	**7,808**	**-**	**90,000**	**100%**
(Non-Executive Director)	2018	77,626	-	7,374	-	85,000	100%
	2019	**714,288**	**-**	**63,493**	**1,815,000**	**2,592,781**	
	2018	585,126	300,000	57,374	-	942,500	
Other Key Management Personnel							
JA Hunter	**2019**	**385,000**	**-**	**25,000**	**-**	**410,000**	**100%**
	2018	375,000	300,000	25,000	-	700,000	57%
MA Avery(d)	**2019**	**17,466**	**-**	**1,164**	**-**	**18,630**	**100%**
	2018	-	-	-	-	-	-
		402,466	**-**	**26,164**	**-**	**428,630**	
		375,000	300,000	25,000	-	700,000	
	2019	**1,116,754**	**-**	**89,657**	**1,815,000**	**3,021,411**	
	2018	960,126	600,000	82,374	-	1,642,500	

Notes:
(a) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
(b) The Short Term Incentive Bonus represents discretionary bonuses as determined by the Directors of CVC, based on their performance during the year.
(c) Mr Leaver was appointed as director on 8 April 2019. The amount paid relates to the period that Mr Leaver was appointed as director for the period of 8 April 2019 to 30 June 2019.
(d) Mr Avery was considered to be a member of the key management personnel on 13 June 2019 when the board of directors made the decision to appoint him as a Director on 1 July 2019 and Chief Executive Officer following the retirement of Mr Beard.

REMUNERATION REPORT (AUDITED) (CONTINUTED)

Executive contractual arrangements

It is CVC's policy that service contracts for key management personnel are unlimited in term but capable of termination as per the relevant period of notice and that CVC retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the key management person but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account any change in the scope of the role performed by the key management personnel and any changes required to meet the principles of the remuneration policy.

The key employment terms of Mr Mark Avery are as follows:
- Based Salary of $375,000 per annum;
- Termination of employment by providing six month's notice, unless it is due to serious misconduct, which requires no notice;
- Any unvested short and long term incentives are forfeited;
- Six months restriction from solicitation of staff and clients.

Standard key management personnel termination payment provisions apply to all other key management personnel, including. The standard key management personnel provisions are as follows:

Details	Notice Period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited

Consequences of performance on shareholder wealth

In considering CVC's performance and benefits for shareholder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial years.

	2019 **$**	2018 $	2017 $	2016 $	2015 $
Net (loss)/profit attributable to members of the parent entity	**(2,060,002)**	22,716,376	27,501,354	13,798,394	18,323,405
Comprehensive (loss)/income attributable to members of the parent entity	**-**	-	(6,546,240)	13,024,484	(16,158,003)
Total comprehensive (loss)/income attributable to members of the parent entity	**(2,060,002)**	22,716,376	20,955,114	26,822,878	2,165,402
Dividends paid	**17,920,128**	17,929,918	23,906,558	9,562,623	17,929,938
Shares bought back on market	**4,878,540**	-	-	-	-
Share price	**2.59**	2.66	1.86	1.51	1.52
Change in share price	**(0.07)**	0.80	0.35	(0.01)	0.10
Net assets per share	**1.53**	1.71	1.66	1.68	1.55
Change in net assets per share	**(0.18)**	0.05	(0.02)	0.13	(0.08)

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

No fees were paid to HLB Mann Judd in respect of non-audit services during the year.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CVC LIMITED

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 11.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Dated at Sydney 30 August 2019.

MARK AVERY
Director

JOHN READ
Director

To the directors of CVC Limited:

As lead auditor for the audit of the consolidated financial report of CVC Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to CVC Limited and the entities it controlled during the period.

Sydney, NSW
30 August 2019

N J Guest
Partner

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CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
INCOME FROM CONTINUING OPERATIONS			
Revenue from property development activities	4	**46,143,483**	36,914,879
Interest and fee income	4	**11,474,450**	8,010,299
Net income from share investments	4	**-**	15,579,560
Management fee income	4	**1,508,249**	1,496,255
Other income	4	**1,020,500**	2,834,128
Total income		**60,146,682**	64,835,121
Share of net profits of associates accounted for using the equity method	**15**	**9,499,968**	400,074
EXPENSES			
Convertible note raising costs		**-**	214,751
Cost of land sold	**13**	**12,284,035**	8,321,425
Contract costs		**25,083,512**	10,830,519
Directors fees		**714,288**	885,126
Employee costs		**7,255,178**	5,720,511
Finance costs	**5**	**5,651,004**	1,778,290
Impairment of financial assets at amortised cost	**5**	**2,963,528**	179,904
Legal expenses		**337,934**	289,466
Management and consultancy fees		**2,884,375**	2,208,744
Net loss from share investments	**4**	**8,714,278**	-
Operating lease rental		**594,855**	550,919
Overhead expenses	**5**	**2,108,700**	1,523,236
Total expenses		**68,591,687**	32,502,891
Profit before related income tax expense		**1,054,963**	32,732,304
Income tax expense	**6**	**46,804**	5,659,662
Net profit		**1,008,159**	27,072,642
Net profit attributable to non-controlling interest	**24**	**3,068,161**	4,356,266
Net (loss)/profit attributable to members of the parent entity		**(2,060,002)**	22,716,376
Basic and diluted earnings per share for (loss)/profit attributable to the members of the parent entity	**7**	**(0.0173)**	0.1900

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 17 to 73.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Profit for the year		**1,008,159**	27,072,642
Total comprehensive income for the year		**1,008,159**	27,072,642
Attributable to			
Shareholders		**(2,060,002)**	22,716,376
Non-controlling interest	**24**	**3,068,161**	4,356,266
		1,008,159	27,072,642

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 17 to 73.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	26	**57,157,737**	71,093,285
Financial assets at amortised cost	9	**35,081,213**	41,472,207
Contract assets	10	**-**	743,050
Financial assets at fair value through profit or loss	12	**43,124,036**	48,368,616
Inventories	13	**3,323,321**	3,605,672
Other assets	14	**1,412,728**	371,073
Current tax assets	6	**1,145,424**	-
		141,244,459	165,653,903
Assets classified as held for sale	11	**-**	11,620,343
Total current assets		**141,244,459**	177,274,246
NON-CURRENT ASSETS			
Financial assets at amortised cost	9	**18,568,770**	17,310,844
Financial assets at fair value through profit or loss	12	**40,156,134**	56,651,456
Inventories	13	**19,528,957**	18,150,818
Investments accounted for using the equity method	15	**48,409,113**	32,436,702
Property, plant and equipment	16	**304,544**	342,861
Investment properties	17	**2,400,000**	1,350,000
Other assets	14	**15,243,157**	-
Deferred tax assets	6	**-**	304,003
Total non-current assets		**144,610,675**	126,546,684
TOTAL ASSETS		**285,855,134**	303,820,930
CURRENT LIABILITIES			
Trade and other payables	19	**14,164,786**	10,101,498
Contract liabilities	10	**2,133,503**	-
Interest bearing loans and borrowings	21	**-**	2,583,121
Provisions	20	**854,699**	867,798
Current tax liabilities	6	**-**	1,301,475
Total current liabilities		**17,152,988**	14,853,892
NON-CURRENT LIABILITIES			
Trade and other payables	19	**5,000,000**	-
Interest bearing loans and borrowings	21	**80,335,742**	78,845,201
Provisions	20	**104,136**	21,005
Deferred tax liabilities	6	**3,473,506**	3,931,483
Total non-current liabilities		**88,913,384**	82,797,689
TOTAL LIABILITIES		**106,066,372**	97,651,581
NET ASSETS		**179,788,762**	206,169,349
EQUITY			
Contributed equity	22	**98,768,308**	103,646,848
Other equity	23	**1,881,405**	1,881,405
Retained earnings		**79,626,124**	99,606,254
Other reserves	25	**(266,808)**	(318,237)
Total parent entity interest		**180,009,029**	204,816,270
Non-controlling interest	24	**(220,267)**	1,353,079
TOTAL EQUITY		**179,788,762**	206,169,349

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 17 to 73.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity $	Retained earnings $	Asset revaluation $	Other equity $	Owners of the parent $	Non-controlling interest $	Total $
At 1 July 2018	**103,646,848**	**99,606,254**	**(318,237)**	**1,881,405**	**204,816,270**	**1,353,079**	**206,169,349**
(loss)/profit for the year	**-**	**(2,060,002)**	**-**	**-**	**(2,060,002)**	**3,068,161**	**1,008,159**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income/(loss) for the year	**-**	**(2,060,002)**	**-**	**-**	**(2,060,002)**	**3,068,161**	**1,008,159**
Share of associate reserve	**-**	**-**	**51,429**	**-**	**51,429**	**-**	**51,429**
Transactions with shareholders:							
Share bought back	**(4,870,858)**	**-**	**-**	**-**	**(4,870,858)**	**-**	**(4,870,858)**
Share buyback transaction cost	**(10,975)**	**-**	**-**	**-**	**(10,975)**	**-**	**(10,975)**
Income tax on buyback transaction cost	**3,293**	**-**	**-**	**-**	**3,293**	**-**	**3,293**
Acquisition of interest in controlled entities	**-**	**-**	**-**	**-**	**-**	**322,430**	**322,430**
Disposal of interest in controlled entities	**-**	**-**	**-**	**-**	**-**	**2,358**	**2,358**
Return of capital	**-**	**-**	**-**	**-**	**-**	**(180,000)**	**(180,000)**
Dividends paid	**-**	**(17,920,128)**		**-**	**(17,920,128)**	**(4,786,295)**	**(22,706,423)**
At 30 June 2019	**98,768,308**	**79,626,124**	**(266,808)**	**1,881,405**	**180,009,029**	**(220,267)**	**179,788,762**
At 1 July 2017	103,646,848	94,819,796	(318,237)	-	198,148,407	286,780	198,435,187
Profit for the year	-	22,716,376	-	-	22,716,376	4,356,266	27,072,642
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	22,716,376	-	-	22,716,376	4,356,266	27,072,642
Transactions with shareholders:							
Disposal of interest in controlled entities	-	-	-	-	-	4,095	4,095
Value of conversion rights on convertible notes	-	-	-	1,881,405	1,881,405	-	1,881,405
Dividends paid	-	(17,929,918)	-	-	(17,929,918)	(3,294,062)	(21,223,980)
At 30 June 2018	103,646,848	99,606,254	(318,237)	1,881,405	204,816,270	1,353,079	206,169,349

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 17 to 73.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**3,057,330**	12,270,745
Cash payments in the course of operations		**(11,076,462)**	(12,923,085)
Net cash receipts for land held for resale		**10,645,433**	5,253,038
Proceeds from disposal of financial assets at fair value through profit or loss		**106,891,716**	75,378,472
Payments for disposal of financial assets at fair value through profit or loss		**(93,030,011)**	(92,286,433)
Net proceeds on construction contract		**10,443,039**	194,055
Loans provided		**(69,688,277)**	(28,680,697)
Loans repaid		**62,694,503**	20,641,345
Dividends received		**3,410,071**	7,496,824
Interest received		**5,866,208**	10,323,631
Interest paid		**(5,335,411)**	(145,841)
Income taxes paid		**(2,666,423)**	(6,171,864)
Net cash provided by/(used in) operating activities	**26**	**21,211,716**	(8,649,810)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition and development of investment properties		**(837,256)**	(1,144,843)
Payments for property, plant and equipment		**(53,472)**	(30,660)
Acquisition of subsidiaries, net of cash acquired		**(3,102,637)**	-
Acquisition of intangibles		**-**	(6,144)
Net cash used in investing activities		**(3,993,365)**	(1,181,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(81,487,901)**	(66,669,758)
Proceeds from borrowings		**78,205,695**	68,570,276
Net proceeds from issues of convertible note		**-**	57,715,910
Dividends paid		**(22,809,860)**	(20,438,402)
Payments for share buy-back		**(4,881,833)**	-
Payments for return of capital		**(180,000)**	-
Net cash (used in)/provided by financing activities		**(31,153,899)**	39,178,026
Net (decrease)/increase in cash and cash equivalents		**(13,935,548)**	29,346,569
Cash and cash equivalents at the beginning of the financial year		**71,093,285**	41,746,716
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**26**	**57,157,737**	71,093,285

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 17 to 73.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this Financial Report are:

1.1 Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value.

These accounting policies have been consistently applied by each entity in CVC and, are consistent with those of the previous year, except for the adoption of new and amended standards as set out in note 35. Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 34.

1.2 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include the Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

CVC has adopted AASB 15 *Revenue from Contracts with Customers* for the first time for the annual reporting period commencing 1 July 2018. The impact of the adoption of the standard and the new accounting policy are disclosed in note 35.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period:

(i) AASB 16 Leases
AASB 16 *Leases* was released in February 2016 and is mandatory for periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis; and
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The standard will affect primarily the accounting for CVC's operating leases. As at the reporting date, CVC has non-cancellable operating lease commitments of $3,056,925, see note 28.1. As at 30 June 2019 if AASB 16 *Leases* was adopted the disclosure would be as follows:

Right of use assets	$2,694,775
Lease liability	
Current	$597,292
Non-current	$2,097,483

Over the life of the right of use asset the following amounts would be recognised in the statement of financial performance:

Interest expense	$362,150
Amortisation charge	$2,694,775
Total	$3,056,925

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3 Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of CVC Limited (the "Company") and its subsidiaries during the year ended 30 June 2019 ("CVC"). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which CVC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Non-controlling interests not held by CVC are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Increases in investments in existing controlled entities are recognised by CVC in equity with no impact on goodwill and the statement of financial performance. The difference between the consideration paid by CVC and the carrying amount of non-controlling interest has been included in asset revaluation reserve.

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. The equity accounted investments are not recorded at a value in excess of CVC's share of the associates net assets at the date significant influence commences, with the exception of CVC's share of the associates future profits. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of comprehensive income from the date significant influence commences until the date significant influence ceases. CVC's equity accounted share of movements in retained profits from changes in accounting policies by associates is recognised directly in consolidated retained earnings. CVC's equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

Parent entity information

The financial information of the Company is disclosed in note 3 and has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as "fair value through profit or loss" investments.

Joint ventures

CVC's interests in joint venture partnerships are accounted for using equity accounting principles. Investments in joint venture partnerships are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the joint venture partnerships' net profit or loss is recognised in the consolidated statement of comprehensive income from the date joint control commences to the date joint control ceases. CVC's share of other movements in reserves is recognised directly in consolidated reserves.

