



Annual Report 2018

YEAR ENDING 30 JUNE 2018

Axsesstoday

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Registered Office of Axsesstoday

Axsesstoday Limited

35 Market Street
South Melbourne VIC 3205

Auditor

PricewaterhouseCoopers

2 Riverside Quay
Southbank VIC 3006

Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Website

<http://www.axsesstoday.com.au>

Stock Exchange Listing

Australian Securities Exchange

AXL Chairman's Review 2018

The 2018 financial year has been one of achievement, while investing in people and technology, laying the foundation for many years of asset growth and sustained earnings capability.

FY18 Performance Snapshot

Basic EPS of 11.8 cents grew by 12.6% on a significantly higher equity capital base, which is necessary to build critical mass, thereby positioning ourselves as a stable and formidable competitor in the SME lending space.

Credit defaults throughout the year were within forecasts and our real-time reporting enables our people to quickly implement appropriate remedial action in response to portfolio arrears.

Our funding base now includes a blend of asset-backed securities, subordinated notes and corporate bonds, in addition to senior debt bank financing. Such a diversified funding strategy positions us well to maintain lending operations should a systemic credit market dislocation occur.

Regulatory Oversight

Our compliance framework continues to evolve as regulatory oversight intensifies. Our product offering is not people intensive and low cost is not the primary source of our competitive advantage; instead our digital marketing and algorithmic based credit assessment tools which support rapid decisioning and pricing for risk, complemented by real-time arrears reporting, are some of our key strengths. These specialist capabilities enable us to fulfil an essential role in a growing economy.

Our carefully developed regulatory compliance and risk management framework is aimed at ensuring that we continue to earn satisfactory returns for shareholders without offering products that pose an unacceptable risk to our reputation in the 'fintech' space.

Our People

Our people remain our durable competitive edge, including founders of the business who remain active with the Group in either executive or non-executive roles. And to our indefatigable MD, Peter Ferizis, and his equally committed team, together with my fellow directors, I sincerely thank you all for your tireless persistence in seeking to build Australia's pre-eminent small business lender.

The Future

Recent RBA forecasts indicate that non-mining business investment in the form of plant, machinery and equipment by small business, especially in the hospitality sector, should remain a solid contributor to GDP growth. This economic growth, together with the enterprise and creativity of our people to generate original ideas and solve complex problems that benefit those who do business with us, should underpin superior shareholder returns in the years ahead.



Kerry Daly

Chairman

FY18

Year at a Glance

100%

increase in
Net Recievables
over pcp to
\$336m

\$514m

in Gross
Receivables due
from customers

\$7m

NPAT
Increasing by
over 93% on
pcp

13%

of basic EPS
growth to 11.8
cents per share

FY18

Year at a Glance

\$345m in debt funding capacity for growth, increasing by 77% on pcp

New Securitisation
program established

More than
11,000 SME end customers

Canadian business passes
A\$1m in originations

Testimonial – Transport broker

"Our decision to become an accredited Axsesstoday lender is certainly one that has helped our customers."

Asset Finance Shop are a group of independent financial brokers who pride themselves on their professional, personable and one-on-one service.

"We're not suits behind a desk; we're on the ground meeting people working hard alongside our clients to provide tailored financial solutions in order to grow their business."

"That's why Axsesstoday products suit our business. Axsesstoday fill a niche in the market and are changing the way our customers can achieve their business goals. The products are unmatched for flexibility and transparency, not to mention the speed at which finance can be achieved."

"After accreditation with Axsesstoday nearly two years ago we opened up a whole new avenue for clients to attain assets to grow their businesses."

"Axsesstoday understand Australian businesses and respect the opportunities that lie within acquiring these assets."

"We look forward to the future and continuing to strengthen our relationship with Axsesstoday."

Colin Evans

Director
Asset Finance Shop

August 2018

Testimonial – Hospitality customer

"...no bonds or upfront fees, minimal documentation requirements, no payments for a month and plenty of other advantages."

Aksesstoday customer Duncan Robertson is the star and host of Duncan's Thai Kitchen. A professional chef for the past 27 years who has worked in a variety of top restaurants throughout Melbourne.

"This is my third restaurant fit out, but the first I have financed with Aksesstoday. It was the kitchen equipment supplier who put me onto them; said they understood the business side of hospitality better than other finance providers.

The retailer explained the benefits of no bonds or upfront fees, minimal documentation requirements, no payments for a month, and plenty of other advantages as well.

This was a great advantage for our business. Switching to Aksesstoday means I am in a much better position for the next four years. So am I happy with my decision and would I choose to use them again or recommend them to another chef or restaurateur? Of course!"

Duncan Robertson

Chef & Restaurateur
Holy Basil Restaurant

August 2018

Directors' Report



Director's Report

Your directors present their report on the consolidated entity consisting of Axsesstoday Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018. Throughout the report, the consolidated entity is referred to as the Group.

Directors and company secretary

The following persons were directors of Axsesstoday Limited during the year and up to the date of this report:

- **Kerry Daly** (Chairman)
- **Peter Ferizis** (Managing Director and Chief Executive Officer)
- **Michael Sack**
- **Matthew Reynolds**
- **Yaniv Meydan**

The company secretary is Joseph Flanagan. Joseph was appointed to the position of company secretary in December 2016.

Principal Activities

During the year the principal activities of the Group consisted of providing finance primarily to small to medium enterprise customers in the hospitality and transport sectors.

Dividends – Axsesstoday Limited

Dividends paid to members during the financial year were as follows:

	2018	2017
	\$	\$
Final ordinary dividend for the year ended 30 June 2017 of 2.2 cents per fully paid share paid on 13 October 2017	1,015,316	-
Interim ordinary dividend for the six months ended 31 December 2018 of 2.9 cents per fully paid share paid on 16 April 2018	1,591,831	-
	2,607,147	-

Events since the end of the financial year

On 4 July 2018, the Group successfully closed the Simple Corporate Bond offer that was opened on 26 June 2018. The Group raised a total of \$55m that settled on 20 July 2018.

Post 30 June 2018 the Board of Directors revised the LTI program for Key Management Personnel. The details of the reduction in the program will be provided in the Notice of Meeting for the upcoming Annual General Meeting.

Board of Directors



Kerry Daly

Non-Executive Director
and Chairman

A Certified Practicing Accountant and ASX Company Director since 1992. Kerry was MD of The Rock Building Society Limited where he was responsible for its ASX listing. He also served as Executive Director of Grange Securities Limited and is previously Non-Executive Director of Trustees Australia Limited and former Chairman of Collections House Limited. Kerry currently serves as Non-Executive Director of Jimmy Crow Ltd listed on the NSX.



Matthew Reynolds

Non-Executive
Director

Matthew Reynolds is a Partner of Thomson Geer Lawyers. He advises clients across all industries including in particular the energy and resources, technology, retail services, and the construction and infrastructure sectors. Matthew is a Non-Executive Director of BUBS Ltd, P2P Transport Ltd and Licella Ltd (unlisted). He previously sat on the board of G8 Education Ltd.



Yaniv Meydan

Non-Executive
Director

Managing Director of the Meydan Group since 1997. He is responsible for managing the group's general business operations, in particular the group's financial interests. Yaniv is responsible for the delivery of a wide range of finance and accounting related functions. Beyond day-to-day finance, the role requires senior level strategic decisions and senior management of all project finance with major Australian and International banks.



Peter Ferizis

Executive
Chief Executive Officer

Over 14 years experience in institutional and investment banking roles with specific focus on commercial credit, lending and equity investments across a variety of sectors, including hospitality and transport segments. Previously at Westpac Institutional Bank followed by an Investment Bank and niche Investment firm. Also established a consumer finance business and strategically involved in numerous commercial finance businesses across a variety of sub asset classes.



Michael Sack

Non-Executive
Director

Over 25 years financial services experience having spent 10 years in an Investment Bank heading up the leverage finance unit focussed on providing structured debt solutions to businesses. Michael was previously the Senior Manager and Head of Pretoria for Mercantile Bank (South Africa) and later became the Managing Director of Mercantile Asset Management and Mercantile Trust Company (South Africa). Following this, Michael was the Head of ANZ Private Bank Victoria.

Results and Review of Operations

Overview

Aksesstoday Limited is a leading specialist lender for small to medium sized enterprises (SMEs), currently focused on providing flexible equipment financing and business loans. The Group has been growing strongly since it commenced operations in 2012 using innovative point-of-sale processes delivered to customers through a disruptive technology platform. The Group has established a core loan book with recurring income.

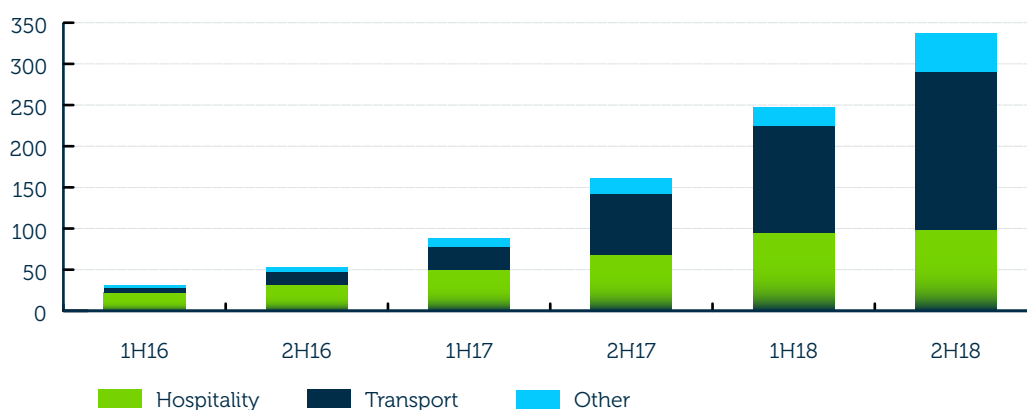
During the 12 months ended 30 June 2018, Aksesstoday demonstrated continued strong performance across all key metrics and is well-positioned to maintain this trend into the next financial year.

