

# Ask Funding Limited

**ABN 22 094 503 385**

Annual Report

For the year ended 30 June 2017

# Ask Funding Limited

**ABN 22 094 503 385**

Financial Report

For the year ended 30 June 2017

# **Ask Funding Limited**

ABN 22 094 503 385

## **Financial Report For the year ended 30 June 2017**

### **Table of Contents**

<b>Directors' Report .....</b>	<b>1</b>
<b>Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 .....</b>	<b>10</b>
<b>Corporate governance statement .....</b>	<b>11</b>
<b>Statement of Comprehensive Income .....</b>	<b>12</b>
<b>Statement of Financial Position .....</b>	<b>13</b>
<b>Statement of Changes in Equity .....</b>	<b>14</b>
<b>Statement of Cash Flows .....</b>	<b>15</b>
<b>Notes to the Financial Statements .....</b>	<b>16</b>
<b>Directors' Declaration .....</b>	<b>29</b>
<b>Independent Auditor's Report .....</b>	<b>30</b>
<b>ASX Additional Information .....</b>	<b>34</b>
<b>Company particulars .....</b>	<b>36</b>

# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report

For the year ended 30 June 2017

The Directors of Ask Funding Limited (ASX: AKF) ("AKF" or "the Company") present their report together with financial statements of the Company for the year ended 30 June 2017 and auditor's report thereon.

Ask Funding Limited is a company limited by shares and is incorporated in Australia.

### Directors

The following persons were Directors of the Company during the year and up to the date of this report:

Mr Gabriel Radzynski - Non-Executive Director

Mr Russell E Templeton - Independent Non - Executive Director

Mr James Chirnside - Independent Non-Executive Director

### Company Secretary

Mr Mark Licciardo was the Company Secretary during the year and up to the date of this report.

### Principal Activities

Consistent with the run-off strategy approved by Shareholders at 2011 Annual General Meeting, the Company did not engage in any lending activity during this reporting period.

The Company's activities since closure of all loan books has been limited to the servicing and amortising of its loan books with the sole objective of distributing all surplus funds to the shareholders.

### Review of Operations

#### Overview of the Company

The Company has continued to service and amortise its loan book with the sole objective of delivering the surplus funds to shareholders. The Company's loan book remains permanently closed to new loans.

#### Basis of Preparation of Financial Statements - orderly realisation of assets and settlement of liabilities

Given the orderly run-off and closure of the Company's loan books, the directors consider it appropriate to prepare the financial report for the period ended 30 June 2017 on a non-going concern basis and have been prepared on an alternate basis of an orderly realisation of the Company's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities.

#### Loan Book Size and Split by Product

The gross loan book decreased by 21% to \$2.8 million from \$3.6 million at 30 June 2016. This decrease reflects the suspension of lending on new loans, assessment for any impairment of loans and the focus on collection of Loan Book receivables in accordance of the Company's run-off strategy.

The net loan book split by product and the underlying trend is highlighted in the following table:

	30 June 2017	30 June 2016	30 June 2015
Disbursement Funding	3%	5%	9%
Personal Injury	10%	23%	26%
Matrimonial	78%	65%	60%
Inheritance Funding	9%	7%	5%

The closure of all Loan Books to new loans has resulted in an accelerated contraction of the loan book with the profit of the business declining over time in line with this contraction. Some of the contraction of the loan book is also attributable to further impairment of loans.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Directors' Report For the year ended 30 June 2017**

### **Directors' Report (continued)**

#### **Impairment of Loans and Advances**

Impairment and recovery costs of \$2.5 million incurred during the period represent an increase from the previous corresponding period of \$2.3 million.

The Net Loan Book at the 30 June 2017 was \$2.8 million made up of 34 loan contracts split into the following product types and values:

Injury Loan - 21 contracts totalling \$277,054

Inheritance Funding Loans - 1 contract with a total value of \$250,000

Disbursement Funding Loans - 9 contracts with a total value of \$87,884

Matrimonial Funding Loans - 3 contracts with a total value of \$2,230,000

Impairment in respect of these loans continues to be determined on an individual case by case basis after taking into account of the likely time of settlement; potential further deterioration in asset pool values and/or a decrease in the prospects of an individual borrower succeeding in their respective claims in court.

A significant factor in the timing of the recovery of Matrimonial Funding loans is the inordinate delays being experienced by litigants in the Family Court of Australia which in many cases is beyond the control of the parties to the court proceedings in question and extends to years.

In the notes to the Financial Statements forming part of the Company's FY16 Annual Report (pages 8) reference was made to a Single Matrimonial Loan in Western Australia (security held Mortgage, Caveat and Guarantees from borrower and related parties) with a net carrying value at 30 June 2016 of \$2.0 million.

On 14 May 2015, the Company settled a legal dispute with the borrower of this Single Matrimonial Loan and two guarantors on the following basis:

- That the borrower and the guarantors agreed to pay to the Company the sum of \$2.0 million on or before 15 January 2016;
- That in the event that this sum was not paid the borrower and the guarantors consented to judgment being entered against them in favour of the Company for \$2.5 million; and
- The security granted in favour of the Company by the borrower and the guarantors remain in place.

The borrower and guarantors failed to pay the sum of \$2.0 million to the Company on or before 15th January 2016.

As a result of the \$2.0 million not having been paid on or before 15th January 2016 the Company has now entered a judgment against the borrower and the guarantors in the Supreme Court of Western Australia for the sum of \$2.5 million. The Company continues to explore the avenues available to it to satisfy this judgment and is taking steps to realise one of the properties mortgaged in its favour.