Goodwill

Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

1.4 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.4 Non-current assets held for sale (Continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

1.5 Impairment

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1.6 Investments

Set-off of financial assets and liabilities
For investments with direct associated debt, the financial assets and liabilities are reflected on a net basis where this reflects a right, and an intention, to set-off the expected future cash flows from settling those assets and liabilities.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.7 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit.

Tax consolidation legislation
The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. The entities in the consolidated group continue to account for their own current and deferred tax amounts. CVC has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.8 Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.9 Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to CVC prior to the end of the financial year that are unpaid and arise when CVC becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing and are normally settled on average between 30 - 45 day terms.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.10 Trade and Other Receivables

Trade and other receivables, which generally have 30 - 120 day terms, are stated at their amortised cost less any allowance for expected credit losses. Individual debts that are known to be uncollectible are written off when identified. An allowance for expected credit losses is recognised when there is objective evidence that CVC will not be able to collect the receivable.

1.11 Contract Assets and Contract Labilities

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. Individual contract asset that are known to be uncollectible are written off when identified. An allowance for expected credit losses is recognised when there is objective evidence that CVC will not be able to collect the receivable.

1.12 Property, Plant and Equipment

Acquisition
Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Investment properties
Investment properties are initially measured at cost, including transaction costs. Investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognised in the statement of financial performance in the year in which they arise.

Leased property, plant and equipment
Lease of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the profit or loss. Contingent rentals are expensed as incurred.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Depreciation and amortisation
Property, plant and equipment are depreciated/amortised using the straight line and diminishing value methods over the estimated useful lives, with the exception of finance lease assets. Finance lease assets are amortised over the term of the relevant lease, or where it is likely CVC will obtain ownership of the asset, the life of the asset. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The current depreciation rates for each class of assets are as follows:

Plant and equipment	5% to 50%
Leased assets	15% to 25%
Leasehold improvements	2.5% to 30%

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the average cost method and includes direct and allocated costs incurred in acquiring the inventories and bringing them to their present location and condition. Cost is assigned by specific identification and includes the cost of acquisition and development costs during development. Provision is recognised when there is objective evidence that the consolidated entity will not be able to sell the inventory at normal reseller pricing. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.14 Investments and Other Financial Assets

(a) Classification
Financial assets in the scope of AASB 9 *Financial Instruments* are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in financial performance or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Debt investments are reclassified when and only when its business model for managing those assets changes.

(b) Measurement
At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets at amortised cost
Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in financial performance and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of financial performance.

Financial assets at fair value through other comprehensive income (FVOCI)
- Debt instruments: Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in financial performance. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to financial performance and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of financial performance.

- Equity instruments: Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to financial performance following the derecognition of the investment. Dividends from such investments continue to be recognised in financial performance as other income when the group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets at fair value through profit or loss (FVPL)
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of financial performance as applicable.

(c) Impairment
The expected credit losses associated with its debt instruments carried at amortised cost and FVOCI is assessed on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.15 Intangible Assets

(i) Goodwill
Goodwill on acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible Assets
Other intangible assets are initially recorded at cost. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

1.16 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs consists of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

1.17 Revenue and Revenue Recognition

CVC has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. Refer to Note 35.

The following specific recognition criteria must be met before revenue is recognised:

Contract Revenue
CVC develops commercial properties. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the output method by reference to a progress certificate issued by the project manager. The progress certificate issued by the project manager represents the current state of completion and is a reliable estimate of the works that have been done. This involves reporting revenue, expenses and profit attributable to the proportion of work completed. Where revenues are associated with uncertain project expenditure, including rental guarantees and lease incentive payments, the revenue is not recognised in the profit or loss until it is highly probable that there will be no reversal or adjustment in the future.

A receivable is also recognised by reference to the progress certificate issued by the project manager as this is the point in time that consideration is unconditional.

Sale of land
CVC develops and sells residential properties and commercial land. Revenue is recognised when control of the property has transferred to the customer. The revenue is measured at the transaction price agreed under the contract. The properties have generally no alternative use for CVC due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The consideration is due when legal title has been transferred.

Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of non-current assets
The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, when a contract of sale becomes unconditional.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Where an equity investment in a controlled entity is reduced and the entity ceases to be controlled, revenue from either the sale of goods or services from that investment ceases to be included in the statement of comprehensive income.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.17 Revenue and Revenue Recognition (Continued)

Fee income
CVC provides services to parties which is measured at the amount in accordance with the agreement. Revenue is recognised in the accounting period which the services provided are matched with the use of the benefits by the client. A receivable is recognised at the same time as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

Financing components
CVC does not expect to have any contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, CVC does not adjust any of the transaction prices for the time value of money.

Dividends
Revenue from dividends and other distributions from controlled entities are recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from associates is recognised by the Company when dividends are received. Revenue from dividends from other investments is recognised when received. Dividends received out of pre-acquisition reserves are recognised in revenue and the investment is also assessed for impairment.

Rental income
Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Outgoings recovered
Outgoings recovered in relation to operating leases are recognised on a straight line basis over the term of the lease.

1.18 Employee Entitlements

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled including "on-costs".

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

1.19 Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.21 Earnings Per Share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.22 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.23 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES

2.1 Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Companies incorporated in Australia:

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2019	2018	**2019**	2018
	%	%	%	%
CVC Limited				
Direct Controlled Entities:				
AddVenture Pty Limited	**-**	100	**-**	-
AddVenture MP Pty Limited	**-**	100	**-**	-
Add Venture Unit Trust No.1	**-**	100	**-**	-
Albemarle Capital Pty Limited	**100**	100	**-**	-
Albemarle Alternate Finance Pty Limited	**100**	100	**-**	-
Albemarle Altfi Investments Unit Trust	**100**	100	**-**	-
Biomedical Systems Pty Limited	**100**	100	**-**	-
CVC Alternate Funding Pty Limited	**100**	100	**-**	-
CVC Bentleigh (Loan) Pty Limited	**100**	100	**-**	-
CVC Bentleigh (Developer) Pty Limited	**100**	100	**-**	-
CVC Caboolture Unit Trust	**60**	60	**40**	40
CVC Finance Company Pty Limited	**-**	100	**-**	-
CVC Funds Management Pty Limited	**100**	100	**-**	-
CVC Investment Managers Pty Limited	**100**	100	**-**	-
CVC Litigation Funding Pty Limited	**100**	100	**-**	-
CVC Managers Pty Limited	**100**	100	**-**	-
CVC Masters Unit Trust	**50**	50	**50**	50
CVC Mezzanine Finance Pty Limited	**100**	100	**-**	-
CVC (Newcastle) Pty Limited	**100**	100	**-**	-
CVC Property Investments Pty Limited	**100**	100	**-**	-
CVC Reef Investment Managers Pty Limited	**100**	100	**-**	-
CVC Renewables Pty Limited	**94**	94	**6**	6
CVC Rockhampton Unit Trust	**82**	82	**18**	18
CWH No 1 Pty Ltd	**100**	n/a	**-**	-
iLiv CVC Rockhampton Trust	**55**	55	**45**	45
LAC JV No. 2 Pty Limited	**50**	n/a	**50**	n/a
LAC JV No. 2 Unit Trust	**50**	n/a	**50**	n/a
LAC JV Pty Limited	**66.7**	n/a	**33.3**	n/a
LAC JV Unit Trust	**66.7**	n/a	**33.3**	n/a
MAC 1 MP Pty Ltd	**66**	66	**34**	34
Marsden Park Development Trust	**66**	66	**34**	34
P2P Investments Pty Limited	**-**	100	**-**	-
Safari Capital Pty Limited	**100**	100	**-**	-
Stinoc Pty Limited	**99**	99	**1**	1
The Eco Fund Pty Limited	**-**	100	**-**	-
Controlled Entities jointly owned by CVC Renewables Pty Limited and CVC Reef Investment Managers:				
Wind Corporation Australia Pty Limited	**100**	100	**-**	-
Hampton Wind Park Company Pty Limited	**100**	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.2 Acquisition of Operations

(a) LAC JV Unit Trust

On 26 June 2019, CVC acquired 33.4% of the units in LAC JV Unit Trust for consideration of $9,333,739. Immediately prior to that date the Company had an existing holding of 33.3% of the equity on issue with a carrying amount of $807,179. The combined deemed consideration amounted to $10,140,918. This Transaction does not fit within the scope of AASB 3 *Business Combinations* as the LAC JV Unit Trust was not deemed to be carrying on a business.

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	2,332,446
Payables (a)	7,001,293
Carrying amount prior to acquisition	807,179
Total purchase consideration	10,140,918
Fair value of Assets and Liabilities of LAC JV Unit Trust at Acquisition:	
Cash assets	27,102
Trade and other receivables (b)	13,946
Other assets (c)	10,248,075
Trade and other payables	(149,100)
Total identifiable net assets at fair value	10,140,023
Less: non-controlling interest (d)	895
Consideration for acquisition	10,140,918
Cash outflow	
Cash consideration	2,332,446
Less: balances acquired	
Cash	(27,102)
Net outflow of cash – investing activities	2,305,344

(a) The payables include a payment of $4,405,051 which is due to be paid in June 2020 and $2,596,242 which due to be paid in and December 2020.
(b) The fair value of acquired trade and other receivables is the gross contractual amount.
(c) Other assets include a call option at fair value to purchase a property, non-refundable call option fees paid and associated due diligence costs paid in relation to land subject to rezoning and further development.
(d) CVC has recognised the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets.

The acquired business did not contribute any revenue or net profit to CVC for the period from acquisition to the end of the financial year. If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue would have been nil and loss after tax for the year would have been $655.

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.2 Acquisition of Operations (continued)

(b) LAC JV No. 2 Unit Trust

On 26 June 2019, CVC acquired 33.3% of the units in LAC JV No. 2 Unit Trust for consideration of $842,174. Immediately prior to that date the Company had an existing holding of 16.7% of the equity on issue with a carrying amount of $323,543. The combined deemed consideration amounted to $1,165,717. This Transaction does not fit within the scope of AASB 3 *Business Combinations* as the LAC JV Unit Trust was not deemed to be carrying on a business.

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	842,174
Carrying amount prior to acquisition	323,543
Total purchase consideration	1,165,717
Fair value of Assets and Liabilities of LAC JV No. 2 Unit Trust at Acquisition:	
Cash assets	44,881
Trade and other receivables (a)	1,908
Other assets (b)	1,443,208
Trade and other payables	(955)
Total identifiable net assets at fair value	1,489,042
Less: non-controlling interest (c)	(323,325)
Consideration for acquisition	1,165,717
Cash outflow	
Cash consideration	842,174
Less: balances acquired	
Cash	(44,881)
Net outflow of cash – investing activities	797,293

(a) The fair value of acquired trade and other receivables is the gross contractual amount.
(b) Other assets include non-refundable call option fees paid and associated due diligence costs paid in relation to land subject to rezoning and further development.
(c) CVC has recognised the non-controlling interests at the non-controlling interest's proportionate share of the net identifiable assets.

The acquired business did not contribute any revenue or net profit to CVC for the period from acquisition to the end of the financial year. If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue would have been $10 and loss after tax for the year would have been $275.

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.2 Acquisition of Operations (continued)

(c) Other immaterial business combinations

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	2
Carrying amount prior to acquisition	-
Total purchase consideration	2
Assets and Liabilities of LAC JV Pty Limited and LAC JV No. 2 Pty Limited at Acquisition:	
Trade and other receivables (a)	2
Consideration for acquisition	2
Cash outflow	
Cash consideration	2
Less: balances acquired	
Cash	-
Net outflow of cash – investing activities	2

(a) The fair value of acquired trade and other receivables is the gross contractual amount.
(b) CVC has recognised the non-controlling interests at the non-controlling interest's proportionate share of the net identifiable assets.

The acquired business did not contribute any revenue or net profit to CVC for the period from acquisition to the end of the financial year. If the acquisition had occurred on 1 July 2018, there would have been contribution to consolidated pro-forma revenue and loss after tax for the year.

There were no acquisitions in the year ending 30 June 2018.

2.3 Interest in material subsidiaries

(a) Significant restrictions

CVC also has constitutional restrictions on its ability to access or use the assets of CVC Caboolture Unit Trust, CVC Masters Unit Trust, iLiv CVC Rockhampton Trust, LAC JV No. 2 Unit Trust and Marsden Park Development Trust, which arise from the operation of the various Trust Deeds of the entities. CVC has an interest in the equity of the entities, but does not provide it a right to their assets or liabilities.

The carrying amount of the non-controlling interests of the various entities included within the consolidated financial statements to which these restrictions apply is a net liability of $220,267 (2018: net asset of $1,353,079). Refer to note 24.

(b) Information on subsidiaries:

Set out below are those entities that have non-controlling interests that are material to CVC.

CVC Caboolture Unit Trust:	a commercial property development in Caboolture, Queensland.
CVC Masters Unit Trust:	a commercial property development in Port Macquarie, New South Wales.
iLiv CVC Rockhampton Trust:	a residential property development in Rockhampton, Queensland.
LAC JV No. 2 Unit Trust:	a residential property development in Turrella, New South Wales.
Marsden Park Development Trust:	a residential property development in Riverstone, New South Wales.