The Group's net profit after tax to 30 June 2018 increased by 93% to \$7.0 million compared to the prior corresponding period of \$3.6 million. The key drivers of profit growth over the period were:

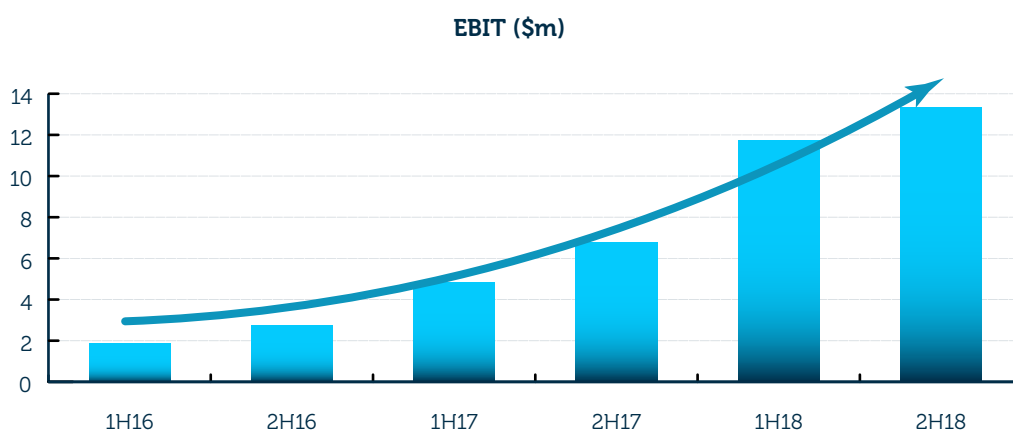
- Net Portfolio Revenue increasing by 128% to \$50.7 million, underpinned by a 100% increase in net receivables since 30 June 2017
- EBIT increased by 129% to \$26.0 million, with continued operational efficiencies expected by leveraging internal technology systems
- Accredited retail merchants and introducers increasing from 249 as at 30 June 2017 to 704 as at 30 June 2018
- Increased funding facilities from financiers continuing to reduce Group funding costs and provide an efficient funding structure
- Credit losses for FY18 were 1.6% of net receivables at period end, assisted by a diversified portfolio with more than 60% of leases originated at less than \$50,000

Net receivables increased by 100% over prior corresponding period to \$336 million and are projected to provide future gross interest income of \$178 million over the finance term. The increase in net receivables has been due to the strong growth in introducer accreditations that are expected to continue to provide sustainable earnings momentum into FY19 and beyond. This is further compounded by the current origination volumes providing strong recurring income.

LOAN RECEIVABLE GROWTH (\$m)



EBIT increased 129% over prior corresponding period to \$26 million. During the year, the Group benefited from operational efficiencies following the implementation of the new IT systems, with the increased operating costs reflecting the variable origination costs and appointments of senior executives and investment in growth initiatives.



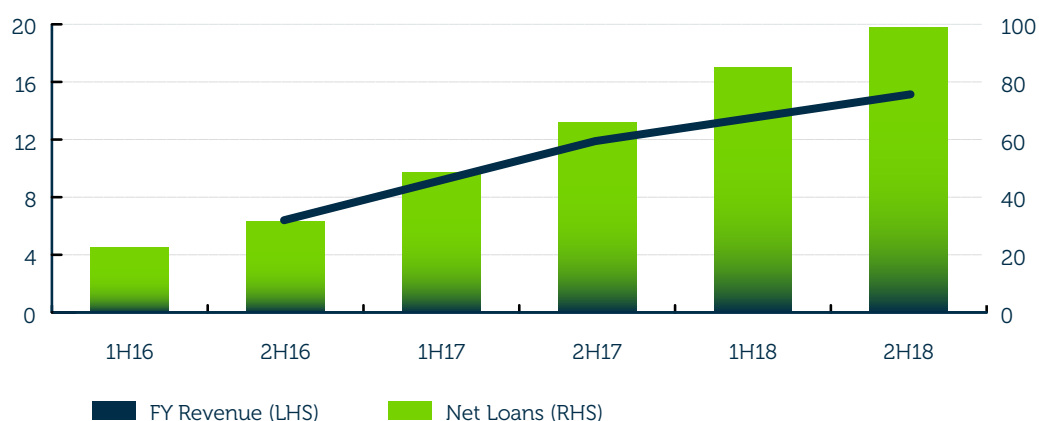
Securitisation Warehouse Facility

On 1 May 2018, the Group announced the settlement of a \$200 million Securitisation Warehouse Facility ("SWF") to support the Group's rapid growth across equipment finance segments. This SWF settlement was supported by the successful completion of a \$20 million capital raise on 6 April 2018.

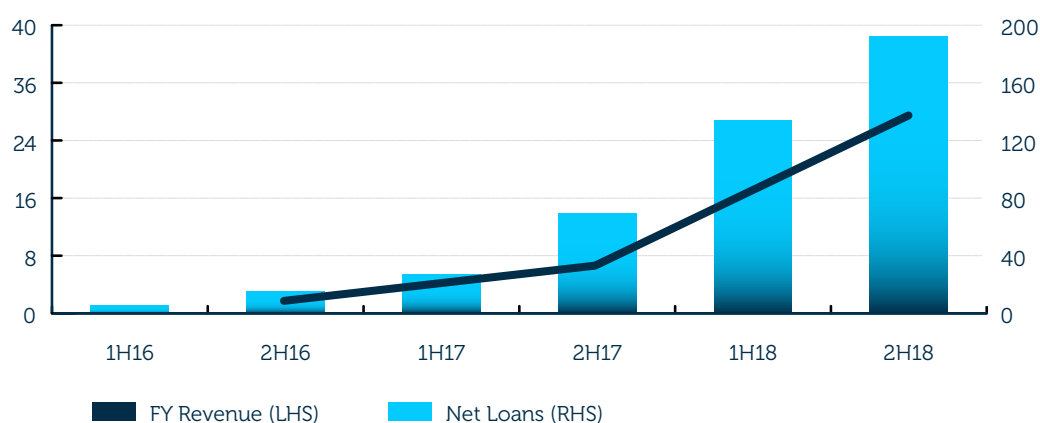
Equipment finance segments:

Hospitality

The hospitality business has continued to grow organically for the year ended 30 June 2018, with growth in loan receivables of 49% over the previous corresponding period to \$97.4 million. Industry conditions have remained relatively stable and the Group has continued to deepen market penetration in its core channels of cafes and restaurants. The originations growth came from deepened relationships as the number of accredited retail merchants increased moderately from 132 to 225 over the year. Growth will be sustained by the selective pipeline from retail merchants and profitable franchise networks.

HOSPITALITY - REVENUE TO NET LOANS COMPARISON (\$m)**Transport**

The transport business has continued its strong performance for the year ended 30 June 2018, with growth in loan receivables of 179% over the previous corresponding period to \$191.4 million. During this period, the customer base increased by 193%. This growth is attributed to increased market awareness and accredited introducers rising from 132 to 443 over the 12 month period to 30 June 2018. The Group expects the strong growth to continue into FY19 based on the current run rate of finance volume growth and the robust transport originations pipeline.

TRANSPORT - REVENUE TO NET LOANS COMPARISON (\$m)

Canada

During the year the Group commenced a pilot with a large, well-established retail merchant partner in the hospitality sector operating throughout Canada. The pilot has been successful and in June 2018, the Group commenced its expansion in the market. As at 30 June 2018, loan receivables were \$1.9 million. The 3 FTE located in the Group's Canadian operations are expected to maintain a low operating cost structure by leveraging efficiencies from the IT platform.

Business loans

The Group provides short term business loans to qualifying customers. The product was launched in February 2017 and is complimentary to its core product offering. As at 30 June 2018, the principal balance on the loan book was \$16.3 million. The Group has a strong focus on risk governance.

Technology and systems development

The Group continues to invest in IT systems to increase capacity to support growth and improve operating leverage. The next generation, customised loan management system was deployed during 1H18. The Group is committed to building proprietary platforms with which to originate and manage its receivables portfolio. Further development of these platforms continued in 2H18 and remains the core focus for the Group's technology team in FY19.

Portfolio performance

Actual credit losses incurred over FY18 were 1.6% of net receivables at the year ended 30 June 2018. The Group continues to take a proactive approach to maximising the recovery, refurbishment, and redeployment of assets through its robust internal processes and strong industry partnerships.

From 1 July 2018, AASB 9 Financial Instruments will come into effect in its entirety, replacing AASB 139. Key impacts of the accounting policy changes will be how the Group records provisions and charges for bad and doubtful debts. Under the new rules, the Group will implement a new asset impairment model for its financial assets.

Arrears (past due 30 day receivables) were 3.8% of net receivables at 30 June 2018. Whilst this is an increase on prior periods it is reflective of a maturing portfolio.

Financial position

The Group had \$335.9m of net receivables as at 30 June 2018. Net debt increased to \$292.1 million compared to \$140 million at 30 June 2017 to support the growth in receivables. Total contractual cash receipts from customers was \$514.1 million.

The Group also completed a successful \$20 million equity raising in 6 April 2018, placing shares to existing and new sophisticated investors. The funds for this placement were used entirely to fund the establishment of the securitisation program.

Business strategies and outlook

The Group continues to focus on executing its vision of becoming the specialist lender of choice to SMEs by leveraging its distribution channels. The Group is experiencing favourable trading conditions and has some immediate strategic goals:

- Run rate on current origination volumes are expected to continue to deliver double digit EPS growth
- Further enhanced by increased distribution channel relationships in both hospitality and transport segments
- Product enhancements to be progressively implemented to further increase origination volumes
- Continued expansion into Canada
- Evaluate new product opportunities that are tailored to existing customers
- Optimise capital structure to continue reducing funding costs

To facilitate this growth, the Group is continuing to invest in innovative systems dedicated towards product and market-development, and continuing to increase operational efficiencies and improve end to end processes across the Group.



Director's Meetings

The number of Directors' meetings (including meetings of Committees) held during the year ended 30 June 2018 and the number of meetings attended during the financial year by each director were:

Director	Board meetings		Audit and risk management committee meetings	
	A	B	A	B
Kerry Daly	11	11	3	3
Peter Ferizis	11	11	*	*
Yaniv Meydan	10	11	*	*
Matthew Reynolds	11	11	3	3
Michael Sack	11	11	3	3

A – number of meetings attended

B – number of meetings held during the time the director held office throughout the year

* – not a member of the relevant committee

Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year. The Group's Corporate Governance Charter which provides detailed information about governance is available on the Group's website at:

www.axsesstodaylimited.com.au.

Role and Responsibilities of the Board

The Board is accountable to shareholders for the performance of the Group. It oversees the activities and performance of management and provides an independent and objective view to the Group's decisions.

The general responsibilities of the Board are:

- Protection and enhancement of shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Group;
- Monitoring the financial performance of the Group by reviewing and approving budgets and monitoring results;
- Approving all significant business transactions including material acquisitions, divestments and capital expenditure;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;

- Evaluation of significant potential business development opportunities;
- The review of performance and remuneration of the MD, CFO and Officers of the Group;
- Ensuring there is an effective corporate governance structure and practice in place;
- Ensuring the integrity in financial reporting;
- Ensuring the Group's Code of Conduct and other policies are followed, to promote ethical and responsible decision making;
- Ensuring that an appropriate Securities Trading Policy is in place regarding trading of the Group's shares by employees and Directors of the Group;
- Ensuring that an appropriate policy is in place regarding the recognition and management of the Risks facing the Group;
- Ensuring that appropriate policies and procedures are in place to ensure compliance with applicable laws.

Remuneration of auditors

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year by the auditor are outlined in note 26 to the consolidated financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 26 to the consolidated financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

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 30.