The trial in relation to the legal proceedings between the parties in the Family Court in Western Australia (which was the subject of the loan to the borrower) was heard in August 2016 however the trial judge has to date not handed down his decision. However it is expected that the decision will be delivered shortly.

The net carrying value of this loan as at 30 June 2016 was \$2.0 million and this figure remains the current net carrying value.

# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report For the year ended 30 June 2017

### Directors' Report (continued)

#### Outlook

At the Company's Annual General Meeting on 29 November 2011, the shareholders approved the run-off and the closure of the Company's Loan Books to new loans. This closure was effected on 31 January 2012 and accordingly the Company's future activities are limited to the servicing and amortising of its Loan Books with the sole objective of distributing all surplus funds to shareholders.

To date the Company has returned \$5 million to shareholders by way of franked dividends and return of capital. However, the current size of the net loan book and the unpredictable and inconsistent cash flow derived from the loan book makes it very difficult for the Board to predict the likely amount and timing of future distributions to shareholders.

To ensure that the net loan book reflects the likely ultimate recovery of funds from receivables not yet collected, the Company's revenue derived from the loan book will decline as a result of repayment of loans.

Given the age, size and nature of the Company's Loan Books it is very difficult for the Board to accurately forecast when these loan books are likely to be recovered however, on present indications it would appear that the Loan Books will not be recovered until towards the end of the 2018 calendar year.

As previously reported to the Market, the Board has progressively reduced the Company's cost base in line with the rundown of receivables. The Board considers it unlikely that it will be able to further reduce the Company's cost base whilst it remains as a disclosing entity. The Board continues to closely monitor the Company's revenue, cost base and cash flow to ensure operational viability. In the event that the Board concludes that the Company is no longer operationally viable, it will seek the removal of the Company from the official list of the Australian Securities Exchange.

#### Review of financial performance and position

##### Operating Loss after tax

The results for the year ended 30 June 2017 attributable to the members of the Company are:

	<b>30 June 2017 \$000</b>	<b>30 June 2016 \$000</b>
Revenue (net interest and fee income)	1,837	1,712
Expenses, excluding impairment and loan recovery expenses	(439)	(542)
Impairment of loans and advances	(2,370)	(1,963)
Loan recovery expenses	(147)	(295)
Loss before income tax	(1,119)	(1,088)
Income tax expense	-	-
Loss attributable to members	<u>(1,119)</u>	<u>(1,088)</u>

The net loss for the period is \$1.12 million in comparison to the net loss of \$1.09 million for the previous corresponding period. Loss per share is 1.70 cents.

The loss for the period reflects the run-off strategy adopted by the Company.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Directors' Report For the year ended 30 June 2017**

### **Directors' Report (continued)**

#### **Loss from Operations**

Gross interest earnings have remained at \$1.7 million. Gross interest margins per product and fee income, which reflects account servicing and reassessment fees, have remained consistent with the previous corresponding period.

Gross interest and fee income will continue to reduce as the loan book contracts as a result of the orderly run-off of all loan books.

Expenses, excluding depreciation, amortisation and impairment, decreased to \$0.6 million from \$0.8 million in the previous corresponding period reflecting the continued reduction in the size of operations.

The impairment of loans and advances expense has increased to \$2.3 million from \$2.0 million in the previous corresponding period.

#### **Financial Position**

Net assets have decreased by 25% since 30 June 2016 to a total of \$3.4 million. Net tangible assets are 0.51 cents per share.

At 30 June 2017, the Company's liabilities include trade payables of \$0.05 million. The Directors are satisfied that the Company will have sufficient cash resources to settle its liabilities as and when they fall due.

#### **Cashflows**

Cash outflows from operations for the year ended 30 June 2017 have increased to \$0.5 million compared to \$0.2 million in the previous corresponding period. The significant decrease in interest and fees received and decrease in other assets has been partially offset by the increase in non-cash adjustment.

The cash inflow from investing activities for the period of \$0.1 million has decreased compared to \$0.4 million in the previous corresponding period reflecting the closure of all loan books.

The net cash outflows from both operations and investing activities was \$0.3 million. The Board will continue to review the Company's operating costs with a view to effecting further savings however with the exception of legal recovery costs which are expected to continue to decline, the Board considers that it will be difficult to achieve further material reductions in the Company's cost base whilst the Company remains a disclosing entity.

#### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the year other than those already disclosed in this report.

#### **After balance date events**

No transactions or events of a material and unusual nature has arisen, which in the opinion of the directors of the Company is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Directors' Report For the year ended 30 June 2017**

#### **Directors' Report (continued)**

#### **Likely developments and expected results of operations**

The Company will continue to service and amortise its loan book with the sole objective of returning surplus funds to shareholders. The Company will continue to manage the run-off of the remaining loan book.

The continued run-off of all loan books as referred to above will result in the contraction of the loan book and the revenue of the business will decline over time consistent with this contraction.

#### **Environmental regulation**

The Company's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

#### **Information on directors and company secretary**

**Mr Gabriel Radzynski** BA (Hons), MCom (Chairman and Non-Executive Director)

#### ***Experience and special responsibilities***

Gabriel is the founder and Managing Director of Sandon Capital Pty Ltd, a boutique investment management and advisory firm. He is the portfolio manager of the Sandon Capital Activist Fund, a fund targeting underperforming companies. Gabriel also holds directorships in ASK Funding Ltd, Future Generation Investment Fund Limited and Mercantile Investment Company Limited.

**Mr Russell Templeton** LLB (Independent Non-Executive Director)

#### ***Experience and special responsibilities***

Mr Templeton has been in practice as a lawyer for over thirty years, has extensive commercial and litigation experience and has also been involved with a network of legal practitioners; owned licensed commercial agencies; and been consultant to and then Chief Operating Officer and Chief Executive Officer of Collection House Limited, an ASX listed debt portfolio manager.