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries:

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to CVC. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Marsden Park Development Trust		**CVC Caboolture Unit Trust**		**iLiv CVC Rockhampton Trust**		**LAC JV No. 2 Unit Trust**		**CVC Masters Unit Trust**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Summarised statement of financial position										
Current assets	**2,902**	2,218	**517,147**	2,302,443	**3,371,314**	3,749,536	**46,789**	-	**4,558,870**	21,458,008
Current liabilities	**12,292**	20,620	**645,065**	10,691,470	**2,330,790**	2,349,013	**955**	-	**4,560,706**	2,569,081
Current net assets	**(9,390)**	(18,402)	**(127,918)**	(8,389,027)	**1,040,524**	1,400,523	**45,834**	-	**(1,836)**	18,888,927
Non-current assets	**12,066,100**	11,791,315	**9,862,857**	7,709,502	**-**	-	**1,247,699**	-	**-**	-
Non-current liabilities	**14,712,101**	14,080,683	**9,946,443**	-	**-**	-	**-**	-	**-**	-
Non-current net assets	**(2,646,001)**	(2,289,368)	**(83,586)**	7,709,502	**-**	-	**1,247,699**	-	**-**	-
Net assets	**(2,655,391)**	(2,307,770)	**(211,504)**	(679,525)	**1,040,524**	1,400,523	**1,293,533**	-	**(1,836)**	18,888,927
Accumulated NCI	**(1,342,850)**	(1,219,317)	**(84,601)**	(271,810)	**519,742**	699,742	**323,325**	-	**(30,492)**	1,750,576
Summarised statement of comprehensive income										
Revenue	**410,909**	516,364	**2,013,461**	23,491,648	**1,071,524**	1,795,423	**19**	-	**43,691,850**	13,361,890
(Loss)/profit for the period	**(347,621)**	(802,325)	**635,634**	4,343,495	**10,161**	240,170	**(550)**	-	**6,186,308**	13,169,485
Other comprehensive income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total comprehensive income	**(347,621)**	(802,325)	**635,634**	4,343,495	**10,161**	240,170	**(550)**	-	**6,186,308**	13,169,485
(Loss)/profit allocated to NCI	**(121,632)**	(280,734)	**254,254**	1,737,398	**5,589**	132,094	**-**	-	**2,927,102**	2,948,718

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries (Continued):

	Marsden Park Development Trust		CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		LAC JV No. 2 Unit Trust		CVC Masters Unit Trust	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Dividends paid to NCI	**-**	-	**67,045**	1,767,775	**5,589**	132,094	**-**	-	**4,708,170**	1,387,443
Summarised statement of cash flows										
Cash flows from/(used in) operating activities	**127,413**	176,730	**871,031**	3,819,465	**302,781**	(69,235)	**(296,274)**	-	**19,933,661**	9,270,225
Cash flows (used in)/from financing activities	**(126,729)**	(177,000)	**(872,045)**	(3,423,052)	**(360,000)**	(400,000)	**297,760**	-	**(15,988,093)**	(8,876,043)
Net foreign exchange differences	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents	**684**	(270)	**(1,014)**	396,413	**(57,219)**	(469,235)	**1,486**	-	**3,945,568**	394,182

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION

The salient financial information in relation to the parent company, CVC Limited, are as follows:

i) STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	$	$
INCOME		
Interest and fee income	**3,664,647**	2,187,619
Net income from share investments	**-**	41,534,727
Impairment recovery of financial asset at amortised cost	**5,415,073**	-
Other income	**82,528**	44,075
Total income	**9,162,248**	43,766,421
EXPENSES		
Convertible note raising costs	**-**	214,751
Impairment of loans to other corporations	**1,558,126**	107,474
Management and consultancy fees	**8,186,083**	7,997,731
Net loss from share investments	**1,920,801**	-
Finance costs	**9,221,568**	6,861,282
Other expenses	**1,242,115**	827,048
Net (loss)/profit before related income tax expense	**(12,966,445)**	27,758,135
Income tax (benefit)/expense	**(4,597,096)**	5,822,754
Net (loss)/profit	**(8,369,349)**	21,935,381
Total comprehensive (loss)/income for the year	**(8,369,349)**	21,935,381

NOTE 3: PARENT COMPANY INFORMATION (CONTINUED)

ii) STATEMENT OF FINANCIAL POSITION

	2019 $	2018 $
CURRENT ASSETS		
Cash and cash equivalents	**38,162,569**	65,358,867
Financial assets at amortised cost	**8,128,916**	6,982,868
Financial assets at fair value through profit or loss	**20,730,310**	42,364,239
Other assets	**1,398,233**	320,533
Current tax assets	**1,145,425**	-
Total current assets	**69,565,453**	115,026,507
NON-CURRENT ASSETS		
Financial assets at amortised cost	**56,440,613**	36,201,724
Financial assets at fair value through profit or loss	**124,048,079**	133,419,243
Other assets	**3,551,875**	-
Deferred tax assets	**1,155,573**	-
Total non-current assets	**185,196,140**	169,620,967
TOTAL ASSETS	**254,761,593**	284,647,474
CURRENT LIABILITIES		
Trade and other payables	**5,808,023**	1,927,984
Interest bearing loans and borrowings	**-**	2,583,121
Current tax liabilities	**-**	1,271,491
Total current liabilities	**5,808,023**	5,782,596
NON-CURRENT LIABILITIES		
Trade and other payables	**5,000,000**	-
Interest bearing loans and borrowings	**120,481,549**	120,227,729
Deferred tax liabilities	**10,645,522**	14,642,634
Total non-current liabilities	**136,127,071**	134,870,363
TOTAL LIABILITIES	**141,935,094**	140,652,959
NET ASSETS	**112,826,499**	143,994,515
EQUITY		
Contributed equity	**98,768,308**	103,646,848
Retained earnings	**12,176,786**	38,466,262
Other equity	**1,881,405**	1,881,405
TOTAL EQUITY	**112,826,499**	143,994,515

	2019 $	2018 $
NOTE 4: REVENUE AND INCOME		
Revenue from property development activities:		
Contract revenue	**32,630,943**	11,810,820
Change in fair value of investment property	**1,041,016**	2,680,264
Option income	**-**	500,000
Settlement income	**-**	8,500,000
Sale of land	**12,471,524**	13,423,795
Total revenue from property development activities	**46,143,483**	36,914,879
Interest and fee income:		
Interest		
Associated entities	**1,974,657**	1,519,303
Other related entities	**685,410**	-
Unrelated entities	**8,609,300**	5,970,515
Fee income from unrelated entities	**205,083**	520,481
Total interest and fee income	**11,474,450**	8,010,299
Net (loss)/income from share investments:		
Net (loss)/income from equity investments		
Net (loss)/gain on financial assets at fair value through profit or loss	**(9,473,297)**	11,778,008
Dividends from related entities	**561,046**	1,262,458
Dividends from unrelated entities	**1,221,398**	2,335,244
Fee income from unrelated entities	**203,912**	203,850
Impairment of investments in associated entities	**(1,227,337)**	-
Total net (loss)/income from share investments	**(8,714,278)**	15,579,560
Management fee income:		
Associated entities	**1,353,795**	1,431,688
Other related entities	**52,624**	29,067
Unrelated entities	**101,830**	35,500
Total management fee income	**1,508,249**	1,496,255
Other income:		
Impairment recovery of loan to associated entities	**-**	2,180,742
Rental income from unrelated entities	**595,869**	194,957
All other income	**424,631**	458,429
Total other income	**1,020,500**	2,834,128

NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging the following items:

	2019 $	2018 $
Finance costs:		
Related entities	**634,592**	208,203
Other entities		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**5,002,658**	1,530,418
Amortisation of prepaid finance cost (a)	**13,754**	-
Finance charge on receivables at fair value through profit or loss	**-**	39,669
Total finance costs expensed	**5,651,004**	1,778,290

(a) The finance cost is in relation to the guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust. The guarantee is being amortised over the term that the facility is being provided.

	2019 $	2018 $
Impairment of financial assets at amortised cost:		
Impairment of loans to associated entities	**1,180,072**	-
Impairment of loans to other entities	**1,783,456**	179,904
Total impairment of financial assets at amortised cost	**2,963,528**	179,904
Overhead expenses:		
Audit fees	**162,864**	130,486
Depreciation expense	**91,789**	85,202
Insurance	**213,243**	188,696
All other overhead expenses	**1,640,804**	1,118,852
Total overhead expenses	**2,108,700**	1,523,236

	2019 $	2018 $

NOTE 6: INCOME TAX

6.1 Income Tax Expense:

	2019 $	2018 $
Accounting profit before income tax	**1,054,963**	32,732,304
Income tax expense at the statutory income tax rate of 30%	**316,489**	9,819,691
Increase in income tax expense due to:		
Sundry items	**29,836**	60,300
Trust losses not deductible	**-**	240,698
Net deferred tax not recognised	**2,499,696**	295,958
Decrease in income tax expense due to:		
Dividends received	**(1,607,234)**	(2,609,069)
Trust profit not assessable	**(383,666)**	(1,921,263)
Tax losses previously not recognised utilised	**(777,094)**	(207,003)
	78,027	5,679,312
Adjustments in respect of current income tax of previous years (a)	**(31,223)**	(19,650)
Income tax expense	**46,804**	5,659,662
The major components of income tax expense are:		
Current income tax charge	**-**	3,153,234
Deferred income tax	**78,027**	2,526,078
Adjustments in respect of current income tax of previous years (a)	**(31,223)**	(19,650)
Income tax expense reported in the statement of financial performance	**46,804**	5,659,662

(a) The adjustment in respect of current income tax includes an over provision on tax liability arising from the 2018 income tax year.

6.2 Current Tax assets:

	2019 $	2018 $
Income tax receivable:		
Balance at the end of the year	**1,145,424**	-

6.3 Current Tax Liabilities:

	2019 $	2018 $
Income tax payable:		
Balance at the end of the year	**-**	1,301,475

NOTE 6: INCOME TAX (CONTINUED)

6.4 Deferred Tax Assets:

Deferred income tax at 30 June related to the following deferred tax assets:

	Included in Income $	Included in Equity $	Total $
Year ended 30 June 2018			
Equity accounted income	304,003	-	304,003
	304,003	-	304,003

6.5 Deferred Tax Liabilities

Deferred income tax at 30 June related to the following deferred tax liabilities:

	Included in Income $	Included in Equity $	Total $
Year ended 30 June 2019			
Financial assets	**2,085,186**	**806,316**	**2,891,502**
Provisions and accrued expenses	**(947,956)**	**-**	**(947,956)**
Property, plant and equipment	**(243,444)**	**-**	**(243,444)**
Equity accounted income	**1,813,318**	**-**	**1,813,318**
Intangible assets	**21,000**	**-**	**21,000**
Gain on acquisition	**405,247**	**-**	**405,247**
Other	**(110,826)**	**-**	**(110,826)**
Tax losses	**(1,248,824)**	**-**	**(1,248,824)**
Deferred tax assets not recognised	**893,489**	**-**	**893,489**
	2,667,190	**806,316**	**3,473,506**
Year ended 30 June 2018			
Financial assets	4,108,800	806,316	4,915,116
Provisions and accrued expenses	(1,015,790)	-	(1,015,790)
Property, plant and equipment	(268,526)	-	(268,526)
Equity accounted income	1,348,271	-	1,348,271
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Other	59,076	-	59,076
Tax losses	(4,676,573)	-	(4,676,573)
Deferred tax assets not recognised	3,143,662	-	3,143,662
	3,125,167	806,316	3,931,483

Deferred income tax assets are offset against deferred income tax liabilities to the extent that it is probable that the timing of the utilisation of the temporary differences will occur in the same accounting period, a legally enforceable right exists to set off tax assets and liabilities and that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTE 6: INCOME TAX (CONTINUED)

6.6 Tax Consolidation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities to subsidiaries in the event the tax liability is not paid.

The entities in the consolidated group continue to account for their own current and deferred tax amounts. The members of the tax consolidated group has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is calculated as if each entity was an individual entity for tax purposes. Unless agreed between the members the tax funding agreement requires payment as a result of the transfer of tax amounts.

NOTE 7: EARNINGS PER SHARE

	2019	2018
	$	**$**
Basic and diluted earnings per share	**(0.0173)**	0.1900
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax from continuing operations	**1,008,159**	27,072,642
Less: non-controlling interest in continuing operations	**(3,068,161)**	(4,356,266)
Net (loss)/profit attributable to members of the parent entity	**(2,060,002)**	22,716,376
	Number of Shares	
Weighted average number of ordinary shares – Basic and Diluted	**119,393,856**	119,532,788
Number of shares on issue at the end of the year	**117,690,259**	119,532,788

NOTE 8: DIVIDENDS

Dividends proposed or paid and not provided for in previous years by the Company are:
Declared during the financial year and included within the statement of changes in equity:

	Cents Per Share	Total $	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2019 Interim dividend on ordinary shares	7.00	8,357,505	8 March 2019	30%	100%
2018 Final dividend on ordinary shares	8.00	9,562,623	5 September 2018	30%	100%
2018 Interim dividend on ordinary shares	7.00	8,367,295	7 March 2018	30%	100%
2017 Final dividend on ordinary shares	8.00	9,562,623	6 September 2017	30%	100%

Declared after the end of the financial period and not included in the statement of financial position:
A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 and paid on 20 August 2019 to those shareholders registered on 6 August 2019.

	The Company 2019 $	2018 $
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	**3,641,826**	8,912,928

The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debits that will arise from the refund of overpaid tax instalments paid
(c) franking debits that will arise from the payment of dividends recognised as a liability at year-end
(d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
(e) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

NOTE 9: FINANCIAL ASSETS AT AMORTISED COST

	2019 $	2018 $
Current		
Trade receivables	**1,158,249**	2,508,541
Other receivables and prepayments	**802,035**	1,089,310
Loans to associated entities	**10,454,183**	9,005,771
Loans to other related entities	**4,020,994**	-
Loans to other corporations	**18,645,752**	28,868,585
	35,081,213	41,472,207
Non-current		
Other receivables and prepayments	**-**	396,694
Loans to associated entities	**6,604,132**	11,471,043
Loans to other corporations	**11,964,638**	5,443,107
	18,568,770	17,310,844

NOTE 9: FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

9.1 Trade receivables

Trade receivables are non-interest bearing and are generally on 3 - 30 day terms. An allowance for expected credit losses (2018: provision for impairment loss) is recognised when there is objective evidence that an individual trade receivable is impaired and not recoverable within the terms of the insurance policy.

	2019	2018
	$	$
Movements in the allowance for expected credit losses (2018: provision for impairment loss) were as follows:		
Carrying amount at the beginning of the year	**-**	-
Receivables written off during the year as uncollectible	**(308,389)**	(75,297)
Provision for impairment recognised during the year	**308,389**	75,297
Carrying amount at the end of the year	**-**	-

The ageing analysis of the trade receivables is as follows:

	Total	Not past due	0 – 30 days (PDNI)	31 – 60 days (PDNI)	61 – 90 days (PDNI)	+91 days (PDNI)
	$	$	$	$	$	$
Closing balance - 2019	**1,158,249**	**504,349**	**-**	**4,400**	**106,600**	**542,900**
Closing balance - 2018	2,508,541	2,008,541	-	-	-	500,000

PDNI – Past due not impaired

9.2 Loans

When an entity does not pay a scheduled payment of principal and interest or management consider that there has been an adverse change in the underlying value of assets securing the loan a review is conducted to determine if the loan is considered to be impaired. Impairment of loans to related entities and other corporations has been determined after reviewing the underlying assets supporting the loans and the history of making payments to reduce both the principle and interest outstanding.

	2019	2018
	$	$
Movements in the provision for impairment loss were as follows:		
Carrying amount at the beginning of the year	**-**	1,829,206
Amount recovered	**-**	(1,829,206)
Carrying amount at the end of the year	**-**	-

Further details of loans are set out in notes 31 and 34.