Remuneration report – audited

This Remuneration Report sets out the remuneration information relating to the Group's Directors and Senior Executives who comprise the key management personnel of the Group for the year ended 30 June 2018.

Director	
Kerry Daly	Non-executive Chairman
Peter Ferizis	Managing Director & CEO
Yaniv Meydan	Non-executive Director
Matthew Reynolds	Non-executive Director
Michael Sack	Non-executive Director
Senior Executives	
Joseph Flanagan	Chief Financial Officer (Oct 2017 to current)
Olga Colyvas	Chief Financial Officer (Jul 2017 to Sep 2017)
Julie Truong	Chief Operating Officer
Frederick Ryk Neethling	Chief Technology Officer

Properties of Compensation

Key management personnel (who comprise the Directors and Senior Executives for the Group) have the authority and responsibility for planning, directing and controlling the activities of the Group.

Remuneration levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The remuneration structures outlined below are designed to attract talented candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capabilities of the key management personnel;
- the key management personnel's ability to achieve the Group's financial and non-financial performance hurdles, such as:
 - the Group's profit after tax;
 - the Group's earnings per share;
 - portfolio performance; and
 - other qualitative measures

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes employer contributions to superannuation funds).

Remuneration levels are reviewed annually through a process that considers individual, segment and overall performance of the Group. In addition, external consultants (where

appropriate) provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place.

Performance Linked Remuneration

Performance linked remuneration includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding corporate, financial and personal performance objectives and to create alignment with the creation of shareholder value.

Short-term incentives (STI)

For STI purposes each executive has an individualised KPI structure with specific hurdles and specific weightings based on the function of their role that include but are not limited to:

- Net profit after tax meeting market announcements and budget expectations
- Earnings per share meeting budget expectations
- Compliance with debt covenants at all times
- Employee satisfaction survey responses
- Compliance with controls testing performed each quarter

The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash.

The Group's performance in 2018 outperformed budgets and prospectus forecasts. The growth in the receivables book was 100% and NPAT increased from \$3.6m in 2017 to \$7.0m in 2018. This high growth and continued increase in financial performance to provide strong shareholder returns can be linked to the leadership and strategic vision of the executive team. The bonuses paid in 2018 as well as the KPIs and performance hurdles outlined for 2019 will continue to incentivise the executive team to continue achieving high growth levels and focusing on shareholder value.

Long term incentives (LTI)

Executive KMP and some other employees participate, at board's discretion, in long term incentive plans comprising of performance rights.

The Performance Rights were originally allocated in three equal tranches. The Performance Rights allocated in each tranche will vest on, and become exercisable on or after, the applicable Vesting Date to the extent that certain performance-based conditions are achieved in the relevant Performance Period and a tenure condition is satisfied. The Performance Rights issued in Tranches 1, 2 and 3 remain on issue. These performance rights do not carry an exercise price or expiry date. Upon exercise, the performance rights will entitle to the holder of the rights equivalent amount of ordinary shares. Holders of performance rights are not entitled to any dividends until exercise.

Tranches 1, 2 and 3 have a minimum Diluted EPS growth target of 5%. The conditions are measured based on a performance period for financial years 1 July 2018 to 30 June 2021.

These Performance Rights will lapse if performance and service conditions are not met. Performance rights will be forfeited on cessation of employment unless the board determines otherwise.

The performance periods applicable to each of the outstanding performance-based Vesting Conditions are as follows:

Tranche	Performance period	Vesting date	Value of option at grant date
1	1 July 2018 to 30 June 2019	Results announcement 2019	\$1.99
2	1 July 2019 to 30 June 2020	Results announcement 2020	\$1.93
3	1 July 2020 to 30 June 2021	Results announcement 2021	\$1.86

Diluted EPS Growth target	Percentage of Performance Rights Available
Less than 5%	Nil
5%	33%
5% to 15%	Pro-rata between 33% and 100%
15%	100%
20%	100% plus bonus allotment

Performance Rights Plan

Subject to Board discretion on a year on year basis, a performance rights plan is in place for all eligible employees of the Group where employees are gifted shares in Axsesstoday subject to meeting profit targets set by the Board. In the FY18 year, the value of the shares gifted in respect of FY18 was 520,000. These performance rights do not carry an exercise price or expiry date. Upon exercise, the performance rights will entitle the holder of the rights the equivalent amount of ordinary shares. Holders of performance rights are not entitled to any dividends until exercise.

These performance rights will lapse if service condition and performance condition is not met. Performance rights will be forfeited on cessation of employment unless the board determines otherwise.

Shares issued under the incentive scheme are allotted for a price equal to the volume weighted average price of shares on the ASX on the five trading days up to and including the day of issue. The number of shares issued is rounded down to the nearest whole number.

Tranche	Performance period	Vesting date	Number of rights
1	1 January 2018 to 31 December 2018	1-Jan-19	156,000
2	1 January 2019 to 31 December 2019	1-Jan-20	156,000
3	1 January 2020 to 31 December 2020	1-Jan-21	208,000

Key management personnel have received performance rights as part of this plan separate to the rights received as part of the LTI program.

In FY18 certain eligible employees were gifted performance rights of 776,000. These performance rights do not carry an exercise price or expiry date. Upon exercise, the performance rights will entitle the holder of the rights the equivalent amount of ordinary shares. Holders of performance rights are not entitled to any dividends until exercise. These performance rights only carry a service condition and will lapse if the service condition is not met. Performance rights will be forfeited on cessation unless the board determines otherwise. The details of the rights granted as part of this plan are as follows:

Tranche	Performance period	Vesting date	Number of rights
1	1 April 2017 to 31 March 2018	1-Apr-18	232,800
2	1 April 2018 to 31 March 2019	1-Apr-19	232,800
3	1 April 2019 to 31 March 2020	1-Apr-20	310,400

Performance Shares

As at the date of this report there were 13,000,000 unissued ordinary shares of Axsesstoday Limited subject to performance. These unissued ordinary shares are the subject of performance hurdles with vesting dates in 2018 and 2019. See note 21 of the consolidated financial statements for further details.

Statutory Performance Indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last two years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to key management personnel. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2018	2017
Profit for the year attributable to owners of Axsesstoday Limited	7,034,756	3,648,931
Basic earnings per share (cents)	11.85	10.52
Increase in share price (%)	+55	+42
Total KMP incentives as percentage of profit for the year (%)	11%	4%

Remuneration of Key Management Personnel

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and the previous financial year measured in accordance with the requirements of the accounting standards:

Remuneration of key management personnel

Fixed Remuneration					Variable Remuneration			% of remuneration performance related
		Salary	Annual Leave	Superannuation	STI Cash Bonus	LTI Incentive	Annual Incentive	
Managing Director								
Peter Ferizis	2018	327,334	7,666	40,375	105,000	71,571	132,423	45%
	2017	285,003	14,391	31,825	90,000	-	-	22%
Non-Executive Directors								
	2018	35,000	-	3,325	-			0%
Kerry Daly	2017	18,472	-	1,755	-			0%
Matthew Reynolds	2018	25,000	-	2,375	-			0%
	2017	13,194	-	1,253	-			0%
Michael Sack	2018	22,831	-	2,169	-			0%
	2017	-	-	-	-			0%
Yaniv Meydan	2018	22,831	-	2,169	-			0%
	2017	-	-	-	-			0%
Senior Executives								
Joseph Flanagan (CFO – Oct 2017 to current)	2018	161,250	-	15,319	90,000	57,257	52,969	53%
Olga Colyvas (CFO – Jul 2017 to Sep 2017)	2018	45,000	-	4,275	-	-	-	0%
	2017	149,296	4,327	16,463	24,000	-	-	13%
Julie Truong (COO)	2018	210,000	-	22,098	70,000	-	52,969	34%
	2017	157,806	1,149	17,527	17,000	-	-	8%
Frederick Ryk Neethling	2018	215,519	14,481	25,009	33,250	50,100	52,620	35%
Total	2018	1,079,247	22,147	113,955	298,250	178,928	290,981	39%
Total	2017	623,771	19,867	68,823	131,000	-	-	12%

Bonuses

Axesstoday Limited
Analysis of bonuses included in remuneration – audited

	STI Bonus	LTI Bonus (value granted)	LTI Bonus (value exercised)	Total
Peter Ferizis	105,000	203,994	91,800	217,194
Joseph Flanagan	90,000	110,226	36,720	163,506
Olga Colyvas	-	-	-	-
Julie Truong	70,000	52,969	36,720	86,249
Frederick Ryk Neethling	33,250	102,720	29,835	106,135

STI Bonus

Mr Ferizis, Ms Truong and Mr Flanagan were entitled to one time bonuses of \$105,000, \$70,000 and \$90,000 cash bonus if their individual KPIs were achieved. The KPIs were achieved and all will be paid the bonus upon the release of the FY18 Annual Report. The bonus has been accrued for fully by the Group in FY18. The remainder of the bonuses issued to KMP are completely at the board's discretion.

Contractual arrangement with executive KMPs

Component	CEO Description	Senior executive description
Fixed remuneration	325,000	\$200,000 plus
Contract duration	Ongoing contract	Ongoing contract
Notice by the individual/ Group	3 months	1 month
Termination of employment	<ul style="list-style-type: none"> entitlement to pro-rata STI for the year unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing the Board has discretion to award a greater or lower amount 	<ul style="list-style-type: none"> entitlement to pro-rata STI for the year unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing the Board has discretion to award a greater or lower amount

- In the event of termination of employment with or without cause of the CFO, COO or CTO they will not be entitled to any of their unpaid or unvested STI or LTI
- In the event of termination of the CEO the Group may elect to either continue to pay the Executive for the period of notice or to make a payment to the Executive in lieu of notice. An amount representing any STI, if any, for any completed fiscal year prior to the last day of the Employment will be calculated on a pro-rata basis.

Reconciliation of performance rights held by KMP

Name	Year	Balance at the start of the year	Granted during the year	Vested during the year	Balance at the end of the year (unvested)
Peter Ferizis	2018	-	950,000	60,000	890,000
Joseph Flanagan	2018	-	680,000	24,000	656,000
Olga Colyvas	2018	-	55,000	10,500	44,500
Julie Truong	2018	-	80,000	24,000	56,000
Frederick Ryk Neethling	2018	-	640,000	19,500	620,500

Non-executive director arrangements

Non-executive directors receive a board fee, see table below. They do not receive performance-based pay. The fees are exclusive of superannuation.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed with effect from 1 July 2017.