**Mr James Chirnside** (Independent Non-Executive Director)

#### ***Experience and special responsibilities***

James has worked in financial markets for 32 years - mainly as an equities fund manager across a broad range of markets and sectors. As a fund manager, he was mainly focused in emerging and frontier markets. In addition, he has also been a proprietary metals trader, derivatives broker, and fund promoter in Sydney, Hong Kong, London, and Melbourne.

James studied for a Bachelor's degree in Business Administration at Edith Cowan University in Perth.

Public Company Directorships;  
Dart Mining NL (DTM)  
Cadence Capital Ltd (CDM)  
WAM Capital Ltd (WAM)  
Mercantile Investment Company Ltd (MVT)  
Ask Funding (ASK)



## Ask Funding Limited

ABN 22 094 503 385

### Directors' Report For the year ended 30 June 2017

#### Directors' Report (continued)

#### Information on directors and company secretary (continued)

##### Company Secretary

**Mark Licciardo** B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)

##### Experience and special responsibilities

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom Limited as well as several other public and private companies.

	Directors' Meeting	
	Number Eligible to Attend	Number Attended
Gabriel Radzynski	3	3
Russell Templeton	3	3
James Chirnside	3	3
<b>Total Meetings Held</b>	<b>3</b>	<b>3</b>

# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report For the year ended 30 June 2017

### Audited Remuneration report

The Company has no employees, other than the three Non-executive Directors. The Company Secretary is remunerated under a service agreement with Mertons Corporate Services Pty Ltd.

#### *Nature and amounts of remuneration*

The Directors do not receive any other benefits or remuneration, other than Directors' fees and statutory superannuation other than as disclosed below. The remuneration of the directors is not linked to the performance of the Company.

Where specialist services beyond the normal expectations of a Non-Executive Director are provided to the Company, payment will be made on a normal commercial basis.

Details of the remuneration of the directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:

	Short Term Employee Benefits Cash salary and fees \$	Post- Employment Benefit Superannuation \$	Total \$
<b>30 June 2017</b>			
Gabriel Radzynski	-	-	-
Russell Templeton*	40,000	-	<b>40,000</b>
James Chirnside**	31,618	-	<b>31,618</b>
	<u>71,618</u>	<u>-</u>	<u><b>71,618</b></u>
<b>30 June 2016</b>			
Gabriel Radzynski	-	-	-
Russell Templeton	137,069	-	137,069
James Chirnside	-	-	-
Kenneth Rich	10,999	-	10,999
Misha Collins	11,000	-	11,000
	<u>159,068</u>	<u>-</u>	<u><b>159,068</b></u>

\*Amount paid to Russell Templeton excludes GST invoiced to the Company.

\*\* Amount paid James Chirnside excluding GST invoiced to the Company.

The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. The Directors are the only people considered to be key management personnel of the Company.

## Ask Funding Limited

ABN 22 094 503 385

### Directors' Report For the year ended 30 June 2017

#### Audited Remuneration report (continued)

Number of Shares held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related at the date of this report, were:

	Balance 1 July 2016 \$	Net Acquisition/ (Disposal) \$	Balance 30 June 2017 \$
<b>2017</b>			
<b>Shares</b>			
Gabriel Radzynski	-	-	-
Russell Templeton	-	-	-
James Chirnside	-	-	-

#### *This is the end of the Audited Remuneration Report*

#### Indemnification and insurance of officers and auditors

During or since the end of the financial year, the Company has not given an indemnity or entered into a agreement to indemnify, or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of premium paid.

#### Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company.

#### Non-Audit Services

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 13 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board.

#### Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be 'G. Radzynski', written in a cursive style.

Gabriel Radzynski  
Chairman

Sydney  
28 August 2017

**Auditor's Independence Declaration  
To the Directors of Ask Funding Limited  
ABN 22 094 503 385**

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;  
and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Ask Funding Limited.



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

28 August 2017

**Corporate governance statement**

The Corporate Governance Statement is available on the company's website [www.askfunding.com.au](http://www.askfunding.com.au).

# Ask Funding Limited

ABN 22 094 503 385

## Statement of Comprehensive Income For the year ended 30 June 2017

	Notes	30 June 2017 \$	30 June 2016 \$
Interest income		1,707,400	1,646,135
<b>Net interest income</b>		<u>1,707,400</u>	<u>1,646,135</u>
Fee Income		58,023	65,643
Other Income		71,424	-
<b>Total Income</b>		<u><b>1,836,847</b></u>	<u><b>1,711,778</b></u>
<b>Expenses</b>			
Employee benefits expense		(150,396)	(155,880)
Impairment of loans and advances	7	(2,369,601)	(1,962,519)
Loan recovery expenses		(146,583)	(295,925)
IT expenses		(1,651)	(20,894)
Accounting		(105,191)	(87,600)
Audit Fees	13	(55,888)	(40,441)
Insurance		(3,773)	(49,031)
Share Expenses		(28,863)	(82,002)
Telecommunication		(4,817)	(16,510)
General and administrative expenses		(88,447)	(89,251)
<b>Total Expenses</b>		<u><b>(2,955,210)</b></u>	<u><b>(2,800,053)</b></u>
<b>Loss before income tax</b>		<b>(1,118,363)</b>	<b>(1,088,275)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<u><b>(1,118,363)</b></u>	<u><b>(1,088,275)</b></u>
<b>Other comprehensive income</b>		-	-
Other comprehensive income for the year			
<b>Total comprehensive loss for the year</b>		<u><b>(1,118,363)</b></u>	<u><b>(1,088,275)</b></u>
<b>Basic and diluted loss per share (cents per share)</b>	12	<u><b>(1.70)</b></u>	<u><b>(1.65)</b></u>

The accompanying notes form part of these financial statements.