NOTE 10: CONTRACT ASSETS/CONTRACT LIABILITIES

	2019	2018
Current		
Contract assets – construction contract	**-**	743,050
Contract liabilities – construction contract	**2,133,503**	-

Measurement of construction contract revenue and expense

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised using the output method by reference to a progress certificate issued by the project manager. The progress certificate issued by the project manager represents the current state of completion and is a reliable estimate of the works that have been done. This involves reporting revenue, expenses and profit attributable to the proportion of work completed. Where revenues are associated with uncertain project expenditure, including rental guarantees and lease incentive payments, the revenue is not recognised in the profit or loss until it is highly probable that there will be no reversal or adjustment in the future.

Where the contract term is for periods of one year or less, as permitted under AASB 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2019 $	2018 $

NOTE 11: ASSETS CLASSIFIED AS HELD FOR SALE

	2019 $	2018 $
Non-current assets held for sale		
Land	**-**	11,620,343

CVC completed the settlement of a sale agreement for a commercial site at Port Macquarie, New South Wales on 7 August 2018. The holding is presented within total assets of the Property segment in note 29.

NOTE 12: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 $	2018 $
Current		
Shares in listed corporations	**31,348,641**	48,368,616
Shares in unlisted corporations	**11,775,395**	-
	43,124,036	48,368,616
Non-current		
Shares in listed corporations	**27,745,323**	38,399,138
Shares in unlisted corporations	**12,410,811**	18,252,318
	40,156,134	56,651,456

12.1 Shares in listed corporations

The carrying value of investments classified as “Shares in listed corporations” has been determined by using the fair value approach. The closing “bid-price” was determined to be an appropriate indication for the fair value of the investment.

Significant share holdings are held in Cyclopharm Limited, Heritage Brands Ltd, IDT Australia Limited, Indoor Skydive Australia Group Limited, Lantern Hotel Group, Longtable Group Ltd, Mitchell Services Limited, Prime Media Group Limited, Probiotec Limited, Tasfoods Limited, Universal Biosensors Inc. and Vita Life Sciences Limited. The number of shares held is greater than what would reasonably be considered to be liquid. The closing “bid-price” was determined to be an appropriate indication for the fair value of the investment. Refer to note 34.5.

12.2 Shares in unlisted corporations

The carrying value of investments classified as “Shares in unlisted corporations” has been determined by using valuation techniques. Such techniques include using recent arm’s length market transactions; net asset backing; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis.

NOTE 13: INVENTORIES

	2019 $	2018 $
Current		
Land development sites held for resale	**3,323,321**	3,605,672
Non-current		
Land development sites held for resale	**19,528,957**	18,150,818

Inventories recognised as an expense for the year ended 30 June 2019 totalled $12,284,035 (2018: $8,321,425). This expense has been included in the Statement of Financial Performance.

NOTE 14: OTHER ASSETS

	2019 $	2018 $
Current		
Prepayments (a)	**1,412,728**	371,073
Non-current		
Prepayments (a)	**3,551,874**	-
Other non-current assets (b)	**11,691,283**	-
	15,243,157	-

(a) The prepayments included an amount of $4,810,331 which represents the finance cost in relation to the guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust. The guarantee is being amortised over the term that the facility is being provided.
(b) Other non-current assets include call options at fair value to purchase property, non-refundable call option fees paid and associated due diligence costs paid in relation to land subject to rezoning and further development.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019 $	2018 $
Non-current		
Equity accounted interests in joint ventures	**7,821,157**	2,852,327
Equity accounted shares in listed associated companies	**18,779,948**	18,536,741
Equity accounted shares in other associated companies	**21,808,008**	11,047,634
	48,409,113	32,436,702

Management have reviewed the recoverable amount of investments to determine whether an impairment is required. The amount of any impairment has been determined after consideration of the recoverable amount of the investments, being a recent share price where an active market exists, or alternative valuation methodologies from a review of the operations and assets of the company where an active market does not exist. Management assesses the results to determine the most appropriate valuation. Refer to note 34.5, 34.6 and 34.7.

15.1 Information on investments accounted for using the equity method:

Associated entities

79 Logan Road Pty Ltd	-	trustee of 79 Logan Road Trust.
79 Logan Road Trust	-	a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval.
Australian Invoice Finance Limited	-	an investment company that provides finance to small business.
Bigstone Capital Pty Limited	-	an investment company that provides finance to small business using a peer-to-peer marketplace to fund loans.
BioPower Systems Pty Limited	-	a renewable energy technology company.
Causeway Income Partners Limited	-	a fund manager providing investors with steady income by investing in a diverse portfolio of quality SME and middle market corporate loans.
Cedar and Stone Pty Ltd	-	a 100% plant based skin care company.
Cravenda Pty Ltd	-	trustee of Cravenda Unit Trust.
Cravenda Unit Trust	-	a residential property development in Mernda, Victoria.
CVC Emerging Companies Fund	-	a wholesale unit trust that invest in listed and unlisted growth or expansion stage companies.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.1 Information on investments accounted for using the equity method (cont.):

Associated entities (cont.)

Donnybrook JV Pty Ltd	-	a residential property development in Donnybrook, Victoria.
Eildon Capital Limited	-	an active property investment company which participates in retail, industrial, residential and commercial opportunities.
Eildon Funds Management Limited	-	an investment manager and the holder of a financial services licence.
JAK Contributory Mortgage Fund Loan Trust No 3	-	an investment entity that provides Senior Debt Funding to residential property developer.
JAK Investment Group Pty Limited	-	a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
Kingsgrove Property LMC Pty Ltd	-	trustee of The Kingsgrove (Vanessa Road) Unit Trust.
LAC Unit Trust	-	a residential property development in Moorebank, New South Wales.
LAC JV Pty Limited	-	trustee of LAC Unit Trust.
Lewcorp Properties Pty Ltd	-	a residential property development in Elsternwick, Victoria.
Mooloolaba Wharf Holding Company Pty Limited	-	the landowner of "The Wharf" Mooloolaba, Parkland Parade and River Esplanade in Mooloolaba, Queensland.
South Pack Laboratories (Aust) Pty Ltd	-	a pharmaceutical contract packaging company.
The Kingsgrove (Vanessa Road) Unit Trust	-	a residential property development in Kingsgrove, New South Wales.
The Maroochydore Medical Centre Facility Unit Trust	-	a residential property development in Maroochydore, Queensland.
Turrella Property Unit Trust	-	a residential property development in Turrella, New South Wales.
Turrella Property Pty Ltd	-	trustee of Turrella Property Unit Trust.
Urban Properties Pty Limited	-	a dormant company.
Urban Properties Cairns Pty Limited	-	a dormant company.
Urban Properties Centenary Pty Limited	-	a residential property development in Manoora, Queensland.
US Residential Fund	-	a stapled security listed on the ASX in the process of selling its US residential property assets.

Joint Ventures

MAKE 246 EBRB Pty Ltd	-	the landowner of a commercial site at 240-246 East Boundary Rd, East Bentleigh, Victoria. The property is progressing through a re-zoning process for a range of commercial, retail and residential uses.
MAKE EBRB Dev Nominee Pty Ltd	-	the developer of 240-246 East Boundary Rd, East Bentleigh, Victoria.

The reporting date of all the associated entities and joint ventures except US Residential Fund is 30 June. US Residential Fund has a reporting date of 31 December.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.2 Details of material interests in investments accounted for using the equity method are as follows:

	Type	Ownership Interest Consolidated		Investment Carrying Amount Consolidated		Dividend Received/Receivable Consolidated	
		2019	2018	**2019**	2018	**2019**	2018
		%	%	**$**	$	**$**	$
Associated entities							
79 Logan Road Pty Ltd	Ords	**35.0**	35.0	**35**	35	**-**	-
79 Logan Road Trust	Ords	**35.0**	35.0	**2,893,049**	3,027,222	**70,227**	5,775
Australian Invoice Finance Limited	Ords	**47.6**	47.6	**2,158,649**	2,283,650	**-**	-
Bigstone Capital Pty Limited	Ords	**34.0**	29.0	**1,843,506**	1,064,648	**-**	-
BioPower Systems Pty Limited	Ords	**25.1**	25.1	**-**	-	**-**	-
Causeway Income Partners Limited (a)	Ords	**50.0**	-	**-**	-	**-**	-
Cedar and Stone Pty Ltd	Ords	**43.3**	20.0	**96,225**	50,000	**-**	-
Cravenda Pty Ltd (a)	Ords	**50.0**	-	**60**	-	**-**	-
Cravenda Unit Trust (a)	Ords	**50.0**	-	**60**	-	**-**	-
CVC Emerging Companies Fund	Ords	**22.3**	-	**3,333,334**	-	**-**	-
CVC Emerging Companies IM Pty Ltd (a)	Ords	**50.0**	-	**-**	-	**-**	-
Donnybrook JV Pty Ltd	Ords	**49.0**	49.0	**3,403,464**	3,178,478	**-**	-
Eildon Capital Limited	Ords	**40.3**	38.7	**18,709,047**	18,536,741	**1,059,262**	1,447,568
Eildon Funds Management Limited	Ords	**40.0**	40.0	**460,548**	189,109	**140,000**	-
JAK Contributory Mortgage Fund Loan Trust No 3	Ords	**20.8**	-	**2,770,833**	-	**188,988**	-
JAK Investment Group Pty Ltd	Ords	**40.0**	40.0	**227,037**	317,513	**-**	-
Kingsgrove Property LMC Pty Ltd (a)	Ords	**50.0**	50.0	**-**	-	**-**	-
LAC Unit Trust (b)	Ords	**n/a**	33.3	**-**	688,928	**-**	-
LAC JV Pty Limited (b)	Ords	**n/a**	33.3	**-**	100	**-**	-
Lewcorp Properties Pty Ltd	Ords	**20.0**	-	**818,853**	-	**-**	-
Mooloolaba Wharf Holding Company Pty Limited (a)	Ords	**50.0**	50.0	**3,534,578**	50	**-**	-
South Pack Laboratories (Aust) Pty Ltd	Ords	**-**	-	**-**	-	**-**	768,000
The Kingsgrove (Vanessa Road) Unit Trust	Ords	**25.0**	25.0	**-**	-	**-**	-
The Maroochydore Medical Centre Facility Unit Trust (a)	Ords	**50.0**	50.0	**50**	50	**-**	-
Turrella Property Pty Ltd	Ords	**32.5**	32.5	**-**	102	**-**	-
Turrella Property Unit Trust	Ords	**32.5**	32.5	**267,727**	247,749	**-**	-
Urban Properties Cairns Pty Limited	Ords	**20.0**	20.0	**-**	-	**-**	-
Urban Properties Centenary Pty Limited	Ords	**20.0**	20.0	**-**	-	**-**	-
Urban Properties Pty Limited	Ords	**33.3**	33.3	**-**	-	**-**	-
US Residential Fund	Ords	**22.2**	-	**70,901**	-	**-**	-
Joint Ventures							
MAKE 246 EBRB Pty Ltd (a)	Ords	**50.0**	50.0	**-**	-	**-**	-
MAKE EBRB Dev Nominee Pty Ltd (a)	Ords	**50.0**	50.0	**7,821,157**	2,852,327	**-**	-
				48,409,113	32,436,702	**1,458,477**	2,221,343

(a) Causeway Income Partners Limited, Cravenda Pty Ltd, Cravenda Unit Trust, CVC Emerging Companies IM Pty Ltd, Kingsgrove Property LMC Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, The Maroochydore Medical Centre Facility Unit Trust, MAKE EBRB Dev Nominee Pty Ltd and MAKE 246 EBRB Pty Ltd are not considered to be controlled entities of CVC as CVC does not have the ability to control the management of each entity.

(b) During the financial year, LAC Unit Trust and LAC JV Pty Limited became controlled entities of CVC. Refer to note 2.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.3 Reconciliations:

Movements in the carrying amount of the investments accounted for using the equity method are as follows:

Material Associated entities

	Australian Invoice Finance Limited $	Donnybrook JV Pty Limited $	Eildon Capital Limited $	79 Logan Road Trust $	Mooloolaba Wharf Holding Company Pty Limited $	CVC Emerging Companies Fund $	Bigstone Capital Pty Limited $	JAK Contributory Mortgage Fund Loan Trust No 3 $	Concise Asset Management Limited $	South Pack Laboratories (Aust) Pty :Limited $	Total $
Year ended 30 June 2019											
Balance at the beginning of the year	**2,283,650**	**3,178,478**	**18,536,741**	**3,027,222**	**50**	**-**	**1,064,648**	**-**	**-**	**-**	**28,090,789**
New interests acquired	**-**	**308,700**	**517,143**	**-**	**-**	**3,333,334**	**1,609,191**	**2,770,833**	**-**	**-**	**8,539,201**
Share of profits before tax	**(125,001)**	**(121,786)**	**2,498,673**	**70,227**	**5,046,199**	**-**	**(823,707)**	**188,988**	**-**	**-**	**6,733,593**
Share of tax expenses	**-**	**38,072**	**(756,911)**	**-**	**(1,585,141)**	**-**	**(6,626)**	**-**	**-**	**-**	**(2,310,606)**
Share of associate reserve	**-**	**-**	**-**	**-**	**73,470**	**-**	**-**	**-**	**-**	**-**	**73,470**
Return of capital	**-**	**-**	**-**	**(134,173)**	**-**	**-**	**-**	**-**	**-**	**-**	**(134,173)**
Dividend paid	**-**	**-**	**(1,059,262)**	**(70,227)**	**-**	**-**	**-**	**(188,988)**	**-**	**-**	**(1,318,477)**
Impairment of investment	**-**	**-**	**(1,027,337)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,027,337)**
Balance at the end of the year	**2,158,649**	**3,403,464**	**18,709,047**	**2,893,049**	**3,534,578**	**3,333,334**	**1,843,506**	**2,770,833**	**-**	**-**	**38,646,460**
Year ended 30 June 2018											
Balance at the beginning of the year	-	8,098,961	12,477,997	3,360,092	50	-	-	-	1,016,683	4,483,171	29,436,954
New interests acquired	2,500,000	-	6,237,996	-	-	-	1,640,000	-	-	-	10,377,996
Interest disposed	-	-	-	-	-	-	-	-	(968,543)	(4,041,870)	(5,010,413)
Share of profits before tax	(216,350)	(70,634)	1,654,587	(81,920)	-	-	(575,352)	-	(68,817)	466,713	1,108,227
Share of tax expenses	-	50,151	(498,968)	-	-	-	-	-	20,677	(140,014)	(568,154)
Return of capital	-	(4,900,000)	-	(245,175)	-	-	-	-	-	-	(5,145,175)
Dividend paid	-	-	(1,447,568)	(5,775)	-	-	-	-	-	(768,000)	(2,221,343)
Revaluation of investment	-	-	112,697	-	-	-	-	-	-	-	112,697
Balance at the end of the year	2,283,650	3,178,478	18,536,741	3,027,222	50	-	1,064,648	-	-	-	28,090,789