Name	Year	Base Fee	Superannuation	Total
Kerry Daly	2018	35,000	3,325	38,325
	2017	18,472	1,755	20,227
Matthew Reynolds	2018	25,000	2,375	27,375
	2017	13,194	1,253	14,447
Yaniv Meydan	2018	22,831	2,169	25,000
	2017	-	-	-
Michael Sack	2018	22,831	2,169	25,000
	2017	-	-	-

Movements in shares

Name	Balance at the start of the year	Received during the year on the exercise of performance rights	Other changes during the year	Total
Kerry Daly	100,000	-	20,000	120,000
Matthew Reynolds	-	-	-	-
Yaniv Meydan	11,825,246	-	-	11,825,246
Michael Sack	4,026,536	-	-	4,026,536
Peter Ferizis	4,026,536	60,000	-	4,086,536
Joseph Flanagan	52,500	24,000	16,547	93,047
Olga Colyvas	-	10,500	-	10,500
Julie Truong	-	24,000	-	24,000
Peter Ferizis	-	19,500	-	19,500

Individual Directors and Executives compensation disclosures

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

Key management personnel and Director transactions

Directors, or their related entities, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities transacted with the Group in the reporting period in relation to legal advice in the normal course of business and reflect long standing relationships between the Group and those entities. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

In the view of the Group, these transactions do not compromise the independence of the associated Directors.

Axsesstoday Limited Key management personnel and Director transactions				
	Transaction	Note	2018	2017
Matthew Reynolds	Legal advice	i.	103,176	306,401

- i. Legal fees paid to HWL Ebsworth, a law firm in which Matthew Reynolds was a partner throughout FY18. Services provided were on commercial terms as one of the Group's selection of law firms.

Share under performance rights

Unissued ordinary shares

Unissued ordinary shares of Axsesstoday under rights at the date of this report are as follows:

Date rights granted	Expiry date	Total
4 October 2017	N/A	449,400
26 February 2018	N/A	477,000
5 March 2018	N/A	2,145,000

No right holder has any legal right under the performance rights to participate in any other share issue of the Group or any other entity.

Shares issued on the exercise of rights

The following ordinary shares of Axesstoday Limited were issued during the year ended 30 June 2018 on the exercise of options. No further shares have been issued since the date. No amounts are unpaid on any of the shares.

Date rights granted	No. of shares issued
2 April 2018	213,900

Insurance of officers

During the financial year, the Group paid a premium of \$76,258 in respect of a contract to insure the directors and executives of the Group against a liability for costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors, in their capacity as a director, except where there is a lack of good faith.

Auditor

PwC Australia continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the directors



Peter Ferizis
CEO and Managing Director



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AXSESSTODAY



Auditor's Independence Declaration

As lead auditor for the audit of Axsesstoday Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Axsesstoday Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D Rosenberg', with a long, sweeping horizontal line extending to the right.

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
27 August 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Financial Statements



Financial Statements Contents

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Axesstoday Limited and its subsidiaries. A list of subsidiaries is included in note 31. The financial statements are presented in Australian dollars.

Axesstoday Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Axesstoday Limited
35 Market Street
South Melbourne VIC 3205

Its principal place of business is:
Axesstoday Limited
Level 9, 360 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 8, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 27 August 2018. The directors have the power to amend and reissue the financial statements. All press releases, financial reports and other information is available on our website: www.axesstodaylimited.com.au

Aksesstoday Limited
Consolidated income statement

For the year ended 30 June 2018

		Consolidated entity	
		2018	2017
	Notes	\$	\$
Revenue from continuing operations	9	49,221,629	21,308,161
Other income	9	1,538,973	890,627
Employee benefits expense	10	(9,402,747)	(4,814,423)
Depreciation and amortisation expense		(331,802)	(99,918)
Lease impairment expense	13(a)	(7,264,353)	(2,522,935)
Registration costs		(1,801,969)	(782,261)
Administration and marketing expenses		(3,271,319)	(1,575,675)
Other expenses		(2,684,453)	(1,062,815)
Finance costs		(15,844,168)	(6,170,920)
Profit before income tax		10,159,791	5,169,841
Income tax expense	11	(3,125,035)	(1,520,910)
Profit for the year		7,034,756	3,648,931
Profit is attributable to:			
Owners of Aksesstoday Limited		7,034,756	3,648,931
Earnings per share for profit attributable to the ordinary equity holders of the Group:			
Basic earnings per share (cents)	25	11.85	10.52
Diluted earnings per share (cents)	25	10.37	8.34

The above consolidated income statement should be read in conjunction with the accompanying notes.

Aksesstoday Limited
Consolidated statement of comprehensive income

For the year ended 30 June 2018

	Consolidated entity	
	2018	2017
	\$	\$
Other comprehensive income		
Profit for the year	7,034,756	3,648,931
<i>Item that may be reclassified to profit or loss</i>		
Currency translation adjustment	(1,661)	-
Changes in the fair value of cash flow hedges	(678,335)	(38,997)
Other comprehensive income for the year, net of tax	(679,996)	(38,997)
Total comprehensive income for the year	6,354,760	3,609,934
Total comprehensive income for the year is attributable to:		
Owners of Aksesstoday Limited	6,354,760	3,609,934

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Aksesstoday Limited
Consolidated statement of financial position

As at 30 June 2018

		Consolidated entity	
		2018	2017
ASSETS	Notes	\$	\$
Current assets			
Cash and cash equivalents	12	11,641,037	2,404,228
Receivables	13	110,100,060	46,216,494
Other receivables		7,566,457	5,953,429
Current tax receivables		155,941	-
Total current assets		129,463,495	54,574,151
Non-current assets			
Receivables	13	225,777,895	121,234,139
Other receivables		499,378	-
Property and equipment	14	908,055	666,677
Intangible assets	16	2,954,991	819,497
Total non-current assets		230,140,319	122,720,313
Total assets		359,603,814	177,294,464
LIABILITIES			
Current liabilities			
Trade and other payables	17	3,496,504	3,327,759
Borrowings	20	47,015,493	-
Derivative financial instruments	6	1,307,518	550,567
Current tax liabilities		-	290,332
Provisions	18	512,306	283,040
Total current liabilities		52,331,821	4,451,698
Non-current liabilities			
Borrowings	20	233,408,890	137,640,142
Deferred tax liabilities	15	3,762,472	1,582,406
Provisions	19	249,542	337,615
Total non-current liabilities		237,420,904	139,560,163
Total liabilities		289,752,725	144,011,861
Net assets		69,851,089	33,282,603
EQUITY			
Contributed equity	21	60,900,856	28,371,168
Other reserves	23	(670,252)	(385,397)
Retained earnings	22	9,620,485	5,296,832
Total equity		69,851,089	33,282,603

Axsesstoday Limited				
Consolidated statement of changes in equity				
For the year ended 30 June 2018				
Attributable to owners of Axsesstoday Limited				
Notes	Contributed equity \$	Other reserves \$	Retained earnings \$	Total equity \$
Consolidated entity				
Balance at 1 July 2016	4,501,000	(346,400)	1,647,901	5,802,501
Profit for the year	-	-	3,648,931	3,648,931
Other comprehensive income	-	(38,997)	-	(38,997)
Total comprehensive income for the year	-	(38,997)	3,648,931	3,609,934
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	23,870,168	-	-	23,870,168
	23,870,168	-	-	23,870,168
Balance at 30 June 2017	28,371,168	(385,397)	5,296,832	33,282,603
Balance at 1 July 2017	28,371,168	(385,397)	5,296,832	33,282,603
Adjustment on correction of deferred tax liabilities	22	-	(436,053)	(436,053)
Profit for the year	-	-	7,034,756	7,034,756
Other comprehensive income	-	(679,996)	-	(679,996)
Total comprehensive income for the year	-	(679,996)	6,598,703	5,918,707
Transactions with owners in their capacity as owners:				
Dividend reinvestment plan	291,229	-	-	291,229
Dividends provided for or paid	24	-	(2,607,147)	(2,607,147)
Employee share schemes - value of services provided	28	395,141	332,097	727,238
Contributions of equity, net of transaction costs and tax	32,238,459	-	-	32,238,459
	32,529,688	395,141	(2,275,050)	30,649,779
Balance at 30 June 2018	60,900,856	(670,252)	9,620,485	69,851,089

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

Aksesstoday Limited
Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		91,503,025	48,005,421
Equipment purchases, loan advances, payments to suppliers and employees (inclusive of goods and services tax)		(237,680,715)	(153,849,501)
		(146,177,690)	(105,844,080)
Interest paid		(10,838,638)	(4,539,965)
Income taxes paid		(1,125,000)	(173,650)
Net cash (outflow) from operating activities	34	(158,141,328)	(110,557,695)
Cash flows from investing activities			
Payments for property and equipment		(428,116)	(616,575)
Payments for intangibles		(2,280,558)	(428,088)
Net cash (outflow) from investing activities		(2,708,674)	(1,044,663)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities (net of costs)		31,906,012	23,870,168
Proceeds from subordinated notes (net of costs)		(262,585)	57,724,859
Proceeds from bank borrowings (net of costs)		144,847,475	123,811,781
Repayment of bank borrowings		(152,000,000)	(89,250,000)
Proceeds from Securitisation notes (net of costs)		144,010,000	-
Payment of dividends	24	(2,607,147)	-
Proceeds from related party borrowings		-	400,000
Repayments of related party borrowings		-	(3,150,000)
Net cash inflow from financing activities		165,893,755	113,406,808
Net increase in cash and cash equivalents		5,043,753	1,804,450
Foreign exchange translation		2,137	-
Cash and cash equivalents at the beginning of the financial year		2,404,229	599,778
Cash and cash equivalents at the end of the financial year		7,450,119	2,404,228
Notes to the cash flow statement			
Cash and cash equivalents included in the cash flow statement comprise the following amounts:			
Cash and bank balances		11,641,037	2,404,228
Bank overdrafts		(4,190,918)	-
		7,450,119	2,404,228



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1 Reporting Entity

Aksesstoday Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for profit entity and is a provider of finance to small to medium sized enterprises predominately in the hospitality and transport sectors.

2 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Aksesstoday Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). The consolidated financial statements were authorised for issue by the Board of Directors on 27 August 2018.

Comparative information has been reclassified where appropriate to enhance comparability.

(i) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for derivative financial instruments measured at fair value.

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) New accounting standards to be applied in future reporting periods

The accounting standards that have not been early adopted for the year ended 30 June 2018 but will be applicable to the group in future reporting periods are detailed below:

(a) AASB 9 – *Financial Instruments*:

Nature of change and impact:

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects an increase in the loss allowance

for receivables and is in the process of finalising the effects of applying the new standard on the Group's financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group:

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules from 1 July 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

(b) AASB 15 – Revenue from Contracts with Customers:

Nature of change and impact:

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Group is in the process of assessing the effects of applying the new standard on the Group's financial statements.

Date of adoption by the Group:

Mandatory for financial years commencing on or after 1 January 2018. The Group will apply the new rules from 1 July 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

(c) AASB 16 – Leases:

Nature of change and impact:

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Management is in the process of assessing the effects of applying the new standard on the Group's financial statements.