**Ask Funding Limited**

ABN 22 094 503 385

**Statement of Financial Position  
As at 30 June 2017**

	Notes	30 June 2017 \$	30 June 2016 \$
<b>Assets</b>			
Cash and cash equivalents		541,070	918,484
Net loans and advances	7	2,844,938	3,599,171
Other assets	8	60,335	77,177
<b>Total assets</b>		<b>3,446,343</b>	<b>4,594,832</b>
<b>Liabilities</b>			
Trade and other payables	9	51,755	81,881
<b>Total liabilities</b>		<b>51,755</b>	<b>81,881</b>
<b>Net assets</b>		<b>3,394,588</b>	<b>4,512,951</b>
<b>Equity</b>			
Contributed equity		17,295,845	17,295,845
Reserves		30,065	30,065
Retained losses		(13,931,322)	(12,812,959)
<b>Total equity</b>		<b>3,394,588</b>	<b>4,512,951</b>
<b>Net tangible asset per share (cents per share)</b>		<b>0.51</b>	<b>0.68</b>

The accompanying notes form part of these financial statements.



**Ask Funding Limited**

ABN 22 094 503 385

**Statement of Changes in Equity  
For the year ended 30 June 2017**

	<b>Contributed Equity \$</b>	<b>Profits Reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2015</b>	17,295,845	30,065	(11,724,683)	5,601,227
Loss for the year attributable to the owners of the Company	-	-	(1,088,276)	(1,088,276)
<b>Balance at June 2016</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(12,812,959)</b>	<b>4,512,951</b>
<b>Balance at 1 July 2016</b>	17,295,845	30,065	(12,812,959)	4,512,951
Loss for the year attributable to the owners of the Company	-	-	(1,118,363)	(1,118,363)
<b>Balance at 30 June 2017</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(13,931,322)</b>	<b>3,394,588</b>

The accompanying notes form part of these financial statements.

**Ask Funding Limited**

ABN 22 094 503 385

**Statement of Cash Flows  
For the year ended 30 June 2017**

	Notes	30 June 2017 \$	30 June 2016 \$
<b>Cash flows from operating activities</b>			
Interest and fees received		94,546	783,506
Interest paid		-	-
Payments to suppliers and employees		(591,599)	(931,603)
<b>Net cash used in operating activities</b>	14	<b>(497,053)</b>	<b>(148,097)</b>
<b>Cash flows from investing activities</b>			
Loans repaid by clients		119,639	410,760
<b>Net cash inflow from investing activities</b>		<b>119,639</b>	<b>410,760</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(377,414)</b>	<b>262,663</b>
Cash and cash equivalents at the beginning of the year		918,484	655,821
<b>Cash and cash equivalents at end of the year</b>		<b>541,070</b>	<b>918,484</b>

The accompanying notes form part of these financial statements.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Notes to the Financial Statements For the year ended 30 June 2017**

### **1. Reporting Entity**

Ask Funding Limited ("the Company") is a company domiciled in Australia. The Company is a for-profit entity. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The annual financial statements of the Company as at and for the year ended 30 June 2017 are available upon request from the Company's registered office at Level 5, 139 Macquarie Street, Sydney NSW.

### **2. Statement of Compliance**

The financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards ('AASB's') adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards ('IFRS's') adopted by the International Accounting Standards Board ('IASB').

#### **(i) Basis of preparation - orderly realisation of assets and settlement of liabilities**

These financial statements were approved by the Board of Directors on 28 August 2017.

The financial statements for the year ended 30 June 2017 have not been prepared on a going concern basis and have been prepared on an alternate basis of an orderly realisation of the Company's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities.

At the Company's Annual General Meeting held on 29 November 2011, the shareholders voted in favour of the orderly run-off and the closure of the Company's Loan books to new loans. This run-off entailed:

- The cessation of lending on all products. New lending on all products ceased in January 2012.
- Sell part or all of the Company's loan book.
- The recovery of all loans in accordance with the loan contracts and realisation of other assets in an orderly manner.
- The repayment of amounts owing to Bank of Western Australia Ltd ("BankWest") under the Senior Syndicated Facility.
- The settlement of all creditors and liabilities.
- The return of net proceeds to shareholders.

It is the view of the Director's that this run-off should be conducted in an orderly manner so as to maximise the return to shareholders.

Consistent with the shareholder decision at the Company's Annual General Meeting on 29 November 2011 to approve the run-off and ultimate closure of the Company's loan books to new loans, these financial statements have been prepared on a non-going concern basis.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Notes to the Financial Statements For the year ended 30 June 2017**

### **2. Statement of Compliance (continued)**

#### **(i) Basis of preparation - orderly realisation of assets and settlement of liabilities (continued)**

In preparing the year-end financial statements on a non-going concern basis The recoverability of the Company's loans receivable is dependent on realising these loans from the sale of properties encumbered in favour of the Company and/or settlement of litigation occurring within the timeframe and at values used in assessing the recoverable amount of loans receivable at 30 June 2017.

An impairment charge has been included in the financial statements for the estimated difference between the face value of the loans receivable and the amount expected to be realised. The value of loans receivable are regularly reviewed and adjustments made to the impairment charge as necessary.

Given the uncertainties involved in assessing the asset's carrying values on an orderly realisation basis the Company may be unable to realise its assets and discharge its liabilities at the amounts recorded in the financial statements at 30 June 2017.