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.3 Reconciliations (continued):

	Joint Venture MAKE EBRB Dev Nominee Pty Limited $	Material Associated entities $	Other Entities (a) $	Total $
Year ended 30 June 2019				
Balance at the beginning of the year	**2,852,327**	**28,090,789**	**1,493,586**	**32,436,702**
New interests acquired	**-**	**8,539,201**	**975,855**	**9,515,056**
Share of profits before tax	**4,968,830**	**6,733,593**	**282,049**	**11,984,472**
Share of tax expenses	**-**	**(2,310,606)**	**(173,898)**	**(2,484,504)**
Share of associate reserve	**-**	**73,470**	**-**	**73,470**
Return of capital	**-**	**(134,173)**	**(2,127,040)**	**(2,261,213)**
Dividend paid	**-**	**(1,318,477)**	**(140,000)**	**(1,458,477)**
Revaluation of investment	**-**	**(1,027,337)**	**-**	**(1,027,337)**
Discount on acquisition	**-**	**-**	**432,651**	**432,651**
Reclassification of investments	**-**	**-**	**1,198,293**	**1,198,293**
Balance at the end of the year	**7,821,157**	**38,646,460**	**1,941,496**	**48,409,113**
Year ended 30 June 2018				
Balance at the beginning of the year	3,244,407	29,436,954	1,158,488	33,839,849
New interests acquired	-	10,377,996	83,017	10,461,013
Interest disposed	-	(5,010,413)	-	(5,010,413)
Share of profits before tax	(392,080)	1,108,227	352,286	1,068,433
Share of tax expenses	-	(568,154)	(100,205)	(668,359)
Return of capital	-	(5,145,175)	-	(5,145,175)
Dividend paid	-	(2,221,343)	-	(2,221,343)
Revaluation of investment	-	112,697	-	112,697
Balance at the end of the year	2,852,327	28,090,789	1,493,586	32,436,702

(a) Other entities include 79 Logan Road Pty Ltd, BioPower Systems Pty Limited, Causeway Income Partners Limited, Cedar and Stone Pty Ltd, Cravenda Pty Ltd, Cravenda Unit Trust, CVC Emerging Companies IM Pty Limited, Eildon Funds Management Limited, JAK Investment Group Pty Limited, Kingsgrove Property LMC Pty Limited, LAC Unit Trust, LAC JV Pty Limited, Lewcorp Properties Pty Limited, South Pack Laboratories (Aust) Pty Limited, The Kingsgrove (Vanessa Road) Unit Trust, The Maroochydore Medical Centre Facility Unit Trust, Turrella Property Pty Limited, Turrella Property Unit Trust, Urban Properties Cairns Pty Limited, Urban Properties Pty Limited, Urban Properties Centenary Pty Limited, US Residential Fund and MAKE 246 EBRB Pty Limited.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method

The table below provide summarised financial information for those investments accounted for using the equity method that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant investments accounted for using the equity method and not CVC's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	MAKE EBRB Dev Nominee Pty Limited		Australian Invoice Finance Limited		Donnybrook JV Pty Limited		Eildon Capital Limited		79 Logan Road Trust	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Summarised statement of financial position										
Current assets	**680,039**	1,085,138	**9,884,286**	4,868,464	**437,848**	260,059	**33,092,239**	39,548,868	**122,417**	54,692
Current liabilities	**391,439**	-	**5,355,497**	76,384	**23,961,953**	22,557,247	**1,443,316**	1,552,191	**41,081**	46,958
Current net assets	**288,600**	1,085,138	**4,528,789**	4,792,080	**(23,524,105)**	(22,297,188)	**31,648,923**	37,996,677	**81,336**	7,734
Non-current assets	**40,076,509**	26,548,723	**3,486**	2,802	**30,469,949**	28,783,878	**16,536,647**	9,875,677	**19,674,518**	20,131,472
Non-current liabilities	**24,722,637**	21,929,208	**-**	-	**-**	-	**-**	-	**11,490,000**	11,490,000
Non-current net assets	**15,353,872**	4,619,515	**3,486**	2,802	**30,469,949**	28,783,878	**16,536,647**	9,875,677	**8,184,518**	8,641,472
Net assets	**15,642,472**	5,704,653	**4,532,275**	4,794,882	**6,945,844**	6,486,690	**48,185,570**	47,872,354	**8,265,854**	8,649,206
Reconciliation to carrying amounts:										
Opening net assets 1 July	**5,704,653**	6,488,813	**4,794,882**	(600)	**6,486,690**	16,528,492	**47,872,354**	31,826,936	**8,649,206**	9,600,264
Shares issued	**160**	-	**-**	5,250,000	**630,000**	-	**62,201**	16,236,674	**-**	-
Shares bought back	**-**	-	**-**	-	**-**	-	**(609,993)**	-	**-**	-
Profit/(loss) for the period	**9,937,659**	(784,160)	**(262,607)**	(454,518)	**(170,846)**	(41,802)	**4,386,507**	3,006,055	**200,648**	(234,058)
Dividend paid	**-**	-	**-**	-	**-**	-	**(3,525,499)**	(3,197,311)	**(200,648)**	(16,499)
Return of capital	**-**	-	**-**	-	**-**	(10,000,000)	**-**	-	**(383,352)**	(700,501)
Closing net assets	**15,642,472**	5,704,653	**4,532,275**	4,794,882	**6,945,844**	6,486,690	**48,185,570**	47,872,354	**8,265,854**	8,649,206

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method (continued)

	MAKE EBRB Dev Nominee Pty Limited		Australian Invoice Finance Limited		Donnybrook JV Pty Limited		Eildon Capital Limited		79 Logan Road Trust	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Group's share - percentage	**50%**	50%	**47.6%**	47.6%	**49%**	49%	**40.3%**	38.7%	**35%**	35%
Group's share - dollars	**7,821,236**	2,852,327	**2,157,363**	2,282,364	**3,403,464**	3,178,478	**19,418,785**	18,526,601	**2,893,049**	3,027,222
Adjusted to market value	**(79)**	-	**1,286**	1,286	**-**	-	**(709,738)**	10,140	**-**	-
Carrying amount	**7,821,157**	2,852,327	**2,158,649**	2,283,650	**3,403,464**	3,178,478	**18,709,047**	18,536,741	**2,893,049**	3,027,222
Summarised statement of comprehensive income										
Revenue	**14,249,519**	1,896,391	**2,331,160**	395,421	**53,717**	117,681	**7,636,774**	5,473,374	**1,205,229**	1,074,292
Profit/(loss) for the period	**9,937,659**	(784,160)	**(262,607)**	(454,518)	**(170,846)**	(41,802)	**4,386,507**	3,006,055	**200,648**	(234,058)
Total comprehensive income	**9,937,659**	(784,160)	**(262,607)**	(454,518)	**(170,846)**	(41,802)	**4,386,507**	3,006,055	**200,648**	(234,058)
Dividends received	**-**	-	**-**	-	**-**	-	**1,059,262**	1,447,568	**70,227**	5,775

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method

	Mooloolaba Wharf Holding Company Pty Limited		CVC Emerging Companies Fund		Bigstone Capital Pty Limited		JAK Contributory Mortgage Fund Loan Trust No 3		Concise Asset Management Limited		South Pack Laboratories (Aust) Pty Limited	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Summarised statement of financial position												
Current assets	**611,182**	6,866,746	**5,910,303**	-	**15,017,423**	4,742,602	**5,143,203**	-	**-**	-	**-**	-
Current liabilities	**371,607**	1,059,622	**94,007**	-	**13,328,629**	4,688,286	**809,093**	-	**-**	-	**-**	-
Current net assets	**239,575**	5,807,124	**5,816,296**	-	**1,688,794**	54,316	**4,334,110**	-	**-**	-	**-**	-
Non-current assets	**20,504,495**	200,533	**9,119,938**	-	**7,441,732**	1,226,397	**8,965,881**	-	**-**	-	**-**	-
Non-current liabilities	**13,674,865**	6,043,370	**-**	-	**6,496,986**	1,361,757	**-**	-	**-**	-	**-**	-
Non-current net assets	**6,829,630**	(5,842,837)	**9,119,938**	-	**944,746**	(135,360)	**8,965,881**	-	**-**	-	**-**	-
Net assets	**7,069,205**	(35,713)	**14,936,234**	-	**2,633,540**	(81,044)	**13,299,991**	-	**-**	-	**-**	-
Reconciliation to carrying amounts:												
Opening net assets 1 July	**(35,713)**	14,721	**-**	-	**(81,044)**	1,002,321	**-**	-	**-**	-	**-**	-
Shares issued	**-**	-	**14,936,234**	-	**5,434,582**	2,120,417	**13,300,000**	-	**-**	-	**-**	-
Profit/(loss) for the period	**7,104,918**	(50,434)	**-**	-	**(2,719,998)**	(3,203,782)	**941,584**	-	**-**	-	**-**	-
Dividend paid	**-**	-	**-**	-	**-**	-	**(941,593)**	-	**-**	-	**-**	-
Closing net assets	**7,069,205**	(35,713)	**14,936,234**	-	**2,633,540**	(81,044)	**13,299,991**	-	**-**	-	**-**	-

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method (continued)

	Mooloolaba Wharf Holding Company Pty Limited		CVC Emerging Companies Fund		Bigstone Capital Pty Limited		JAK Contributory Mortgage Fund Loan Trust No 3		Concise Asset Management Limited		South Pack Laboratories (Aust) Pty Limited	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Group's share - percentage	**50%**	50%	**22.3%**	-	**34%**	29%	**20.8%**	-	**-**	-	**-**	-
Group's share - dollars	**3,534,603**	(17,857)	**3,330,780**	-	**895,404**	(23,503)	**2,766,398**	-	**-**	-	**-**	-
Adjusted to market value	**(25)**	17,907	**2,554**	-	**948,102**	1,088,151	**4,435**	-	**-**	-	**-**	-
Carrying amount	**3,534,578**	50	**3,333,334**	-	**1,843,506**	1,064,648	**2,770,833**	-	**-**	-	**-**	-
Summarised statement of comprehensive income												
Revenue	**13,726,080**	2,551,003	**27,186**	-	**1,660,670**	304,288	**941,635**	-	**-**	566,370	**-**	2,381,163
Profit/(loss) for the period	**7,104,918**	(50,434)	**-**	-	**(2,719,998)**	(3,203,782)	**941,584**	-	**-**	(114,619)	**-**	680,623
Total comprehensive income	**7,104,918**	(50,434)	**-**	-	**(2,719,998)**	(3,203,782)	**941,584**	-	**-**	(114,619)	**-**	680,623
Dividends received	-	-	-	-	-	-	**-**	-	**-**	-	**-**	768,000

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.5 Individually immaterial investments accounted for using the equity method

In addition to the interests in investments accounted for using the equity method disclosed above, the group also has interests in a number of individually immaterial investments that are accounted for using the equity method.

	2019 $	2018 $
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	**1,941,496**	1,493,586
Aggregate amounts of CVC's share of:		
Profit for the period	**108,151**	252,081
Total comprehensive income	**108,151**	252,081

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
16.1 Total property, plant and equipment	**304,544**	342,861
Comprises:		
Plant and equipment		
At cost	**314,009**	301,737
Accumulated depreciation	**(211,691)**	(151,171)
	102,318	150,566
Leasehold improvements		
At cost	**250,142**	208,942
Accumulated depreciation	**(74,916)**	(43,647)
	175,226	165,295
Properties		
At cost	**27,000**	27,000

16.2 Reconciliation

	2019 $	2018 $
Plant and equipment		
Carrying amount at the beginning of the year	**150,566**	183,815
Additions	**12,272**	22,562
Depreciation	**(60,520)**	(55,811)
Carrying amount at the end of the year	**102,318**	150,566

	2019 $	2018 $
NOTE 16: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
16.2 Reconciliation (continued)		
Leasehold improvements		
Carrying amount at the beginning of the year	**165,295**	186,588
Addition	**41,200**	8,098
Depreciation	**(31,269)**	(29,391)
Carrying amount at the end of the year	**175,226**	165,295
Properties		
Carrying amount at the beginning and end of the year	**27,000**	27,000

NOTE 17: INVESTMENT PROPERTIES

	2019 $	2018 $
Non-current		
Leased properties	**2,400,000**	1,350,000
Reconciliation:		
Investment properties at the beginning of the year	**1,350,000**	8,578,697
Additions – capital expenditure	**8,984**	1,711,382
Reclassification to held for sale	**-**	(11,620,343)
Fair value adjustment	**1,041,016**	2,680,264
Carrying amount at the end of the year	**2,400,000**	1,350,000
Amounts recognised in comprehensive income		
Rental income	**204,901**	194,957
Outgoing recovery	**27,131**	31,283
Direct operating expenses from property that generated rental income	**35,870**	25,141
Leased properties		
423 – 479 Pumicestone Road, Caboolture	**2,400,000**	1,350,000

The fair values have been determined based on independent valuations prepared by JLL Hotels & Hospitality Group.

	Weighted average	
	2019	2018
Capitalisation rate	**9.17%**	10.16%
Lease expiry	**4.34 years**	0.33 years
Occupancy	**100%**	100%

NOTE 18: INTANGIBLE ASSETS

	2019 $	2018 $
Intangible assets	-	-
Reconciliations:		
Carrying amount at the beginning of the year	-	-
Additions	-	6,144
Impairment	-	(6,144)
Carrying amount at the end of the year	-	-

NOTE 19: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current		
Trade payables (a)	**6,205,947**	4,591,316
Sundry creditors and accruals	**7,958,839**	5,510,182
	14,164,786	10,101,498
Non-current		
Trade payables (a)	**5,000,000**	-

(a) Trade payables includes a $7,001,293 payable for the purchase of units in the LAC JV Unit Trust and $2,998,707 in relation to the finance cost remaining to be paid for a guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust.