Date of adoption by the Group:

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

(d) Others

We do not expect any other recently issued accounting standards to have material impact on our financial results upon adoption.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Executive Officer and Board of Directors. Refer to note 8.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Axsesstoday's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each income statement and statement of other comprehensive income are translated at average exchange rates
- all resulting exchange differences are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

Lease finance interest revenue

The Group recognises lease finance interest revenue by applying discount rates implicit in the lease balances receivable at the beginning of each payment period.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

The Company and its wholly-owned Australian resident entities have implemented the tax consolidation legislation and are part of a tax-consolidated Group. As a consequence, all members of the tax-consolidated Group are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity within the tax-consolidated group is Axsesstoday Limited. Foreign entities are taxed individually within their respective tax jurisdictions.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Axsesstoday Limited for any current tax payable assumed and are compensated by Axsesstoday Limited any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that transferred to Axsesstoday Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments

Assets or liabilities arising under tax funding agreements with the tax consolidation entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Assets that are subject to depreciation/amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(j) Lease receivables

The Group has classified its long term contracts as finance leases for accounting purposes. Under a finance lease, substantially all the risks and benefits incidental to the ownership of the leased asset are transferred by the Group to the lessees. The Group recognises at the beginning of the lease term an asset at an amount equal to the aggregate of the present value (discounted at the interest rate implicit in the lease) of the minimum lease payments and an estimate of any unguaranteed residual value expected to accrue to the Group at the end of the lease term.

Impairment of non-derivative financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. The main non-derivative financial assets held by the Group are loan and lease receivables.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor will enter bankruptcy; or
- adverse changes in the payment status of contract holders.

The Group considers evidence of impairment for their loan and lease receivables at a collective level. Contracts in arrears are assessed and grouped together depending on their risk characteristics. In assessing collective impairment, the Group considers historical loss rates adjusted for historical information on the likelihood of recoveries, the total amount of securities held against the delinquent contracts and impairs the loans and lease receivables accordingly. Losses are recognised in profit or loss and reflected in an allowance account. When the Group has exhausted all reasonable efforts of recovery, the net book debt of the contract is written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(k) Financial assets**(i) Classification**

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss, and
- loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 7.

(iv) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized at the date the impairment is reversed.

Impairment testing of receivables is described in note 2(j).

(I) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 6. Movements in the hedging reserve in shareholder's equity are shown in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(m) Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased equipment, the shorter lease term as follows:

- Furniture, fittings and equipment 3 – 8 years
- Leasehold improvements 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets*IT development and software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over a 7 year period.

Branding

Separately acquired trademarks, licences and other branding expenditure are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The intangible assets are amortised over a useful life of 4 years.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. These amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share based payments

The Group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for performance rights. The costs of these performance rights granted to the employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 28.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the performance rights (the vesting period). No expense is recognised for performance rights that do not ultimately vest.

The Performance rights are administered by the Axsesstoday Employee Share Trust, which is consolidated as the substance of the relationship is that the trust is controlled by the Group. When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders and employees after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Post employment obligations

For defined contribution plans, the Group pays contributions to superannuation plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(t) 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.

(u) 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.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it 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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Parent entity financial information

The financial information for the parent entity, Axsesstoday Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Axsesstoday Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(y) Performance Shares

The performance shares are granted to all existing shareholders and vest on the basis of conditions set out in note 21(d). If these vesting conditions are met, the performance shares will convert one for one into ordinary shares of the Group. The performance shares are issued to all existing shareholders in their capacity as holders of equity instruments of the Group and do not have service conditions; as such they have been accounted for as equity instruments.

3 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Axesstoday Limited Exposure to financial risks			
Risk	Exposure arising from	Measurement	Management
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Credit risk	Non-receipt of receivables	Aging analysis; Credit ratings	Dedicated recovery team
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee ("ARM Committee"), which is responsible for developing and monitoring the Group's risk management policies. The ARM Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARM Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Chief Executive Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management include:

- regular monthly reporting to the Board in respect of operations and the financial position of the Group;

- reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- presentations made to the Board throughout the year by appropriate members of the Group's leadership team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group 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 risks and ageing analysis for credit risk.

The Group holds the following financial instruments:

Axesstoday Limited Financial Instruments		
For the year ended 30 June 2018		
	2018	2017
	\$	\$
Financial Assets – at amortised cost		
Cash and cash equivalents	11,641,037	2,404,228
Receivables	335,877,955	167,450,633
Financial Liabilities – at amortised cost		
Trade and other payables	3,496,504	3,327,759
Borrowings	280,424,383	137,640,142

(a) Market risk**(i) Cash flow and fair value interest rate risk**

The Group's cash flow interest rate risk arises from borrowings with variable rates. The Group's policy is to maintain at least 50% to 80% of its variable rate borrowings at fixed rates using interest rate swaps to achieve this when necessary. During 2018 and 2017, the Group's borrowings at variable rate were denominated in Australian Dollars.

The Group's fixed rate borrowings are carried at amortised cost and hence the group is not exposed to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The table below shows exposure of the Group's variable and fixed interest rate borrowings gross any unamortised borrowing costs.

Aksesstoday Limited Borrowings		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Fixed rate senior subordinated notes	30,000,000	30,000,000
Variable rate subordinated notes	50,000,000	50,000,000
Variable rate bank borrowings	56,000,000	62,000,000
Variable rate securitised notes	144,760,000	-
	280,760,000	142,000,000

Instruments used by the Group

Interest rate swap contracts currently in place cover approximately 70% (2017 - 46%) of the variable loan principal outstanding.

The interest rate swap contracts require settlement of net interest receivable or payable every month and quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

As at the end of the reporting period, the Group had the following variable rate borrowings, fixed rate borrowings and interest rate swap contracts outstanding gross of unamortised borrowing costs:

Axesstoday Limited Interest rates on borrowings				
	30-Jun-18 Weighted average interest rate %	Balance \$	30-Jun-17 Weighted average interest rate %	Balance \$
Consolidated entity				
Subordinated notes	8.29%	50,000,000	8.27%	50,000,000
Senior subordinated notes	7.50%	30,000,000	7.50%	30,000,000
Bank loans	3.72%	56,000,000	3.75%	62,000,000
Securitised notes	5.17%	144,760,000	-	-
Fixed rate senior subordinated notes	7.50%	(30,000,000)	7.50%	(30,000,000)
Interest rate swaps (notional principal amount)	2.40%	(52,712,000)	2.55%	(35,000,000)
Interest rate swaps (notional principal amount)	2.30%	(122,094,000)	-	-
Net exposure to cash flow interest rate risk		75,954,000		77,000,000

An analysis by maturities is provided in note 3(c) below.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income in relation to interest rate swaps.

Amounts recognised in profit or loss and other comprehensive income		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Consolidated entity		
(Loss) recognised in other comprehensive income (net)	(678,335)	(38,997)
Reclassified from other comprehensive income to profit or loss as the hedged item has affected profit or loss (included in finance costs)	(438,485)	(97,355)

Sensitivity

Profit or loss is sensitive to higher/lower finance costs from variable rate borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges.

Axesstoday Limited		
Sensitivity analysis – impact on post-tax profit		
	Impact on post-tax profit	
	2018 \$	2017 \$
Consolidated entity		
Interest rates – increase by 50 basis points (50 bps)	(367,076)	(162,954)
Interest rates – decrease by 50 basis points (50 bps)	367,076	162,954

* holding all other variables constant.

(b) Credit risk

Credit risk arises from cash and cash equivalents (including deposits with banks and financial institutions) as well as credit exposures to customers (including outstanding receivables).

The Group's exposure to credit risk arising from outstanding receivables from customers is minimised through the procedures followed in the assessment of each application and the overall business model. Each application is assessed individually by gathering credit bureau data on the entity applying and the individual applicants associated with that entity. Recent personal and business bank statements are also collected and used to assist with calculating the applicant's ability to service the weekly repayments. Furthermore, two forms of government issued identification documents are required for each individual applicant to minimise the risk of fraudulent applications being approved. The Group remains vigilant about the potential for fraudulent applications and continually focuses on updating processes and procedures and implementing the latest IT solutions to ensure all risk factors are mitigated as much as possible.

The weekly repayments that are received by direct debit provide the opportunity to identify delinquent customers early. Security is held against all contracts by a personal guarantee from the individual(s), title over the assets and in some cases, where a heightened risk exposure is identified, floating security charges over the commercial entity and collateral over real property held by the individuals and/or commercial entity.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables, the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Due to large and diversified customer base, concentration of credit risk is not limited to a few customers. Refer note 8 for sector wise concentration of receivables from customers.

Impairment losses are recognised in profit or loss within "Lease impairment expense" Subsequent recoveries of amounts previously written off are credited against the same account.

Individually impaired receivables relate to customers that are experiencing unexpected economic difficulties. The group expects that a portion of the receivables will be recovered and has recognised impairment losses of \$7,264,353 throughout FY18.

The aging of receivables in arrears at 30 June 2018 is detailed below. At 30 June 2018 the total principal balance of unimpaired receivables past 30 days due totaled \$12,907,511 (2017: \$1,750,521). The total balance of receivables not due at 30 June 2018 was \$313,759,626 (2017: \$158,163,155).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Axesstoday Limited		
Principal owing at 30 June 2018 after writeoffs		
	2018	2017
	\$	\$
Arrears Bucket		
30 – 60 days	2,210,132	871,400
60 – 90 days	2,345,061	223,191
90+ days	8,352,318	655,930
Total	12,907,511	1,750,521

Movements in the provision for impairment of receivables that are assessed for impairment collectively are as follows:

	2018	2017
	\$	\$
Consolidated entity		
At 1 July	1,912,527	793,171
Provision for impairment recognised during the year	7,264,353	2,522,935
Receivables written off during the year as uncollectable	(5,280,899)	(1,403,579)
Unused amounts reversed	-	-
At 30 June	3,895,981	1,912,527

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. All bank balances of the Group are held with A rated banks (Moody's).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed

credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held debt facilities before borrowing costs of \$345,000,000 (2017 – \$194,500,000) of which \$284,950,919 (2017 – \$142,000,000) had been utilised at year end. The unutilised facilities are readily available to generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. To mitigate against liquidity risk, the Group maintains cash reserves and committed undrawn credit facilities to meet anticipated funding requirements for new business. In addition, the Group can redraw against its committed credit limits if the principal outstanding is reduced by contractual amortisation payments.