Ask Funding Limited, being a listed entity has the ability to secure alternative means of funding to ensure the orderly realisation of assets.

#### **(ii) Basis of measurement**

The financial statements have been prepared on a historical cost basis, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

#### **(iii) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### **3. Significant accounting policies**

#### **a) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

#### **b) Revenue, Fee Income and Other Income**

Interest income is recognised in the statement of comprehensive income for all financial instruments on an accrual basis. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Fee income, including account servicing and reassessment fees are recognised as the related services are performed.

Notwithstanding the fact that Company policy is to determine all fees received by reference to reimbursement of actual costs, for accounting purposes ascertainable fees received are recognised as interest income under the effective interest rate method.

#### **c) Other receivables and trade payables**

The carrying value of other receivables and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

#### **d) Expenses**

All expenses are recognised in the statement of comprehensive income on an accrual basis.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Notes to the Financial Statements For the year ended 30 June 2017**

#### **3. Significant accounting policies (continued)**

##### **e) Financial instruments**

###### **(i) *Non-derivative financial assets***

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cashflows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

###### *Loans and advances*

Loans and advances are measured at amortised cost using the effective interest method less any impairment losses.

The amortised cost is the amount at which a financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

###### **(ii) *Non- derivative financial liabilities***

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: interest-bearing loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

##### **f) Impairment**

###### **(i) *Financial Assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Notes to the Financial Statements For the year ended 30 June 2017**

### **3. Significant accounting policies (continued)**

#### **f) Impairment (continued)**

##### **(i) Financial Assets (continued)**

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in profit and loss. Any cumulative loss in respect of an available-for-sale financial asset previously recognised in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

##### **(ii) Impairment of Loans and Advances**

All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired.

The impairment loss is measured as the difference between the carrying amount of the loan or advance, including the security held and the expected future cash flows.

##### *Specific provision*

Impairment losses on loans and advances are determined on a case by case basis. Each borrower is subjected to a regular and intensive assessment for the identification and quantification of impairment. Following this assessment, if there is evidence that a loan or advance is impaired, then a specific impairment is raised. Any subsequent write-offs are then made against the specific provision for unrecoverable loans.

##### **(iii) Non-financial assets**

The carrying amount of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

# **Ask Funding Limited**

ABN 22 094 503 385

## **Notes to the Financial Statements For the year ended 30 June 2017**

### **3. Significant accounting policies (continued)**

#### **f) Impairment (continued)**

##### **(iii) Non-financial assets (continued)**

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss has decreased or no longer exists and if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **g) Income tax**

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

#### **h) Earnings per Share (EPS)**

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

#### **i) Issued Capital**

Ordinary shares are classified as equity. Issued capital is recognised at value of the consideration received by the Company. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **j) Profits reserve**

The profits reserve is made up of amounts transferred from current period earnings and prior period retained earnings carried forward that are preserved for future dividend payments.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Notes to the Financial Statements For the year ended 30 June 2017**

#### **3. Significant accounting policies (continued)**

##### **k) Dividends**

Dividends are recognised when declared during the financial year.

##### **l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### **j) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with AASB's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 4.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

##### **l) New and amended accounting policies adopted**

Given that an alternate basis has been used in the preparation of the financial statements, the Company has considered new standards but none have resulted in a change to the basis of preparation.

##### **m) Comparative figures**

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current period.

##### **n) Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

#### **4. Critical accounting and estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management discussed with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements 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.



# **Ask Funding Limited**

ABN 22 094 503 385

## **Notes to the Financial Statements For the year ended 30 June 2017**

### **4. Critical accounting and estimates and judgements (continued)**

#### *(a) Impairment of loans and advances and other receivables*

The Company continually assesses whether loans and advances and other receivables are impaired in accordance with the accounting policies in note 1. Provisions for impairment are raised where there is objective evidence of impairment and full recovery is considered doubtful. These calculations may involve an estimate of the litigation risk, the settlement proceeds and underlying asset values in order to determine the estimate of the recoverable amount. The Company's credit risk exposure is detailed in note 5(b).

#### *(b) Basis of preparation*

These financial statements have been prepared using an orderly realisation of assets and settlement of liabilities basis (refer note 2(i)). Given the uncertainty in valuing assets and liabilities on a basis other than going concern, it is likely that the value of assets and liabilities included in these financial statements may differ from actual results.

### **5. Financial Risk Management**

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework.

The Board of Directors is also responsible for risk management policies which are established to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The key objective of these policies is to mitigate these risks, reduce volatility on financial performance, to ensure sufficient liquidity is maintained at all times to meet the Company's obligations and execute the Company's operational strategy whilst optimising investment return for shareholders.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

There have been no significant changes in the types of financial risks the Company is exposed to since the prior year.

#### **a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's financial position through fluctuations in the fair value or future cashflows of financial instruments.

##### *(i) Foreign exchange risk*

The Company has no exposure to foreign exchange risk as at 30 June 2017.

##### *(ii) Interest rate risk*

Interest rate risk is the risk to earnings from the margin between different yield curves arising from movements in the absolute levels of interest rates and the volatility of interest rates. Cash flow interest rate risk arises from financial instruments with a floating interest rate whereas fair value interest rate risk arises from fixed interest rate financial instruments.

## Ask Funding Limited

ABN 22 094 503 385

### Notes to the Financial Statements For the year ended 30 June 2017

#### 5. Financial Risk Management (continued)

##### a) Market risk (continued)

##### (iii) Interest rate risk (continued)

Loans and advances are issued by the Company at fixed interest rates and are at amortised cost, so therefore do not expose the entity to cash flow interest rate risk or to fair value interest rate risk.