NOTE 20: PROVISIONS

	2019 $	2018 $
Current		
Employee entitlements	**854,699**	867,798
Non-current		
Employee entitlements	**104,136**	21,005

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS

	2019 $	2018 $
Current		
Secured loan	-	2,583,121
Non-current		
Secured loans	**14,669,132**	13,930,628
Unsecured loan from associated entity	**9,613,092**	9,677,586
Convertible notes	**56,053,518**	55,236,987
	80,335,742	78,845,201

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Reconciliation:		*Liabilities from financing activities*		
	Secured loans	Unsecured loan from associated entity	Convertible notes	Total
	$	$	$	$
Year ended 30 June 2019				
Liabilities at the beginning of the year	**16,513,749**	**9,677,586**	**55,236,987**	**81,428,322**
Cash flows	**(2,583,120)**	**(699,086)**	**(3,498,600)**	**(6,780,806)**
Other non-cash movements	**738,503**	**634,592**	**4,315,131**	**5,688,226**
Liabilities at the end of the year	**14,669,132**	**9,613,092**	**56,053,518**	**80,335,742**
Year ended 30 June 2018				
Liabilities at the beginning of the year	12,679,439	10,123,967	-	22,803,406
Cash flows	2,583,121	(654,583)	60,000,000	61,928,538
Transaction costs	-	-	(1,996,652)	(1,996,652)
Other non-cash movements	1,251,189	208,202	(2,766,361)	(1,306,970)
Liabilities at the end of the year	16,513,749	9,677,586	55,236,987	81,428,322

21.1 Secured Loans

The secured loans are secured by a first ranking charge over the applicable assets.

	2019	2018
	$	$
Facility Amount		
Lot 11 Richards Road, Riverstone New South Wales	**14,669,132**	13,930,628
ASX listed shares	**-**	2,583,121
	14,669,132	16,513,749
Security		
Lot 11 Richards Road, Riverstone New South Wales (note 13)	**12,066,100**	11,791,315
ASX listed shares		
Financial assets – “at fair value through profit or loss”		
Current (note 12)	**31,348,641**	48,368,616
Non-current (note 12)	**27,745,323**	38,399,138
Investments accounted for using the equity method (note 15)	**18,779,948**	18,536,741
	77,873,912	105,304,495

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

21.2 Unsecured loan from associated entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 5.25% per annum repayable by 10 July 2021.

21.3 Convertible notes

The Company issued 600,000 convertible notes for $60 million on 22 June 2018. The coupon rate for the note is 3.75% plus the 90 day Bank Bill Swap Rate. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 22 June 2023. The conversion price is $3.40 per ordinary share but subject to adjustments for reconstructions of equity. The convertible notes are presented in the Statement of Financial Position as follows:

	2019	2018
	$	$
Face value of notes issued	**60,000,000**	60,000,000
Other equity securities – value of conversion rights (note 23)	**(2,784,907)**	(2,784,907)
Transaction cost – liability component	**(1,996,652)**	(1,996,652)
	55,218,441	55,218,441
Cumulative interest expense (a)	**4,358,092**	105,368
Cumulative interest paid	**(3,523,015)**	(86,822)
Non-current liability	**56,053,518**	55,236,987
Accrued interest expense (b)	**24,415**	86,822

(a) Interest expense is calculated by applying the effective interest rate of 7.16% to the liability component adjusted for actual interest paid/payable.
(b) Interest accrued as at 30 June 2019 and 30 June 2018 were included in other payables. Refer to note 19.

The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is regarded as the value of the conversion rights and is recognised in shareholders' equity, net of income tax.

NOTE 22: CONTRIBUTED EQUITY

	The Company			
	2019		2018	
	Number	**$**	Number	$
Issued and paid-up ordinary share capital				
Balance at the beginning and end of the year	**119,532,788**	**103,646,848**	119,532,788	103,646,848
Shares bought back	**(1,842,529)**	**(4,870,858)**	-	-
Share buyback transaction costs	**-**	**(10,975)**	-	-
Income tax on buyback transaction costs	**-**	**3,293**	-	-
Balance at the beginning and end of the year	**117,690,259**	**98,768,308**	119,532,788	103,646,848

On 26 November 2018 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 20,000,000 ordinary shares. At the date of this report 1,842,529 shares had been bought back under this scheme with 18,157,471 available to be bought back.

NOTE 23: OTHER EQUITY

	2019	2018
	$	$
Value of conversion rights – convertible notes	**2,784,907**	2,784,907
Transaction cost – equity component	**(97,186)**	(97,186)
Deferred tax liability component	**(806,316)**	(806,316)
	1,881,405	1,881,405

The value of the conversion rights relates to the convertible notes. See note 21.3

NOTE 24: NON-CONTROLLING INTEREST

	2019 $	2018 $
Reconciliation of non-controlling interest in controlled entities:		
Balance at the beginning of the year	**1,353,079**	286,780
Share of net profit	**3,068,161**	4,356,266
Acquisition of interests in controlled entities	**322,430**	-
Disposal of shares by non-controlling interest in controlled entities	**2,358**	4,095
Return of capital	**(180,000)**	-
Dividends paid	**(4,786,295)**	(3,294,062)
Balance at the end of the year	**(220,267)**	1,353,079

The non-controlling interest at the end of the year comprises interests in:

	2019 $	2018 $
Share capital	**1,088,032**	946,294
(Accumulated losses)/retained earnings	**(1,308,299)**	406,785
	(220,267)	1,353,079

Refer to note 2.3 for more information.

NOTE 25: OTHER RESERVES

	Asset Revaluation Reserve $
Year ended 30 June 2019	
Reserves at the beginning of the year	**(318,237)**
Share of associate reserve	**73,470**
Tax on share of associate reserve	**(22,041)**
Reserves at end of the year	**(266,808)**
Year ended 30 June 2018	
Reserves at the beginning and end of the year	(318,237)

Asset Revaluation Reserve
The asset revaluation reserve includes the movement in the fair value of investments to the extent that they offset one another and CVC's share of the unrealised change in value arising from the acquisition and disposal of a non-controlling interest in a controlled entity by CVC.

NOTE 26: NOTES TO STATEMENT OF CASH FLOWS

26.1 Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2019 $	2018 $
Cash on deposit	**56,399,645**	70,347,892
Funds held by bank (note 28.3)	**758,092**	745,393
Cash and cash equivalents	**57,157,737**	71,093,285

26.2 Reconciliation of Profit after Income Tax to Cash provided by Operating Activities

	2019	2018
Net profit	**1,008,159**	27,072,642
Adjustments for:		
Share of equity accounted profits	**(9,499,968)**	(400,074)
Depreciation of property, plant and equipment	**91,789**	85,202
Bad debts	**308,389**	75,297
Change in fair value of investment properties	**(1,041,016)**	(2,680,264)
Impairment of intangible assets	**-**	6,144
Impairment expenses on financial instruments	**4,190,865**	179,904
Impairment recoveries on financial instruments	**-**	(2,180,742)
Net loss/(profit) on equity investments	**9,473,297**	(11,778,008)
Net foreign currency differences	**(137,006)**	98,698
Non-cash finance cost	**728,208**	145,038
Interest income not received	**(5,373,898)**	2,952,392
Interest expense not paid	**634,592**	208,203
Dividend income	**1,627,627**	3,898,422
Cost for convertible notes classified as investing cash flows	**-**	214,751
Movement in current tax liabilities	**(2,446,899)**	(2,915,215)
Movement in deferred tax assets and liabilities	**(172,720)**	2,403,013
Changes in operating assets and liabilities:		
Inventories	**10,690,619**	(1,446,061)
Equity investments	**13,858,892**	(16,893,416)
Trade and other receivables	**(5,662,374)**	(9,519,350)
Trade and other payables	**2,630,772**	1,911,279
Provisions	**70,032**	96,644
Other assets	**232,356**	(184,309)
Net cash provided by/(used in) operating activities	**21,211,716**	(8,649,810)

26.3 Financing Facilities

At 30 June 2019, CVC had access to the following specific lines of credit.

	2019	2018
Total facilities available:		
Secured non-bank loan	**14,669,132**	13,930,628
Secured bank loan	**20,000,000**	20,000,000
Total facilities	**34,669,132**	33,930,628
Total facilities used:		
Secured non-bank loan	**14,669,132**	13,930,628
Secured bank loan	**-**	2,583,121
Secured bank loan (note 21.1)	**14,669,132**	16,513,749

	2019	2018
	$	$

NOTE 27: AUDITORS' REMUNERATION

The auditor of the Company is HLB Mann Judd.

Amounts received or due and receivable to Auditors of the Company:

	2019 $	2018 $
Audit or review of the financial report	**162,864**	130,486
Non-audit services – other assurance services	**-**	28,500

The Auditors received no other benefits.

NOTE 28: COMMITMENTS AND CONTINGENCIES

28.1 Operating Lease Commitments

Non-cancellable operating lease expense
Future operating lease commitments not provided for in the financial statements and payable:

	2019 $	2018 $
- within one year	**613,855**	585,034
- later than one year but not later than five years	**2,443,070**	2,635,604
- later than five years	**-**	421,321
	3,056,925	3,641,959

28.2 Operating leases - leases as lessor

An investment property is leased to a tenant under an operating lease with rentals payable monthly. The remaining lease terms are on average 4.34 years (2018: 0.33 years), excluding options for lease extensions upon completion of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

	2019 $	2018 $
Less than one year	**224,400**	47,114
Between one and five years	**796,943**	-
	1,021,343	47,114

Refer to note 17 for more information.

	2019	2018
	$	$

NOTE 28: COMMITMENTS AND CONTINGENCIES (CONTINUED)

28.3 Financial Guarantees

Guarantees
The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2019 $	2018 $
CVC Limited and its 100% subsidiaries		
Bank guarantees (a)	**758,092**	745,393
Guarantee (b)	**11,752,650**	11,752,650
Guarantee (c)	**2,500,000**	2,500,000
Guarantee (d)	**6,250,000**	6,250,000
Guarantee (e)	**869,400**	-

(a) The bank guarantees provided by CVC are secured by a term deposit.
(b) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility in relation to 960-1000 Donnybrook Victoria.
(c) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility and is secured by an interest in the Marsden Park Development Trust and other additional security.
(d) The guarantee provided by CVC to Australia and New Zealand Banking Group Limited is used as security for a loan facility in relation to 246 East Boundary Road, East Bentleigh, Victoria.
(e) The guarantee provided by CVC to Australia and New Zealand Banking Group Limited is used as security for a loan facility in relation to 33-45 Gibdon Street, Burnley, Victoria.

28.4 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2019 $	2018 $
Construction contract		
Less than one year	**-**	18,887,911

28.5 Options
Exposure on open written option positions.

	2019 $	2018 $
Puts		
Later than 2 months but not more than 6 months	**-**	375,300
Covered Calls		
Within 1 month	-	1,758,000

28.6 Loans and other investments

	2019 $	2018 $
Amounts available to be drawn by borrowers under existing loan facility agreements		
Related entities	**2,343,307**	2,428,543
Unrelated entities	**15,150,069**	7,402,543
	17,493,376	9,831,086
Amounts available to be called by investees for partially paid shares and units		
Unrelated entities	**5,492,830**	-

NOTE 29: SEGMENT INFORMATION

29.1 Primary Segments - Business Segments

Information for each business segment is shown in the following tables, in round thousands, as permitted under ASIC class order "ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191".

Composition of each business segment is as follows:
- Private Equity and Venture Capital comprises investments in unlisted businesses including pre-IPO, unlisted funds and relevant corporate assistance fees.
- Listed Investments comprises investments listed on recognised stock exchanges, including underwriting, options and short term trading and long term holdings.
- Commercial Debt and Alternative comprises secured lending to corporates, projects and individuals against various securities and assets, including receivables, contracted income, resources, listed equities, litigation claims and others.
- Property back lending comprises loans backed by underlying property assets.
- Direct Property Investment involves direct exposure, including in ordinary equity, preference equity, joint ventures and options to acquire and interest in direct property subject to planning outcomes.
- Funds Management comprises investments in listed equities mangers, property investment managers, debt managers and litigation funding managers.

29.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

NOTE 29: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2019	Private Equity and Venture Capital	Listed Investments	Commercial Debt and Alternative Assets	Property Back Lending	Direct Property Investments	Funds Management	Eliminations	Consolidated
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Revenue:								
Total revenue for reportable segments	272	51	2,096	7,238	46,817	2,909	-	59,383
Inter-segment revenue	-	-	-	-	2,205	13,331	(15,536)	-
Unallocated amounts:								
Interest income								764
Consolidated revenue								60,147
Equity accounted income	46	(240)	-	189	8,398	1,107	-	9,500
Results:								
Total profit for reportable segments	(1,726)	(5,507)	335	5,602	8,031	396	-	7,131
Unallocated amounts: corporate expenses								(15,623)
Share of profit of equity accounted associates								9,500
Consolidated profit after tax								1,008
Assets:								
Segment assets	11,050	59,683	10,222	48,178	42,078	5,663	-	176,874
Unallocated amounts:								
Cash and cash equivalents								57,158
Equity accounted investments								48,409
Other assets								3,414
Total assets								285,855
Liabilities:								
Segment liabilities	3	-	350	9,613	29,687	-	-	39,653
Unallocated amounts:								
Other liabilities								66,413
Total liabilities								106,066

NOTE 29: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2018	Private Equity and Venture Capital	Listed Investments	Commercial Debt and Alternative Assets	Property Back Lending	Direct Property Investments	Funds Management	Eliminations	Consolidated
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Revenue:								
Total revenue for reportable segments	1,601	13,752	1,213	8,622	36,919	2,115	-	64,222
Inter-segment revenue	-	-	-	-	3,368	13,375	(16,743)	-
Unallocated amounts:								
Interest income								613
Consolidated revenue								64,835
Equity accounted income	327	-	-	-	(494)	567	-	400
Results:								
Total profit for reportable segments	1,232	13,739	1,213	8,413	15,846	1,018	-	41,461
Unallocated amounts: corporate expenses								(14,788)
Share of profit of equity accounted associates								400
Consolidated profit after tax								27,073
Assets:								
Segment assets	18,423	88,185	10,779	40,695	36,917	4,460	-	199,459
Unallocated amounts:								
Cash and cash equivalents								71,093
Equity accounted investments								32,437
Other assets								832
Total assets								303,821
Liabilities:								
Segment liabilities	6	4,442	-	9,678	18,437	166	-	32,729
Unallocated amounts:								
Other liabilities								64,923
Total liabilities								97,652

NOTE 30: RELATED PARTY INFORMATION

30.1 Key management personnel compensation

	2019	2018
	$	$
Short-term employee benefits	**1,116,754**	1,560,126
Post-employment benefits	**89,657**	82,374
Termination benefits	**1,815,000**	-
Total	**3,021,411**	1,642,500

Details of key management personnel remuneration, superannuation and termination benefits are set out in the Remuneration Report section of the Directors' Report.

Messrs Avery, Beard, and Hunter have made co-investments in the projects of CVC and have contractual rights to receive distributions and capital returns received by CVC from the projects. Refer to note 30.5.