Amounts due to funders are repaid directly by rentals and repayments received from the Group's customers.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Axesstoday Limited		
Undrawn borrowing facilities		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Floating rate		
- Expiring within one year (bank overdraft)	809,081	2,500,000
- Expiring beyond one year (bank loans and securitised notes)	59,340,000	50,000,000
	60,049,081	52,500,000

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities, and
- (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Axsesstoday Limited Contractual maturities					
Contractual maturities of financial liabilities	Less than 12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total contractual cash flows \$	Carrying amount \$
At 30 June 2018					
Non-derivatives					
Trade and other payables	3,496,504	-	-	3,496,504	3,496,504
Borrowings	64,268,827	158,866,877	112,483,731	335,619,435	280,424,383
Total non-derivatives	67,765,331	158,866,877	112,483,731	339,115,939	283,920,887
Derivatives	261,516	261,516	784,547	1,307,518	1,307,518
At 30 June 2017					
Non-derivatives					
Trade and other payables	3,327,759	-	-	3,327,759	3,327,759
Borrowings	9,893,400	10,341,400	160,110,150	180,334,950	137,640,142
Total non-derivatives	13,221,159	10,341,400	160,110,150	183,662,709	140,967,901
Derivatives	68,826	137,638	344,103	550,567	550,567

4 Capital Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

The Group monitors capital on the basis of its secured debt to receivables ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5 Critical estimates, judgements and errors

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group acknowledges that the provision for lease impairments involves a level of estimation. Management meet on a regular basis to identify the accounts in distress and estimate the provision for impairment. Loan and lease receivables are carried at amortised cost less a provision for impairment. The provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

6 Derivative Financial Instruments

Derivatives are only used for economic hedging purposes and not as trading or speculative investments. The Group has the following derivative financial instruments:

Axsesstoday Limited Derivative financial instruments		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Current liabilities		
Interest rate swap contracts – cash flow hedges	1,307,518	550,567
Total current derivative financial instrument liabilities	1,307,518	550,567

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies.

The interest rate swap contracts currently in place have fixed interest rates as follows:

Axesstoday Limited			
Interest rate swap contracts			
For the year ended 30 June 2018			
		Expiry Date	Rate
Notional Amount			
\$	15,000,000	9/07/2020	2.26%
\$	20,000,000	9/07/2020	2.77%
\$	17,712,000	9/07/2020	2.11%
\$	29,700,000	9/07/2020	2.27%
\$	92,394,000	11/04/2023	2.35%
\$	36,738,150*	9/05/2023	2.26%

*The effective date is 9 July 2018

Axesstoday Limited			
Interest rate swap contracts			
For the year ended 30 June 2017			
		Expiry Date	Rate
Notional Amount			
\$	15,000,000	9/07/2020	2.26%
\$	20,000,000	9/07/2020	2.77%

The contracts require monthly and quarterly settlement of net interest receivable or payable. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from re-measuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective.

7 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017 on a recurring basis:

Axsesstoday Limited Fair value measurement of financial instruments				
At 30 June 2018				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Liabilities:				
Derivatives used for hedging – interest rate swaps	-	1,307,518	-	1,307,518
Total Liabilities	-	1,307,518	-	1,307,518
At 30 June 2017				
Liabilities:				
Derivatives used for hedging – interest rate swaps	-	550,567	-	550,567
Total Liabilities	-	550,567	-	550,567

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2018 and 2017.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Valuations techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(c) Fair value measurements using significant unobservable inputs

There were no transfers between the levels of the fair value hierarchy in the year to 30 June 2018. There were also no changes made to any valuations techniques applied as of 30 June 2017.

(d) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

8 Operating Segments

The Group has two reportable segments based on the asset classes that comprise the majority of the lease receivables balance, being Hospitality and Transport. The two segments are managed separately with distinct products because they are significantly different markets. For each of the segments, the Group's Chief Executive Officer reviews internal management reports on a monthly basis. The Group's primary place of business is Australia. The following summary describes the operations in each of the Group's reportable segments:

- Hospitality – providing equipment finance and chattel mortgages to the hospitality industry
- Transport – providing equipment finance and chattel mortgages to the transport industry
- Other sectors – providing equipment finance and chattel mortgages to industries outside hospitality and transport such as beauty and fitness
- Other products – providing business loans to small to medium enterprises.

Axsesstoday Limited Operating segments					
For the year ended 30 June 2018					
	Hospitality	Transport	Other sectors	Other products	Total
As at 30 June 2018					
Revenue	17,484,469	19,946,664	5,400,751	6,389,745	49,221,629
Operating costs	(12,483,771)	(6,182,756)	(2,671,926)	(1,879,217)	(23,217,670)
Finance costs	(4,594,809)	(9,031,176)	(1,425,975)	(792,208)	(15,844,168)
Reportable segment profit before tax	405,889	4,732,733	1,302,850	3,718,319	10,159,791
Segment receivables	97,404,607	191,450,435	30,229,016	16,793,897	335,877,955
Segment debt	81,323,071	159,841,899	25,238,195	14,021,218	280,424,383
As at 30 June 2017					
Revenue	10,968,506	6,821,338	2,897,808	620,509	21,308,161
Operating costs	(5,928,374)	(1,706,325)	(2,015,582)	(310,905)	(9,961,186)
Finance costs	(2,308,112)	(2,596,466)	(817,305)	(449,037)	(6,170,920)
Reportable segment profit/(loss) before tax	2,732,020	2,518,547	58,707	(139,433)	5,169,841
Segment receivables	65,258,877	68,656,678	21,661,477	11,873,601	167,450,633
Segment debt	53,747,801	56,389,959	17,750,208	9,752,174	137,640,142

Allocation of operating expenses is based on the number of open customer accounts per segment. At 30 June 2018, the average financed amount for hospitality and transport segments were \$15k (2017:\$14k) and \$56k (2017:\$62k), respectively.

9 Revenue from continuing operations

Axsesstoday Limited Revenue		
Consolidated entity		
	2018 \$	2017 \$
From continuing operations		
Lease interest	41,653,556	20,134,076
Interest	7,568,073	1,174,085
Total revenue from continuing operations	49,221,629	21,308,161
Other income	1,538,973	890,627
Total revenue and other income from continuing operations	50,760,602	22,198,788

Other income consists of fee and penalty income and gains on sale of assets.

10 Employee benefits expense

Axsesstoday Limited Employee benefits expense		
Consolidated entity		
	2018 \$	2017 \$
Salaries	6,918,093	3,503,201
Superannuation costs	782,737	388,107
Others	1,701,917	923,115
	9,402,747	4,814,423

11 Income tax expense

(a) Income tax expense

Axsesstoday Limited Income tax expense		
For the year ended 30 June 2018		
	2018	2017
Current tax		
Current tax	678,739	285,778
Total current tax expense	678,739	285,778
Deferred income tax		
(Increase) in deferred tax assets (note 15)	(2,591,645)	(476,801)
Increase in deferred tax liabilities (note 15)	5,473,994	1,711,933
Adjustments for deferred tax of prior periods in retained earnings (Note 22)	(436,053)	-
Total deferred tax expense/(benefit)	2,446,296	1,235,132
Income tax expense	3,125,035	1,520,910
Income tax expense is attributable to:		
Profit from continuing operations	3,125,035	1,520,910

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Axsesstoday Limited Reconciliation of income tax expense		
For the year ended 30 June 2018		
	2018	2017
From continuing operations		
Profit from continuing operations before income tax expense	10,159,791	5,169,841
Tax at the Australian tax rate of 30.0% (2017 – 30.0%)	3,047,935	1,550,952
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	77,100	-
Sundry items	-	(30,042)
Income tax expense	3,125,035	1,520,910

12 Current assets – Cash and cash equivalents

Axsesstoday Limited Cash and cash equivalents		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Consolidated entity		
Cash at bank and in hand	11,641,037	2,404,228
Restricted cash	6,204,000	-

The cash and cash equivalents disclosed above and in the statement of cash flows include \$6,204,000 (2017 : Nil) which is held by Axsesstoday Warehouse Equipment Trust. This balance is subject to restrictions defined under the Securitisation notes and is therefore not available for general use by the other entities within the Group.

13 Assets – Receivables

Axsesstoday Limited Receivables		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Current:		
Lease receivables	87,420,055	33,296,576
Loan receivables	23,927,211	13,484,561
Provision for impairment of receivables	(1,247,206)	(564,643)
	110,100,060	46,216,494
Receivables balance consists of:		
Principal	103,962,902	44,457,003
Initial direct costs	7,384,364	2,324,134
Provision for impairment of receivables	(1,247,206)	(564,643)
	110,100,060	46,216,494
Non-current:		
Lease receivables	208,117,262	115,886,398
Loan receivables	20,309,408	6,695,625
Provision for impairment of receivables	(2,648,775)	(1,347,884)
	225,777,895	121,234,139
Receivables balance consists of:		
Principal	213,235,046	116,058,949
Initial direct costs	15,191,624	6,523,074
Provision for impairment of receivables	(2,648,775)	(1,347,884)
	225,777,895	121,234,139

Axsessstoday Limited Receivables		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Commitments in relation to receivables as follows:		
Within one year	164,455,756	88,647,443
Later than one year but not later than five years	349,678,043	172,124,086
Minimum lease receivables	514,133,799	260,771,529
Unearned interest income	(174,359,863)	(91,408,369)
Total receivable assets	339,773,936	169,363,160
Representing receivables:		
Current (within one year)	111,347,266	46,781,138
Non-current (over one year)	228,426,670	122,582,022
	339,773,936	169,363,160

(a) Impaired trade receivables

Movements in the provision for impairment of receivables that are assessed for impairment collectively are as follows:

Axsessstoday Limited Movements in the provision for impairment of receivables		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Consolidated entity		
At 1 July	1,912,527	793,171
Provision for impairment recognised during the year	7,264,353	2,522,935
Receivables written off during the year as uncollectable	(5,280,899)	(1,403,579)
At 30 June	3,895,981	1,912,527

The creation and release of the provision for impaired receivables has been included in 'Lease impairment expense' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

14 Non-current assets – Property and equipment

Axsesstoday Limited	
Non-current assets – Property and equipment	
For the year ended 30 June 2018	
	\$
At 1 July 2016	
Cost	139,405
Accumulated depreciation	(25,810)
Net book amount	113,595
Year ended 30 June 2017	
Opening net book amount	113,595
Additions	616,575
Depreciation charge	(63,493)
Closing net book amount	666,677
At 30 June 2017	
Cost	730,170
Accumulated depreciation	(63,493)
Net book amount	666,677
At 1 July 2017	
Cost	730,170
Accumulated depreciation	(63,493)
Net book amount	666,677
Year ended 30 June 2018	
Opening net book amount	666,677
Additions	428,116
Depreciation charge	(186,738)
Closing net book amount	908,055
At 30 June 2018	
Cost	1,158,286
Accumulated depreciation	(250,231)
Net book amount	908,055

15 Non-current liabilities – Deferred tax liabilities

Axsesstoday Limited Deferred tax assets		
For the year ended 30 June 2018		
	2018	2017
The balance comprises temporary differences attributable to:		
Tax losses	1,948,016	-
Lease impairment expense	1,168,794	573,758
Lease receivables	-	161,889
Employee benefits	129,469	101,198
Accrued liabilities	130,034	-
Property and equipment	52,178	-
Share issuance costs	623,676	-
Derivative financial instruments	392,255	313,639
Total deferred tax assets	4,444,422	1,150,484
Set-off of deferred tax liabilities pursuant to set-off provisions	(4,444,422)	(1,150,484)
Net deferred tax assets	-	-

Axesstoday Limited
Deferred tax assets – movements

For the year ended 30 June 2018

Movements	Tax losses	Lease impairment expense	Lease receivables	Employee benefits	Accrued liabilities
At 1 July 2016	-	237,951	80,945	41,148	-
Charged – profit or loss	-	335,807	80,944	60,050	-
At 30 June 2017	-	573,758	161,889	101,198	-
At 1 July 2017	-	573,758	161,889	101,198	-
Charged/(credited) – profit or loss*	1,948,016	595,036	(161,889)	28,271	130,034
At 30 June 2018	1,948,016	1,168,794	-	129,469	130,034

Movements	Property and equipment	Share issuance costs	Derivative financial instruments	Total
At 1 July 2016	-	-	148,457	508,501
Charged – profit or loss	-	-	-	476,801
Charged – to other comprehensive income	-	-	165,182	165,182
At 30 June 2017	-	-	313,639	1,150,484
At 1 July 2017	-	-	313,639	1,150,484
Charged – profit or loss*	52,178	-	-	2,591,646
Charged – to other comprehensive income	-	-	78,616	78,616
Charged – to equity	-	623,676	-	623,676
At 30 June 2018	52,178	623,676	392,255	4,444,422

*Includes adjustments for deferred tax assets of prior periods amounting to \$247,695 in retained earnings (Note 22).