As at the reporting date, the Company had the following variable rate financial instruments outstanding:

	<b>Floating interest rate \$</b>	<b>Total \$</b>
<b>2017</b>		
<b>Financial assets</b>		
Cash and cash equivalents	541,070	541,070
<b>Total financial assets exposure</b>	<b>541,070</b>	<b>541,070</b>
<b>2016</b>		
<b>Financial assets</b>		
Cash and cash equivalents	918,484	918,484
<b>Total financial assets exposure</b>	<b>918,484</b>	<b>918,484</b>

##### b) Credit risk

Credit risk is the risk of financial loss if a debtor or other counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk arose predominately from loans and advances. This credit risk is managed by the Company's lending model under which monies were advanced against the anticipation of a specified future event with the loan risks and credit assessment fundamentally related to the outcome of that specified event and with repayment sourced from the resultant agreed or judicially determined settlement outcome and proceeds. The principal amount advanced were limited to a maximum of 30% of the lower range of the expected settlement outcome, which was calculated through a known formula and methodology utilised within the judicial system.

The Matrimonial and Inheritance Funding products however were subject to market and economic conditions as the settlement outcome of the underlying matters were linked to existing assets such as property, shares and businesses and therefore in order to repay the loan or advance these assets must either be sold or refinanced. In the current market, the reduction in asset values and the tighter refinancing criteria applied by traditional financiers led to an increased credit risk on these particular loans and advances. The Company closed the Matrimonial and Inheritance Funding loan books to new advances in the 30 June 2011 financial year.

The Company closed the Personal Injury loan books to new advances in August 2011 and closed the Disbursement Funding loan book to new advances in January 2012.

The Company has credit risk exposures are discussed in the Directors' Report under Impairment of Loans and Advances.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2017

### 5. Financial Risk Management (continued)

#### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due because of the lack of liquid assets or access to adequate capital and debt facilities on acceptable terms. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient funds available on a timely basis to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, where such funds include a defined surplus of cash. To manage this risk, management continuously monitors forecast and actual cash flows.

### 6. Segment Reporting

For management purposes, Ask Funding Limited operates under one reportable segment based on the operations of the Company being entirely performed in the business segment of consumer finance predominately within Australasia. It has no reportable business or geographic segments.

### 7. Net Loans and Advances

	30 June 2017	30 June 2016
	\$	\$
<b>Net loans and advances</b>		
Family Law	5,151,190	4,861,672
Disbursement Funding	233,294	268,484
Personal Injury	2,812,073	2,556,646
Other	1,029,067	831,508
Provision for impairment	(6,380,686)	(4,919,139)
<b>Total</b>	<b>2,844,938</b>	<b>3,599,171</b>

These financial assets are classified as loans and receivables and are measured at amortised cost using the effective interest method. All loans and advances are over 150 days due.

#### (a) Provision for Impairment

The movement in the provision for impairment in respect of loans and advances during the period is as follows:

	30 June 2017	30 June 2016
	\$	\$
<b>Specific provision</b>		
Opening balance	4,919,139	3,802,156
Charge to operating profit	2,369,601	1,962,519
Write-offs	(908,053)	(845,536)
Closing balance	<b>6,380,686</b>	<b>4,919,139</b>
<b>Collective provision</b>		
Opening balance	-	-
Charge to operating profit	-	-
Write-offs	-	-
Closing balance	-	-
<b>Closing Balance</b>	<b>6,380,686</b>	<b>4,919,139</b>

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2017

### 7. Net Loans and Advances (continued)

#### (b) Fair Value

The fair value of loans and advances cannot be measured reliably given the nature of the loans, the lack of a liquid market for comparable assets and the uncertainty as to the timing and collection of these loans (as many loans are subject to the outcome of litigation and / or the realisation of security) and hence have not been disclosed.

#### (c) Security

The Company generally has the following collateral over loans and advances, including past due and impaired loans:

- Caveats placed on property, with a right to take mortgage granted by the borrower on the majority of family law funding and inheritance funding loans and advances.
- Mortgages, both registered and unregistered over property on a number of family law loans and advances.
- Guarantees from law firms and each of its constituent partners in a personal capacity that indemnifies Ask Funding Limited for full repayment of principal and capitalised interest, on disbursement funding loans.
- Personal Injury advances are made primarily on an unsecured non-recourse basis. However the repayment of these loans is effected via an Irrevocable Instruction from the borrower to his/her lawyer's trust account which established a charge in favour of the Company over settlement proceeds. No funds are advanced unless the Irrevocable Instruction is acknowledged by the borrower's lawyer.

	30 June 2017	30 June 2016
<b>8. Other assets</b>		
Prepayment	60,335	74,467
Accrued income	-	858
Other debtors	-	1,852
	<u>60,335</u>	<u>77,177</u>
<b>9. Trade and other payables</b>		
Payable and other accrued expense	51,755	81,881
	<u>51,755</u>	<u>81,881</u>

### 10. Income tax expense

#### a) Numerical reconciliation between income tax expense and pre-tax accounting profit

Loss before tax	<u>(1,118,363)</u>	<u>(1,088,275)</u>
Tax at the Australian tax rate of 30%	(335,509)	(326,483)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Recognition of previously unrecognised deferred tax assets	428,350	(4,558)
Current year losses for which no deferred tax asset was recognised	<u>(92,841)</u>	<u>331,041</u>
	<u>-</u>	<u>-</u>

**Ask Funding Limited**

ABN 22 094 503 385

**Notes to the Financial Statements  
For the year ended 30 June 2017**

<b>10. Income tax expense (continued)</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>b) Deferred tax asset not brought to account</b>		
Unused tax losses for which no deferred tax asset has been recognised	15,597,637	15,905,606
Deductible temporary differences	6,408,236	4,971,531
	<b>22,005,873</b>	<b>20,877,137</b>
Potential tax benefit @30%	6,601,762	6,263,141

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

Unused tax losses do not have an expiry date.