	Key Management Personnel entitlement
Marsden Park Development Trust	
- the landowner of the property project in Marsden Park North, New South Wales	1.5%
Donnybrook JV Pty Limited	
- the landowner of the property project in Donnybrook, Victoria	5.4%

Subsequent to the year end, CVC acquired 0.5% of co-investments in Marsden Park Development Trust and 1% of co-investments in Donnybrook JV Pty Limited from Mr Beard for a consideration of $640,000.

Apart from the details disclosed in this financial report, no other Director has entered into a contract with the Company or CVC since the end of the previous financial year and there were no contracts involving Directors' interests existing at year-end.

30.2 Shares acquired from key management personnel

On 8 August 2019, CVC acquired 60% of Eidlon Funds Management Limited from Messrs Avery, Beard and Hunter for a consideration of $3,600,000. The price was based on an independent valuation prepared by Longergan Edwards and Associates Limited.

NOTE 30: RELATED PARTY INFORMATION (CONTINUED)

30.3 Loans to Key Management Personnel

There were no loans to key management personnel during or at the end of the financial year.

30.4 Loans with Related Parties

The following represent loans to and from related parties with CVC and its controlled entities during the financial year.

	2019	2018	**Interest Rate**
	$	$	%
Loans Receivable			
Loan to associated entities	**17,058,315**	20,476,814	**5% - 20%**
Loans to other related entities	**4,020,994**	-	**10% - 20%**
Loans Payable			
Unsecured loan from associated entity	**9,613,092**	9,677,586	**6.5%**
Co-investment in Marsden Park and Donnybrook Projects (refer note 30.1)			
Key management personal	**331,711**	234,287	**0%**

30.5 Other Transactions

The following represent income and expenditure generated from transactions with related parties with CVC and its controlled entities during the financial year.

	2019		2018	
	Paid	**Received**	Paid	Received
	$	**$**	$	$
Management and consulting fees				
Associated entities	**1,686,219**	**1,353,795**	1,374,833	1,431,688
Other related entities	**-**	**52,624**	-	29,067
Interest income				
Associated entities	**-**	**1,974,657**	-	1,519,303
Other related entities	**-**	**685,410**	-	-
Dividend and distribution income				
Other related entities	**-**	**561,046**	-	1,262,458
Marsden Park distribution (refer to note 30.1)				
Key management personal	**4,259**	**-**	4,500	-
Borrowing costs				
Associated entities	**634,592**	**-**	208,203	-

	2019		2018	
	Impairment	**Impairment Recovery**	Impairment	Impairment Recovery
	$	**$**	$	$
Other amounts				
Investment in associated entities	**1,227,337**	**-**	-	-
Loan to associated entities	**1,180,072**	**-**	-	2,180,742

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

CVC's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk. CVC's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

CVC uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of CVC. There have been no significant changes in the types of financial risks, or CVC's risk management program (including methods used to measure the risks) since the prior year.

31.1 Interest Rate Risk

CVC's exposure to interest rate risks of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

	Note	Floating Interest Rate	Fixed Interest 1 Year or Less	Fixed Interest 1 to 5 Years	Non Interest Bearing	Total
2019:		$	$	$	$	$
Financial assets						
Cash and cash equivalents	26	**56,399,143**	**758,092**	**-**	**502**	**57,157,737**
Financial assets at amortised cost	9	**-**	**33,120,928**	**18,568,770**	**1,960,285**	**53,649,983**
Financial liabilities						
Trade and other payables	19	**-**	**-**	**-**	**19,164,786**	**19,164,786**
Interest bearing liabilities	21	**56,053,518**	**-**	**24,282,224**	**-**	**80,335,742**
2018:						
Financial assets						
Cash and cash equivalents	26	70,347,390	745,393	-	502	71,093,285
Contract assets	10	-	-	-	743,050	743,050
Financial assets at amortised cost	9	-	37,874,356	16,800,371	4,108,324	58,783,051
Financial liabilities						
Trade and other payables	19	-	-	-	10,101,498	10,101,498
Interest bearing liabilities	21	71,750,736	-	9,677,586	-	81,428,322

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.1 Interest Rate Risk (Continued)

CVC holds a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk CVC typically deposits uncommitted cash in high interest rate accounts with financial institutions. Interest bearing loans and receivables are made at fixed rates. CVC is not charged interest on outstanding trade and other payable balances. CVC enters into loans and borrowings with fixed rates of interest when it is considered commercial and necessary to manage cash flows.

Sensitivity
As CVC expects interest rates to decrease by 50 basis points during the 2020 financial year (2019: 50 basis points higher), at reporting date the impact for the 2018 financial year on CVC, with all other variables held constant, would be:

	Decrease of 50 bp	Increase of 50 bp
	$	$
2019		
Net profit	**104,655**	**-**
Equity increase	**104,655**	**-**
2018		
Net profit	-	106,250
Equity increase	-	106,250

31.2 Price Risk

Equity Securities Price Risk

CVC has investments in listed securities which could be adversely affected if general equity market values were to decline. CVC also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals. CVC does not hedge its exposure to the risk of a general decline in equity market values, believing that such strategies are not cost-effective.

Sensitivity
At reporting date, if equity prices had been 10% higher/(lower) while all other variables were held constant the impact would be:

	Increase of 10%	Decrease of 10%
	$	$
2019		
Net profit/(loss)	**5,451,174**	**(5,451,174)**
Equity increase/(decrease)	**5,451,174**	**(5,451,174)**
2018		
Net profit/(loss)	6,073,743	(6,073,743)
Equity increase/(decrease)	6,073,743	(6,073,743)

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.3 Credit Risk Exposure

Credit risk refers to the loss that CVC would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent CVC's maximum exposure to credit risk at reporting date. CVC seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and to seek collateral with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC's significant concentration of credit risk relates to deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating, and loans made to various entities, which are mitigated by collateral held with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days.

31.4 Liquidity Risk

CVC manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. CVC continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details CVC's contractual liabilities.

	Less than 6 months	6 months to 1 Year	1 to 5 Years	Greater than 5 Years	Total
	$	$	$	$	$
2019					
Trade and other payables	**14,164,786**	**-**	**5,000,000**	**-**	**19,164,786**
Interest bearing liabilities	**-**	**-**	**80,335,742**	**-**	**80,335,742**
2018					
Trade and other payables	10,101,498	-	-	-	10,101,498
Interest bearing liabilities	2,583,121	-	64,914,573	13,930,628	81,428,322

31.5 Currency Risk

Currency risk is measured using sensitivity analysis. A portion of CVC investments are in companies listed on foreign exchanges and sales and purchases are made in foreign currencies. CVC is exposed to a decline in the values of those currencies relative to the Australian dollar.

Considering the quantum of the investments in absolute terms as well as relative terms compared to CVC's total investment portfolio it is not cost-effective to hedge against foreign exchange fluctuations.

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.5 Currency Risk (Continued)

At balance date CVC had the following exposure to the United States dollar, New Zealand dollar and British pound that is not designated as cashflow hedges:

	2019	2018
	$	$
Financial assets		
Financial assets at amortised cost	**3,339,171**	3,117,171
Financial assets at fair value through profit or loss	**4,632,763**	3,810,139
	7,971,934	6,927,310

Foreign currency sensitivity

CVC is exposed to the US dollar (USD), New Zealand dollar (NZD) and British pound (GBP). The following table details CVC's sensitivity to a 10% change in the Australian dollar against the respective currencies with all other variables held constant as at reporting date for unhedged foreign exchange exposure. A positive number indicates an increase in net profit/equity.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

	Net profit/(loss)		Equity increase/(decrease)	
	2019	2018	**2019**	2018
	$	$	**$**	$
USD				
Increase in AUD of 10%	**(151,412)**	(155,559)	**(151,412)**	(155,559)
Decrease in AUD of 10%	**185,059**	190,128	**185,059**	190,128
NZD				
Increase in AUD of 10%	**(212,493)**	(280,400)	**(212,493)**	(280,400)
Decrease in AUD of 10%	**259,713**	160,412	**259,713**	160,412
GBP				
Increase in AUD of 10%	**(63,079)**	(16,943)	**(63,079)**	(16,943)
Decrease in AUD of 10%	**77,097**	20,708	**77,097**	20,708

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 32: FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities of CVC are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, CVC has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the assets and liabilities as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	**Valuation technique – market observable inputs (Level 2)**	**Valuation technique – non market observable inputs (Level 3)**	**Total**
	$	**$**	**$**	**$**
Year ended 30 June 2019				
Financial assets				
"Fair value through profit or loss" investments				
Shares in listed corporations	**17,186,400**	**41,907,564**	**-**	**59,093,964**
Shares in unlisted corporations	**-**	**-**	**24,186,206**	**24,186,206**
Non-financial assets				
Investment properties	**-**	**-**	**2,400,000**	**2,400,000**
	17,186,400	**41,907,564**	**26,586,206**	**85,680,170**
Year ended 30 June 2018				
Financial assets				
"Fair value through profit or loss" investments				
Shares in listed corporations	25,593,061	61,174,693	-	86,767,754
Shares in unlisted corporations	-	-	18,252,318	18,252,318
Non-financial assets				
Investment properties	-	-	1,350,000	1,350,000
	25,593,061	61,174,693	19,602,318	106,370,072

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

NOTE 32: FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Level 3 fair value movements:

	2019 $	2018 $
Balance at the beginning of the year	**19,602,318**	21,813,103
Purchases	**20,472,959**	7,740,362
Sales	**(11,874,190)**	-
Capital return	**-**	(303,000)
(Loss)/gain recognised in other income (a)	**(805,281)**	2,722,196
Transfer out of Level 3 to Level 1	**(809,600)**	(500,000)
Transfer out of Level 3 (b)	**-**	(11,870,343)
Balance at the end of the year	**26,586,206**	19,602,318

	2019 $	2018 $
(a) Unrealised (loss)/gain recognised in profit or loss attributable to assets held at the end of the reporting period.	**(2,550,515)**	2,722,196

(b) Transfer of assets:

	2019 $	2018 $
Assets classified as held for sale	**-**	11,620,343
Investments accounted for using the equity method	**-**	250,000
	-	11,870,343

Assets classified as held for sale

Subsequent to year end CVC completed the settlement of the sale of the property at Port Macquarie on 7 August 2018, New South Wales, forming part of the project delivery agreement for the construction of the Bunnings and associated bulky goods centre. As such the property was reclassified from investment properties to assets classified as held for sale.

Investments accounted for using the equity method

The capital cost of certain investments were reclassified from financial assets at fair value through profit or loss to investments accounted for using the equity method following an increase of ownership.

NOTE 32: FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of Level 2 financial instruments is determined using available prices where trading does not occur in an inactive market. The quantitative information about the significant unobservable inputs used in level 3 fair value measurements are as follows:

Description	Fair value 30 June 2019 $	Fair value 30 June 2018 $	Unobservable inputs	Weighted average 2019	Weighted average 2018	Relationship of unobservable inputs to fair value
Leased properties	**2,400,000**	1,350,000	Capitalisation rate	**9.17%**	10.16%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	**4.34 years**	0.33 years	The longer the lease term, the higher the fair value
			Occupancy	**100%**	100%	The higher the occupancy rate, the higher the fair value
	2,400,000	1,350,000				
Other investments	**12,410,811**	18,252,318	(a)			

(a) There is no quantitative information. Fair value has been determined by using valuation techniques. Such techniques include using recent arm's length market transactions; net asset backing; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis.

NOTE 33: EVENTS SUBSEQUENT TO YEAR END

On 8 August 2019, CVC acquired 60% of Eildon Funds Management Limited for a consideration of $3.6 million at which time it became a 100% subsidiary of CVC.

A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 to be paid on 20 August 2019 to those shareholders registered on 6 August 2019.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

NOTE 34: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CVC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

34.1 Loans to associated entities

Impairment of $1,180,072 (2018: nil) has been raised against loans to associated entities that have a carrying value of $17,058,315 (2018: $20,476,814). The recoverable amount has been assessed in note 9.

34.2 Trade receivables

The recoverable value of trade receivables has been assessed in note 9.

34.3 Financial assets at fair value through profit or loss

The fair value of the investments has been assessed in note 12.

34.4 Inventories

The fair value of the inventories has been assessed in note 13.

34.5 Absence of active market

In calculating the fair value of Cyclopharm Limited, Eildon Capital Limited, Heritage Brands Limited, IDT Australia Limited, Indoor Skydive Australia Group Limited, Lantern Hotel Group, Longtable Group Limited, Mitchell Services Limited, Prime Media Group Limited, Probiotec Limited, Tasfoods Limited, Universal Biosensors Inc., US Residential Fund and Vita Life Sciences Limited CVC has determined that an active market may not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalisation is small such that larger institutions do not hold significant shareholdings. However, the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation of each company. The fair value of the investments has been assessed in note 10 and 12.

34.6 Investments accounted for using the equity method – unlisted investments

The carrying value of the following investments have been valued based on the net asset backing methodology, using the most recent reports provided by the entity:

- 79 Logan Road Trust as $2,893,049 (2018: $3,027,222);
- Australian Invoice Finance Limited as $2,158,649 (2018: $2,283,650);
- Bigstone Capital Pty Limited as $1,843,506 (2018: $1,064,648);
- CVC Emerging Companies Fund as $3,333,334 (2018: nil);
- Eildon Funds Management Limited as $460,548 (2018: $189,109);
- JAK Contributory Mortgage Fund Loan Trust No 3 as $2,770,833 (2018: nil);
- JAK Investment Group Pty Limited as $227,037 (2018: $317,513);
- Lewcorp Properties Pty Limited as $818,853 (2018: nil);
- MAKE EBRB Dev Nominee Pty Ltd as $7,821,157 (2018: $2,852,327);
- Mooloolaba Wharf Holding Company Pty Limited as $3,534,578 (2018: $50); and
- Turrella Property Unit Trust as $267,727 (2018: $247,749).

The carrying value of Donnybrook JV Pty Limited has been calculated as $3,403,464 (2018: $3,178,478) based on the net asset backing methodology, using the most recent reports provided by the entity. A valuation of the property of $79.95 million results in the value of CVC's investment as $31.6 million.

The carrying value of Eildon Funds Management Limited has been calculated as 460,548 (2018: $189,109) based on the net asset backing methodology, using the most recent reports provided by the entity. Subsequent to year end an independent valuation was completed that provided a value of CVC's investment as $1,440,000.

During the financial year, LAC Unit Trust becomes a control entity of CVC. The carrying value of the investment for the year ended 30 June 2018 was based on the net asset backing methodology, using the most recent report provided by the entity, resulting in a value $688,928.