The Group has concluded deferred tax assets will be recoverable using future taxable income. The losses can be carried forward indefinitely and have no expiry date.

Axesstoday Limited Deferred tax liabilities		
For the year ended 30 June 2018		
	2018	2017
The balance comprises temporary differences attributable to:		
Lease receivables	4,930,502	-
Initial direct costs – commissions	3,194,581	2,654,162
Intangibles	81,801	78,728
Total deferred tax liabilities	8,206,884	2,732,890
Set-off of deferred tax assets pursuant to set-off provisions	(4,444,422)	(1,150,484)
Net deferred tax liabilities	3,762,462	1,582,406

Axesstoday Limited Deferred tax liabilities – movements				
For the year ended 30 June 2018				
	Lease receivables	Initial direct costs	Intangibles	Total
Movements				
At 1 July 2016	-	942,229	78,728	1,020,957
Charged – profit or loss	-	1,711,933	-	1,711,933
At 30 June 2017	-	2,654,162	78,728	2,732,890
At 1 July 2017	-	2,654,162	78,728	2,732,890
Charged – profit or loss*	4,930,502	540,419	3,073	5,473,994
At 30 June 2018	4,930,502	3,194,581	81,801	8,206,884

*Includes adjustments for deferred tax liabilities of prior periods amounting to \$683,748 in retained earnings (Note 22).

16 Non-current assets – Intangible assets

Axsesstoday Limited	
Non-current assets – intangible assets	
For the year ended 30 June 2018	
	\$
At 1 July 2017	
Cost	495,939
Accumulated amortisation	(42,773)
Net book amount	453,166
Year ended 30 June 2017	
Opening net book amount	453,166
Additions	428,088
Amortisation charge	(61,757)
Closing net book amount	819,497
At 30 June 2017	
Cost	881,254
Accumulated amortisation	(61,757)
Net book amount	819,497
At 1 July 2017	
Cost	881,254
Accumulated amortisation	(61,757)
Net book amount	819,497
Year ended 30 June 2018	
Opening net book amount	819,497
Additions	2,280,558
Amortisation charge	(145,064)
Closing net book amount	2,954,991
At 30 June 2018	
Cost	3,161,812
Accumulated amortisation	(206,821)
Net book amount	2,954,991

17 Current liabilities – Trade and other payables

Axsesstoday Limited Current liabilities – trade and other payables		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Trade payables	944,578	942,963
Accrued expenses	483,680	794,336
Interest and other fees payable	2,068,246	1,590,460
	3,496,504	3,327,759

18 Current liabilities – Provisions

Axsesstoday Limited Current liabilities – provisions		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Employee benefits (a)	431,565	194,966
Deferred Lease Incentive Liability	80,741	88,074
	512,306	283,040

(a) Leave obligations

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$431,565 (2017: \$194,966) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

Axsesstoday Limited Current liabilities – provisions		
	2018 \$	2017 \$
Current leave obligations expected to be settled after 12 months	92,262	32,921

19 Non-current liabilities – Provisions

Axsesstoday Limited Non-current liabilities – provisions		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Deferred lease incentive liability	249,542	337,615

20 Borrowings

Axsesstoday Limited Borrowings		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Current borrowings:		
Secured		
Bank loans	47,015,493	-
Total secured current borrowings	47,015,493	-
Non-current borrowings:		
Secured		
Bank loans	10,346,380	59,897,367
Securitisation notes	144,185,000	-
Subordinated notes	78,877,510	77,742,775
Total secured non-current borrowings	233,408,890	137,640,142

Bank loans:

On 9 November 2016 Axsesstoday Limited (“the borrower”) refinanced the Senior Corporate Debt Facility with the Commonwealth Bank of Australia Limited (“the Lender”).

On 15 March 2017, the Group amended its facility with the Lender by increasing the facility limit to \$62,000,000.

At 30 June 2017, Axsesstoday established a syndicated banking facility with Commonwealth Bank of Australia Limited and Macquarie Bank Limited (“the Syndicate”). Axsesstoday had access to loan facilities of \$112,000,000 (Australian dollars).

On 13 October 2017 Axsesstoday Limited (“the borrower”) increased the banking facility with Commonwealth Bank of Australia Limited and Macquarie Bank Limited (“the Syndicate”).

Aksesstoday had access to loan facilities of \$112,000,000 (Australian dollars) previously which increased by \$63,000,000 to \$175,000,000. On 1 May 2018, the Syndicate facility was reduced to \$60,000,000. The repayment of the bank loans was funded through the establishment of the Aksesstoday Equipment Warehouse Trust (see below for further details).

The Syndicate has a floating charge over all assets of the following:

- Aksesstoday Limited
- Aksesstoday Operations Pty Ltd
- A.C.N. 603 303 126 Pty Ltd
- Aksesstoday Retail Pty Ltd

Secured Notes:

On 2 May 2017, Aksesstoday completed the issuance of a Secured Note for a total of \$30,000,000. The Secured Note sits within a new tranche of security that ranks between the pre-existing Subordinated Notes and the Senior Secured Bank Debt.

The Notes are unconditionally and irrevocably guaranteed on a joint and several and secured basis by the Guarantors, subject to the release of such Guarantors and the addition of new entities as Guarantors as set out in the Note Trust Deed. The obligations of each Guarantor under the Guarantee will be obligations of that Guarantor secured by a general security agreement granted by that Guarantor in favour of the Security Trustee and will at all times rank equally among themselves and at least equally with all other direct, senior, secured and unconditional obligations of that Guarantor, and behind the Permitted Senior Debt and liabilities mandatorily preferred by law.

The Guarantors of the Notes are:

- Aksesstoday Limited
- Aksesstoday Operations Pty Ltd
- A.C.N. 603 303 126 Pty Ltd (Issuer)
- Aksesstoday Retail Pty Ltd

Subordinated notes:

The Subordinated Notes are unconditionally and irrevocably guaranteed on a joint and several and secured and subordinated basis between the Group and BNY Trust Company of Australia Limited. The Subordinated Notes are the second and third ranking Security behind the Permitted Senior Debt and liabilities mandatorily preferred by law.

The Subordinated Notes are unconditionally and irrevocably guaranteed on a joint and several and unsecured and subordinated basis by the Group. The obligations of the Group under the Guarantee will be unsecured obligations of that Group and will at all times rank equally among themselves and at least equally with all other direct, unsecured and unconditional obligations of that Guarantor, other than the Permitted Senior Debt and liabilities mandatorily preferred by law.

The Guarantors of the Notes are:

- Axsesstoday Limited
- Axsesstoday Operations Pty Ltd
- A.C.N. 603 303 126 Pty Ltd (Issuer)
- Axsesstoday Retail Pty Ltd

Securitised Notes:

On 26 March 2018 the Axsesstoday Equipment Warehouse Trust entered a facility with Macquarie Bank Limited for a total facility limit of \$200,000,000. Macquarie Bank Limited has taken security over the assets that exist in the trust and holds the Senior Note within the trust. The Senior Note represents a 70% holding of the trust with Axsesstoday holding the two junior notes, the mezzanine note at 20% and the equity note at 10%.

The Group has been compliant with all covenants throughout the year.

21 Contributed equity

(a) Contributed equity

Axsesstoday Limited Contributed equity				
For the year ended 30 June 2018				
	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares fully paid	65,199,581	46,150,704	60,900,856	28,371,168

(b) Movements in contributed equity

Axsesstoday Limited Contributed equity – movements		
For the year ended 30 June 2018		
Details	Number of shares	\$
Opening balance 1 July 2016	24,100,000	4,501,000
Shares issued on 11 July 2016	3,000,000	2,990,713
Shares issued on 5 August 2016	500,000	500,000
Shares issued on 19 October 2016	100,000	-
Shares issued on 21 December 2016	10,000,000	8,929,455
Shares issued on 30 March 2017	5,655,000	7,654,776
Shares issued on 10 May 2017	2,795,704	3,795,224
Closing balance 30 June 2017	46,150,704	28,371,168
Opening balance 1 July 2017	46,150,704	28,371,168
Shares issued on 13 Oct 2017	72,541	108,134
Shares issued on 25 Oct 2017	6,922,600	9,948,350
Shares issued on 23 Nov 2017	667,498	1,001,247
Shares issued on 29 Nov 2017	1,077,400	1,544,992
Shares issued on 3 Apr 2018	209,400	-
Shares issued on 6 Apr 2018	10,000,000	19,120,000
Shares issued on 18 Apr 2018	94,938	183,289
Shares issued on 16 May 2018	4,500	-
Closing balance 30 June 2018	65,199,581	60,277,180
Tax offset due to deductible costs		623,676
Closing balance 30 June 2018		60,900,856

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital. For further details on the Group's shareholders please refer to Shareholder Information on page 104.

(d) Performance shares

On 19 October 2016, Axsesstoday issued 5,000,000 Performance Shares (Tranche 1) and 8,000,000 Performance Shares (Tranche 2). A summary of the Performance Share Terms and Conditions is provided below. The Performance Shares were issued to Yaniv Meydan, Peter Ferizis, Michael Sack, Ashley Krongold, Meir Kramer and Ryan Raymond. The description below is only a summary and is qualified in its entirety by reference to the Constitution and the Corporations Act and the Listing Rules.

Performance Shares Terms and Conditions:

Performance Shares (Tranche 1 and Tranche 2) will convert into Shares in the event the Performance Shares (Tranche 1 and Tranche 2) milestones are satisfied. 100% of the Performance Shares held by each Performance Shareholder will convert into Shares on the basis of one Share for every one Performance Share.