**11. Capital and Reserves****Share capital**

Fully paid ordinary shares	65,955,515	65,955,515
----------------------------	------------	------------

**(a) Ordinary Shares**

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**(b) Capital Risk Management**

The Directors' current objective in managing the Company's capital is to act in the best interests of stakeholders, which is to run-off the Company's loan book in an orderly manner and maximise the net return to shareholders. The Directors have consequently prepared the financial statements on an orderly realisation of assets and settlement of liabilities basis as set out in note 2(i).

**(c) Reserves****Profits reserve**

The profits reserve represents profits transferred to a reserve to retain the characteristic of profit and not be appropriated against prior year accumulated losses. Any such profits are available to enable payment of franked dividends in the future.

**(d) Dividends**

No dividends have been paid for this financial year.

**Ask Funding Limited**

ABN 22 094 503 385

**Notes to the Financial Statements  
For the year ended 30 June 2017****11. Capital and Reserves (continued)****(e) Dividend franking credits**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Franking credit available for subsequent financial year at 30%	<u>3,288,808</u>	<u>3,288,808</u>

**12. Earnings per share**

Profit after income tax used in the calculation of basic and diluted earnings per share

<u>(1,118,363)</u>	<u>(1,088,276)</u>
--------------------	--------------------

**No. shares****No. shares**

Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS

<u>65,955,515</u>	<u>65,955,515</u>
-------------------	-------------------

Basic earnings per share (cents per share)

(1.70)

(1.65)

There are no outstanding securities that are potentially dilutive in nature for the Company.

**13. Remuneration of auditors**

During the year the following fees were paid or payable for services provided by the auditor and its related practices:

	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Audit services</b>		
Agreed fees for audit and review of financial reports:		
- Pitcher Partners	54,552	-
- Grant Thornton	-	40,441
Other assurance services	-	-
	<u><b>54,552</b></u>	<u><b>40,441</b></u>
<b>Non audit services</b>		
Other assurance services – Grant Thornton	1,336	990
	<u><b>55,888</b></u>	<u><b>990</b></u>

## Ask Funding Limited

ABN 22 094 503 385

### Notes to the Financial Statements For the year ended 30 June 2017

#### 14. Cash flow information

##### Reconciliation of Cash Flow from operating activities with profit after income tax

Loss for the year	(1,118,363)	(1,088,276)
<i>Adjustments for non-cash items:</i>		
Impairment of loans and advances	2,369,601	1,962,519
Interest income	(1,697,868)	(862,629)
Fee income and other income	(37,138)	(65,643)
<b>Change in operating assets and liabilities</b>		
Decrease / (Increase) in other assets	16,841	(67,138)
Decrease in trade and other payables	(30,126)	(26,930)
<b>Net cash used in operating activities</b>	<u>(497,053)</u>	<u>(148,097)</u>

#### 15. Key management personnel compensation and Other Related Party Transactions

##### (a) Key management personnel compensation

The Company has secured the services of Mr Templeton on an outsourced arrangement to a business controlled by Mr Templeton to assist with the rundown of the loan books. Mr Templeton's fixed fee contract of \$5,500 is continuing on a month to month basis.

##### (b) Other transactions with key management personnel or entities related to them

During the year, the Company engaged Sandon Capital Pty Limited ("Sandon"), an entity associated with Gabriel Radzysinski to undertake the accounting function for ASK Funding Limited, the arrangement with Sandon are at normal commercial terms and conditions.

There have been no other significant changes to the nature and amounts of related party transactions disclosed at 30 June 2017.

#### 16. Contingencies

The directors of the Company are not aware of any material contingent liabilities that exist in respect of either the Company.

#### 17. Events Occurring after the Balance Sheet Date

There have been no other events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2017.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Directors' Declaration For the year ended 30 June 2017**

#### Directors' Declaration

In accordance with a resolution of the Directors of Ask Funding Limited, the Directors of the Company declare that:

- a) the financial statements and notes, as set out on pages 12 to 28 and the remuneration report in the directors report as set out on pages 7 to 8 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards which is stated in accounting policy Note 3 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.



Gabriel Radzynski  
Chairman

28 August 2017



**Independent Auditor's Report  
to the Members of Ask Funding Limited  
A.B.N. 22 094 503 385**

**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of Ask Funding Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

**Opinion**

In our opinion the financial report of Ask Funding Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis of Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with 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.

**Emphasis of matter – Basis of preparation**

Without modifying our conclusion expressed above, we draw attention to Note (2)(i) in the financial report which indicates that the financial statements of the Company for the year ended 30 June 2017 have not been prepared on a going concern basis and have been prepared on an alternative basis of an orderly realisation whereby the Company will realise its assets and settle its liabilities over a period of time.

The Directors of the Company have determined that the recoverability of the Company's loans receivable is dependent upon realising these loans from the sale and/or realisation of the underlying assets that secure the loans, occurring within a reasonable time frame and at values used to assess the carrying values of loans receivable at 30 June 2017. Given the uncertainties involved in assessing the asset's carrying values on an orderly realisation basis the Company may be unable to realise its assets at the amounts recorded in the financial statements at 30 June 2017.