NOTE 34: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

34.7 Investments accounted for using the equity method – listed investments

The carrying value of Eildon Capital Limited ("EDC") has been calculated at $18,709,047 (2018: $18,536,741). It has been determined by using the fair value approach. The closing "bid-price" of EDC on 30 June 2019 was $1.01 per share which was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market.

The carrying value of US Residential Fund ("USR") has been calculated at $70,901 (2018: nil). It has been determined by using the fair value approach. The last transaction of USR was $0.31 per share on 27 March 2019. USR has completed a capital return of $0.30 per share since that date. Based on this, $0.01 per share was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market.

34.8 Property, plant and equipment

The recoverable value of property, plant and equipment have been assessed in note 16.

34.9 Investment properties

The recoverable value of investment properties has been assessed in note 17.

34.10 Loans to other corporations

An impairment has been raised against certain loans to other corporations of $1,783,456 (2018: $179,904) that have a carrying value of $30,610,390 (2018: $34,311,692). The recoverable amount has been assessed in note 9.

34.11 Other assets

The recoverable value of other non-current assets, which include non-refundable call options for the purchase of property, have been calculated with reference to costs incurred and consideration of the underlying potential property values. Refer to note 14 for further details.

NOTE 35: CHANGES IN ACCOUNTING POLICIES

CVC has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

CVC's revenue includes interest revenue, dividend income and investment gains which are specifically excluded from the scope of AASB 15 and are consistent with those of the previous financial year and corresponding interim reporting period. Other revenues are set out in Note 1.17.

CVC has also voluntarily changed the presentation of the statement of financial position to reflect the terminology of AASB 15. Contract assets in relation to construction contracts were previously presented as part of Financial assets at amortised cost. An amount of $743,050 has been reclassified to Contract Assets as at 30 June 2018.

The adoption of AASB 15 has not had a material impact on the financial performance or position of the Group. No adjustment has been recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 15 and consequently no further disclosures have been included in this financial report.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' DECLARATION

For the Year Ended 30 June 2019

In the opinion of the Directors of CVC Limited:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that CVC Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ended 30 June 2019.

Dated at Sydney 30 August 2019.

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

MA Avery
Director

JD Read
Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Independent Auditor's Report to the Members of CVC Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of CVC Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a statement of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Existence and Valuation of Loans Receivable (Note 9)	
The consolidated entity had a significant balance of loans receivable as at 30 June 2019. A large portion of the loans have been provided to property developers with properties provided as security for the loans. We have therefore identified loans receivable as an area requiring particular audit attention.	We reviewed loan agreements and other supporting documentation. We obtained management's workings and assessed the reasonableness of recoverability assessments, including where relevant, the prospect of recovering the loan within the next 12 months. We reviewed security of loans and assessed for reasonableness. We obtained loan confirmation from third parties.

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Key Audit Matter	How our audit addressed the key audit matter
Valuation of Unlisted Investments (Note 12)	
The consolidated entity holds interests in unlisted investments, held at fair value. The value of these investments are subject to a high degree of judgement. Therefore it is considered to be a key audit area.	We reviewed management's valuation methodology, including impairment assessment, with reference to recent financial statements, forecasts/budgets, future income of the investee and/or marketability of the investment.
Valuation of Investment Properties (including those classified as Inventories) (Note 13 and 17)	
The carrying value of the investment properties has been assessed with reference to future cash flows. As future cash flows are typically based on a number of variables, the valuation and allocation of investment properties is considered to be a key audit area.	We reviewed management's assessment of value with reference to external valuations and other supporting documentation. We assessed the competence, independence and integrity of the external expert appointed by management. We reviewed the treatment of revaluation movements for compliance with the Australian Accounting Standards. We have assessed the adequacy of the disclosures within the financial statements as at 30 June 2019.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 this financial report.

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 Group 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of CVC Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N J Guest
Partner

Sydney, NSW
30 August 2019

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of CVC. It is required to act with integrity, honesty, in good faith and in the best interest of the Company as a whole in the execution of its duties including setting, guiding and monitoring the business and affairs of the Company, including risk management, and compliance with regulatory, legal and ethical standards. The Board is responsible for the oversight of reporting to the shareholders by whom they are elected and to whom they are accountable. It is responsible for ensuring there is adequate oversight and management of material business risks facing the Company and ensuring there are systems in place to identify, assess, monitor and manage market, operational and compliance risks. This is achieved via a control environment, accountability and review of risk profiles.

The Board has delegated to the Managing Director all of the necessary power and authority to manage the business of the Company on a day-to-day basis with the assistance of senior management. This includes execution of the strategy approved by the Board, managing performance, risk management and compliance of the Company. The Company has implemented a risk management framework which describes and sets out the risks (financial and non-financial) facing the business activities of the Company and controls surrounding those risks. The profiles are formally reviewed annually by management. The financial risks that may adversely impact the operations of the Company are described and analysed in the annual financial report.

As at 30 June 2019 the Directors in office are as follows:

John Douglas Read	- Appointed 20 March 1989, member of the audit committee
John Scott Leaver	- Appointed 8 April 2019
Ian Houston Campbell	- Appointed 16 March 2015, member of the audit committee

Appointment to the Company and the Board is dependent on skills, experience, character and other qualifications rather than solely on achieving a pre-specified diversity target. The Board seeks to ensure its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its duties, which have been detailed in the Directors' Report, including numbers and attendances of Board and audit committee meetings. Given the size and scale of the organisation the Board has not adopted a policy and measurable targets in relation to diversity but notes that the Board does not have any women appointed, although CVC has two women appointed in senior management roles, and currently represent 29% of employees of the Company.

The Board considers that CVC seeks to comply, where appropriate, with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. Where CVC does not comply, this is primarily due to the current size, scale and nature of the operations. The Council recognises that "a one size fits all" approach may be inappropriate. Companies are at liberty to determine whether each recommendation is appropriate. Different companies face different circumstances hence some recommendations are unnecessary or may even be counter-productive. In particular it acknowledged that it may be inappropriate or uneconomic for smaller companies, such as CVC, to follow the same rules as Australia's largest listed companies. The Council has issued recommendations and require companies to adopt an 'if not why not' approach to reporting compliance, requiring companies to identify the recommendations that have not been followed and give reasons for not following them.

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2019, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises five Directors.

Mr Avery, being Managing Director, is responsible for the management and operation of the Company and ensures that members of the Board are properly briefed on the operations of the Company. Those powers not specifically reserved to the Board and which are required for the management and operation of the Company, are conferred on the Managing Director.

Mr Read is a non-executive Chairman of the Board and a member of the audit committee. As he has been on the Board of the Company for more than twenty five years, he is not considered independent. Further information in relation to the audit committee can be found in the Directors' Report to the financial report.

Mr Campbell is an independent non-executive Director and Chairman of the audit committee and has extensive skills, experience and knowledge to perform his duties in that capacity.

Mr Leaver is an executive director of the Board and has significant experience in equities.
Mr Rapajic-Leaver is a non-executive Director and has significant experience in property investing.

CORPORATE GOVERNANCE STATEMENT

The Board elects a member to chair each meeting and believe that the current structure of the Board operates effectively and efficiently, allowing the Board to collectively exercise its authority without the need for the appointment of additional independent directors or the creation of further sub-committees and is appropriate for the size and scale of the Company. The Board has considered the competencies and experience of each of the Directors and believes that it is not in the interest of shareholders to seek to replace or appoint Board members. The Board as a whole reviews Board succession planning and continuing development to ensure the members have an appropriate balance of skills. Directors are encouraged to undertake professional development to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, where considered appropriate for the oversight of the Company.

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and deals with regulatory bodies on statutory matters.

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2019:

- Appointing a majority of independent Directors;
- Appointing an independent Chairman;
- Appointing an internal audit function, audit committee with an independent chairman, a majority of independent Directors or non-executive Directors;
- A nomination committee of the Board;
- A risk committee of the Board;
- Establishment of formal performance policies for Directors and senior management;
- Documentation of a Board skills matrix;
- Implementing a program for inducting new Directors;
- Implementing policies and processes for communication with shareholders and participation at meetings;
- A remuneration committee of the Board;
- Written agreement with directors and senior executives setting out terms of roles; and
- Adopting a policy and measurable targets to achieve gender diversity.

Performance of the Board and Senior Management

The Directors and senior management are regularly reviewed for measureable and qualitative performance. The Board as a whole has the responsibility to review its own performance and of individual directors. The Board undertakes an annual review at 30 June each year of the Managing Director and senior management.

The Board did not undertake a review of the performance of its members during the year ended 30 June 2019. Rather, the Board, mindful of its duties, considers it appropriate to monitor the performance on an ongoing basis and conduct a formal review as necessary.

When applicable, remuneration of non-executive Directors is in accordance with resolutions of shareholders at the general meeting. The Company does not have any schemes for retirement benefits, other than statutory superannuation for non-executive Directors.

The details of remuneration paid to Directors and senior management are disclosed in the Remuneration Report.

Costs and Benefits of Compliance

A number of the recommendations require the formal documentation of policies and procedures that the Company already substantially performs. The Company considered that to create such documentation independently and specifically for the Company, and create separate Boards and sub-committees to satisfy the requirements of the Corporate Governance Principles and Recommendations would have had minimal additional benefit but substantial additional expense. The Company is also mindful to not adopt such procedures and structures solely for the sake of adoption or where they could actually inhibit the proper function or development of the Company.

The Board has determined that the adoption of such formal policies and procedures must be tailored to the Company at minimal expense and must be appropriate for the Company, taking into account the size and complexity of its operations. The Company is currently considering the adoption and implementation of the following recommendations:

- A formal charter for the audit committee of the Company;
- written policies and procedures to ensure compliance with ASX listing rules disclosure requirements; and
- A process for performance evaluation of the Board and individual Directors.

Other Information

The Company has a policy of allowing Directors to take reasonable independent legal advice in the furtherance of their duties at the expense of the Company.

The audit committee comprises three members of the Board, with an independent Director elected as the chairman this is not the same as the Chairman of the Board of Directors.

In respect of the year ended 30 June 2019, the Managing Director and the Chief Financial Officer have provided certifications to the Board that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has a sound system of risk management and internal control which is operating effectively.

The Company has adopted policies in relation to conduct of Directors, senior management and employees of the Company. The policies require Directors, senior management and employees to act ethically, responsibly, honestly, in good faith, and in the best interest of the Company as a whole, whilst complying with laws and regulations.

The Company has adopted a Share Trading Policy, which must be complied with by all directors and employees. The policy summarises the insider trading prohibitions in the *Corporations Act 2001* and provides information on trading windows, exceptional circumstances, excluded trading, and an obligation on directors and employees to disclose all trades in the Company's shares.

The Company's external auditor attends the annual general meeting and is available to answer questions from the shareholders relevant to the audit.

In accordance with the ASX Continuous Disclosure requirements, the Company ensures that price sensitive information is released to the market on a timely basis including through the annual and half-yearly reports. At the election of shareholders reports issued by the Company are provided electronically. Additional information regarding the operation of CVC can be found at www.cvc.com.au, by contacting the Company directly or by attending the annual general meeting.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION

The following information was current as at 28 August 2019.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:-

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	192
1,001 - 5,000	245
5,001 - 10,000	143
10,001 - 100,000	221
100,001 - over	73
Total	874

Category (size of holding)	Number of convertible notes
1 - 1,000	1,371
1,001 - 5,000	48
5,001 - 10,000	1
10,001 - 100,000	3
Total	1,423

Unmarketable parcels

	Minimum parcel size	Number of shareholders
Ordinary shares		
Minimum $500.00 parcel at $2.16 per share	232	85
Convertible notes		
Minimum $500.00 parcel at $101 per note	5	-

On market share buy-back

The Company has a current on market share buy-back which commenced on 26 November 2018.

Substantial holders

The names of the Company's substantial holders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

Shareholder	Number of ordinary shares in which interest held
Mr John Scott Leaver (a)	49,825,546
Mr Joseph David Ross	12,200,000
Southsea (Aust) Pty Limited	17,610,506
Anglo Australian Christian & Charitable Fund	9,712,816

(a) Mr Leaver's holding includes 20,704,611 shares held by Leagou Pty Limited

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION (CONTINUED)

20 largest shareholders - ordinary shares

As at 28 August 2019, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Ordinary Shares		
Mr John Scott Leaver	26,120,935	22.20
Leagou Pty Limited	20,704,611	17.60
Southsea (Aust) Pty Limited	17,610,506	14.97
Anglo Australian Christian & Charitable Fund	9,712,816	8.25
JKM Securities Pty Limited	6,700,000	5.69
JKM Securities Pty Limited	5,500,000	4.67
Chemical Investments Limited	4,861,741	4.13
Wenola Pty Limited	2,255,288	1.92
Mr Nigel Cameron Stokes	1,000,000	0.85
Dr Raymond Joseph Healey	817,517	0.69
Melbourne Corporation of Australia Pty Limited	623,208	0.53
Heasman Superannuation Pty Ltd	505,100	0.43
Mr Julian Tertini	480,000	0.41
Cannington Corporation Pty Ltd	466,094	0.40
Syvest Pty Ltd	450,000	0.38
John Angela Pty Limited	445,000	0.38
Wenola Pty Limited	422,052	0.36
JA Investments Limited	420,000	0.36
Jasperson Pty Limited	381,817	0.32
Mr Geoffrey Leaver	350,000	0.30
	99,826,685	84.84
Convertible Notes		
HSBC Custody Nominees	38,451	6.41
JP Morgan Nominees Australia	27,155	4.53
Mutual Trust Pty Ltd	10,874	1.81
National Nominees Limited	8,532	1.42
Radder Investments Pty Ltd	4,030	0.67
RS Management Pty Limited	4,030	0.67
Vision Australia Foundation	3,921	0.65
Pstar Pty Ltd	2,800	0.47
Erwin Small Pty Ltd	2,500	0.42
Dr Andrew Robert Small	2,500	0.42
Waterloo Medical Centre Pty	2,500	0.42
Mr Damien Joseph Kenneally & Mrs Candace Lynn Kenneally	2,358	0.39
Joly Pty Ltd	2,200	0.37
Selbourne Investments Pty Ltd	2,010	0.34
Morben Nominees Pty Ltd	2,005	0.33
Ms Carolyn Margaret Earl & Mr John William Nissen	2,000	0.33
Sanctuary Gate Pty Ltd	2,000	0.33
Singapore Investments Pty Ltd	2,000	0.33
Mrs Deborah Anne Treasure	2,000	0.33
Tailer Investments Pty Limited	1,550	0.26
	125,416	20.90

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Suite 3703, Level 37, Gateway, 1 Macquarie Place, Sydney NSW 2000.