## 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 year. We have communicated the key audit matters to the Board of Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Board. 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.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<b>Valuation, Existence and Recoverability of Loans and Advances</b> <b>Refer to Note 7: Net Loans and Advances</b>	
<p>We focused our audit effort on the valuation, existence and recoverability of the Company's past due Loans and Advances ("Loans") as they are its largest asset and most significant driver of results.</p> <p>As the Company is in the process of orderly realisation of assets, the determination of the recoverability of these loans and thus their carrying value is a matter which requires significant judgement from the Board and involves complexities such as the assessment of collateral and the enforcement of its realisation.</p> <p>We therefore identified the valuation, existence and recoverability of loans as a significant risk requiring special audit consideration.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of the Company's loan receivable assessment and recovery processes;</li> <li>▪ Testing a sample of loans by sighting the contracts and correspondence to establish their existence;</li> <li>▪ Reviewing the correspondence between management and its legal advisors to understand the status of loan recovery actions, potential recourse and likely time frames and steps taken and required to be taken to realise the carrying value of the loan book;</li> <li>▪ Reviewing management and independent parties' assessment of the recoverable value of assets provided as loan collateral;</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

## Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 consistent 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.

**Directors' Responsibility for the Financial Report**

The Directors of Ask Funding Limited are responsible for the preparation and fair presentation 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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 controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the appropriate going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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 pages 7 to 8 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Ask Funding Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The Directors of Ask Funding Limited 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.



**S M Whiddett**  
Partner



**Pitcher Partners**  
Sydney

Dated in Sydney this 28<sup>th</sup> day of August 2017.

## Ask Funding Limited

ABN 22 094 503 385

### ASX Additional Information For the year ended 30 June 2017

#### ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

#### Substantial ordinary shareholders shareholding

The following have advised that they are a substantial shareholder of Ask Funding Limited (ASX: AFK). The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders	No. of shares	% of total
Mercantile OFM Pty Ltd	47,313,945	71.74
Wilson Asset Management Group	7,706,561	11.68

#### Restricted Securities

All ordinary shares are quoted on the ASX and there are no shares subject to escrow or other regulated restrictions.

#### Voting Rights

The voting rights attaching to each class of equity securities are set out below:

##### *(a) Ordinary Shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### *(b) Options*

Options do not carry a right to vote

# Ask Funding Limited

ABN 22 094 503 385

## ASX Additional Information For the year ended 30 June 2017

### Distribution of shareholders (as at 18 August 2017)

Category	No. of shareholders
1-1,000	148
1,001- 5,000	154
5,001-,10,000	26
10,001-100,000	28
100,001 and over	23
	<b>379</b>

The number of shareholdings held in less than marketable parcels is 320.

### Twenty largest shareholders - Ordinary shares (as at 18 August 2017)

	Number of ordinary shares held	Percentage of issued capital held
Mercantile OFM Pty Ltd	28,963,193	43.91
Mercantile OFM Pty Ltd Level 11 139 Macquarie Street	9,910,681	15.03
Mercantile OFM Pty Ltd	8,440,071	12.80
Rbc Investor Services Australia Nominees Pty Ltd <Vfa A/C>	7,806,561	11.84
Treasure Island Hire Boat Company Pty Ltd <Staff Super Fund Account>	2,000,000	3.03
Mr Bernard Joseph Fitzsimon & Ms Diane Therese Neve <Fitzsimon Family A/C>	1,277,508	1.94
Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	1,123,202	1.70
Mr Ashok Kumar Chotai & Mr Neeshith Kumar Chotai & Mr Sanjay Kumar Chotai <The Cb Super Fund A/C>	750,000	1.14
BT Portfolio Services Limited <Ms Meredyth Anne Sauer A/C>	694,000	1.05
National Nominees Limited	500,000	0.76
Bond Street Custodians Limited <Jod - V36958 A/C>	333,333	0.51
Jetan Pty Limited <Gr Plummer Super Fund A/C>	313,252	0.47
Serlett Pty Ltd <Diligent Inv Superfund A/C>	300,000	0.45
Bidab Pty Ltd <Davryn Super Fund A/C>	300,000	0.45
Bt Portfolio Services Limited <Dr Trevor W Sauer A/C>	250,000	0.38
Mr John Cregan	234,375	0.36
Mr Leo Diniotis	200,000	0.30
Mr John Michael Kozik	200,000	0.30
Mr Perry Zeus	158,400	0.24
Mr Mark Douglas Stanton <Stanton Super Fund A/C>	145,890	0.22
Ms Alison Irving	129,137	0.20
Mr John Cregan <Seagan Super Fund A/C>	124,700	0.19
<b>Top 20 holders of ordinary Fully Paid Shares</b>	<b>64,154,303</b>	<b>97.27</b>
Total remaining holders balance	1,801,212	2.73

## **Ask Funding Limited**

ABN 22 094 503 385

### **Company particulars**

#### **Registered Office**

Level 5, 139 Macquarie Street  
Sydney NSW 2000  
Telephone 02 8014 1188

#### **Stock Exchange Listing**

Ask Funding Limited shares are listed on the Australian Securities Exchange (ASX code: AKF)

#### **Directors**

Mr Gabriel Radzyminski - Chairman and Non-Executive Director  
Mr Russell E Templeton - Independent Non-Executive Director  
Mr James Chirnside - Independent Non-Executive Director

#### **Company Secretary**

Mark Licciardo  
Mertons Corporate Services  
Level 7, 330 Collins Street  
Melbourne, Victoria 3000

#### **Auditor**

Pitcher Partners  
Level 22, MLC Centre  
19 Martin Place  
Sydney NSW 2000

#### **Share Register**

Link Market Services Limited  
Level 12, 680 George Street, Sydney, NSW 2000  
Telephone 1300 554 474  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)