The Performance Shares (Tranche 1) Milestone is as follows:

- The Axsesstoday Group achieving NPAT for FY18 of \$5,250,000 or more;
- Axsesstoday achieving a target basic earnings per Share of \$0.123 based on the volume weighted average price of shares on issue during FY18; and
- During the period commencing from the date of issue of the Performance Shares and ending on 30 June 2018, Axsesstoday must not have been in breach of any of Axsesstoday's debt covenants for more than 20 consecutive business days without such breach having been rectified.

The Performance Shares (Tranche 2) Milestone is as follows:

- The Axsesstoday Group achieving NPAT for FY19 of A\$8,100,000 or more;
- Axsesstoday achieving a target basic earnings per Share of \$0.148 based on the volume weighted average price of shares on issue during FY2019; and
- During the period commencing from 1 July 2018 and ending on 30 June 2019, Axsesstoday must not have been in breach of any of Axsesstoday's debt covenants for more than 20 consecutive business days without such breach having been rectified.

The issuance of the Performance Shares does not impact the net assets or earnings of the Group. As the Performance Shares were issued and are held by the existing shareholders prior to the Offer, if the performance shares vest they will convert one for one into ordinary shares with a dilutive impact on the other shareholders.

22 Retained earnings

Movements in retained earnings were as follows:

	Axesstoday Limited Retained earnings	
	Consolidated entity	
	2018 \$	2017 \$
Balance 1 July 2017	5,296,832	1,647,901
Adjustment on correction of deferred tax liabilities*	(436,053)	-
Net profit for the year	7,034,756	3,648,931
Share based payment (note 23)	332,097	-
Dividend payments (note 24)	(2,607,147)	-
Balance 30 June 2018	9,620,485	5,296,832

*In the 2018 Annual report, the Group has corrected the statement of financial position to account for the recognition of deferred tax liabilities of \$436,053. As a result a liability of \$436,053 has been recorded to the opening statement of financial position of the 2017 financial year with no impact in 2017 financial year profit after income tax.

23 Other reserves

Movements in other reserves were as follows:

	Axesstoday Limited Other reserves	
	Consolidated entity	
	2018 \$	2017 \$
Balance 1 July 2017	(385,397)	(346,400)
Hedging reserve	(678,335)	(38,997)
Foreign currency translation	(1,661)	-
Share based payment	395,141	-
Balance 30 June 2018	(670,252)	(385,397)

(i) Hedging reserve

The hedging reserve is used to record gains or losses on cash flow hedging instruments that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Axesstoday Limited Hedging reserves			
Consolidated entity			
	2018 \$	2017 \$	Movement
Cash flow hedges	(1,063,732)	(385,397)	(678,335)
Consolidated entity			
	2018 \$	2017 \$	
Movements:			
Cash flow hedges			
Revaluation – gross	(1,455,987)	(550,567)	
Deferred tax	392,255	165,170	
Balance 30 June	(1,063,732)	(385,397)	

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 2(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is disposed of.

(iii) Share-based payments

The reserve is used to record the value of equity benefits provided to employees, through share-based payment transactions.

24 Dividends

Dividends paid during the year were as follows:

Axesstoday Limited Dividends Paid		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Final dividend for the year ended 30 June 2017 of 2.2 cents per fully paid ordinary share	(1,015,316)	-
Final dividend for the period ended 31 December 2017 of 2.9 cents per fully paid ordinary share	(1,591,831)	-
	(2,607,147)	-

Franking credits available for subsequent reporting periods are as follows:

Axesstoday Limited Franking credits		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Franking credits available based on a tax rate of 30.0% (2017 - 30.0%)	26,558	465,165
	26,558	465,165

25 Earnings per Share

(a) Basic earnings per share

Axsesstoday Limited Basic earnings per share		
For the year ended 30 June 2018		
	2018 (cents)	2017 (cents)
From continuing operations attributable to the ordinary equity holders of the Group	11.85	10.52
Total basic earnings per share attributable to the ordinary equity holders of the Group	11.85	10.52

(b) Diluted earnings per share

Axsesstoday Limited Diluted earnings per share		
For the year ended 30 June 2018		
	2018 (cents)	2017 (cents)
From continuing operations attributable to the ordinary equity holders of the Group	10.37	8.34
Total basic earnings per share attributable to the ordinary equity holders of the Group	10.37	8.34

(c) Reconciliation of earnings used in calculating earnings per share

Axesstoday Limited		
Reconciliation of earnings used in calculating earnings per share		
For the year ended 30 June 2018		
	2018 (cents)	2017 (cents)
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	7,034,756	3,648,931
Total	7,034,756	3,648,931
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	7,034,756	3,648,931
Total	7,034,756	3,648,931

(d) Weighted average number of shares used as the denominator

Axesstoday Limited		
Weighted average number of shares		
For the year ended 30 June 2018		
	2018 shares	2017 shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	59,386,164	34,671,570
Adjustments for calculation of diluted earnings per share:		
Performance shares	8,000,000	9,082,192
Performance rights	421,526	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	67,807,690	43,753,762

26 Remuneration of auditors

Axsesstoday Limited Remuneration of auditors		
Consolidated entity		
	2018 \$	2017 \$
Audit and other assurance services		
Audit and review of financial statements	228,000	130,000
Other services	120,170	349,000
Total remuneration for audit and other assurance services	348,170	479,000

27 Contingent liabilities

Bank guarantees totalling \$380,532 exist at 30 June 2018 (2017: \$380,532).

28 Share based payments

Axsesstoday Limited Share based payments		
Consolidated entity		
	2018 \$	2017 \$
Share Based Payment Reserve		
Opening	-	-
Charge for the year	727,238	-
Reclassified to retained earnings for vested performance shares	(332,097)	-
Closing	395,141	-

(a) Employee rights plan

The establishment of the Axsesstoday Performance Rights Plan was approved by the Directors. The Employee Rights Plan is designed to provide long-term and short-term incentives for all employees to deliver long-term shareholder returns. Under the plan, participants are granted rights which only vest if certain performance conditions and service conditions are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of rights that will vest depends on the fulfillment of the associated service and/or performance conditions. Once vested, the rights convert to ordinary shares.

Rights are granted under the plan for no consideration and carry no dividend or voting rights.

Set out below are summaries of rights granted under the plan.

Tranche	2018 rights	2017 rights
As at 1 July 2017	-	-
Granted during the year	3,441,000	-
Exercised during the year	(213,900)	-
Forfeited during the year	(155,700)	-
End of year	3,071,400	-

Rights outstanding at the end of the year have the following vesting dates:

Grant Date	# of rights	Vesting Period (Months)	Ave Share Value
4-Oct-17	424,900	30	\$1.48
26-Feb-18	477,000	34	\$1.85
5-Mar-18	2,145,000	42	\$1.93
1-Mar-18	9,500	25	\$1.93
9-May-18	15,000	23	\$1.93

The fair value at grant date is independently determined using a Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share.

29 Commitments

Refer to note 13 for commitments related to lease receivables.

(a) Non-cancellable operating leases

	2018 \$	2017 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	317,060	305,600
Later than one year but not later than five years	963,473	1,280,533
	1,280,533	1,586,133

30 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 31.

(b) Key management personnel compensation

Aksesstoday Limited		
	2018	2017
	\$	\$
Salaries	1,079,247	623,771
Annual leave	22,147	19,867
Superannuation	113,955	68,823
STI cash bonus	298,250	131,000
LTI incentive	178,928	-
Annual incentive	290,981	-
	1,983,508	843,461

(c) Loans to/from related parties

Aksesstoday Limited		
	2018	2017
	\$	\$
A H Meydan Pty Ltd		
Beginning of the year	-	750,000
Loan drawdown/(repayment)	-	(750,000)
Interest charged	-	22,680
Interest paid	-	(22,680)
End of year	-	-
Krongold		
Beginning of the year	-	2,000,000
Loan drawdown/(repayment)	-	(2,000,000)
Interest charged	-	116,110
Interest paid	-	(116,110)
End of year	-	-

(d) Key management personnel and Director transactions

Aksesstoday Limited				
Key management personnel and Director transactions				
	Transaction	Note	2018	2017
Matthew Reynolds	Legal advice	i.	103,176	306,401

- i. Legal fees paid to HWL Ebsworth, a law firm in which Matthew Reynolds was a partner throughout FY18. Services provided were on commercial terms as one of the Group's selection of law firms.

31 Interests in other entities

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 2(b):

Aksesstoday Limited Investments in subsidiaries				
For the year ended 30 June 2018				
Name of entity	Country of incorporation	Class of shares	Equity holding **	
			2018 %	2017 %
Aksesstoday Operations Pty Ltd (formerly A.C.N. 604 340 785 Pty Ltd)	Australia	Ordinary	100	100
A.C.N. 603 303 126 Pty Ltd	Australia	Ordinary	100	100
Aksesstoday Retail Pty Ltd (formerly A.C.N. 161 130 696 Pty Ltd)	Australia	Ordinary	100	100
Aksesstoday Employee Share Trust	Australia	Ordinary	100	-
Aksesstoday Equipment Warehouse Trust	Australia	Ordinary	100	-
Aksesstoday Equipment Warehouse Security Trust	Australia	Ordinary	100	-
1114604 BC Limited	Canada	Ordinary	100	-

** The proportion of ownership interest is equal to the proportion of voting power held.

32 Special Purpose Entities

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of the benefits from its operation.

During the year the Group has established a special purpose entity "Aksesstoday Equipment Warehouse Trust" to support the funding and liquidity needs of the Group by undertaking securitisation activities funded by short term warehouse facilities provided by reputable lenders.

In securitisation, the Group principally packages and sells loans as securities to investors through a Securitisation vehicle. The Group is entitled to any residual income after all payments to investors and costs related to the program have been met. The note holders only have recourse to the pool of assets. The Group is considered to hold the majority of the residual risks and benefits of the vehicles. All relevant financial assets continue to be held on the Group balance sheet, and a liability is recognized for the proceeds of the funding transaction.

The special purpose entity meets the criteria of being controlled entities under AASB 10 – Consolidated Financial Statements.

The elements indicating control include, but are not limited to, the below:

- The Group has existing rights that gives it the ability to direct relevant activities that significantly affect the special purpose entity's returns;
- The Group is exposed, and has rights to variable returns from its involvement with the special purpose entity;
- The Group has all the residual interest in the special purpose entity;
- Fees received by the Group from the special purpose entity vary on the performance, or non-performance of the securitised assets; and
- The Group has the ability to direct decision making accompanied by the objective of obtaining benefits from the special purpose entity's activities.

	Axesstoday Limited	
	2018	2017
	\$	\$
Carrying amount of transferred assets	190,899,440	-
Carrying amount of associated liabilities	144,760,000	-
Net position	46,139,440	-

33 Events occurring after the reporting period

On 4 July 2018, Axesstoday Limited successfully closed the offer of Simple Corporate Bonds to the market. The Group raised a total of \$55,000,000 less expenses related to the transaction. The Bonds are listed on the ASX under the code AXLHA.

34 Cash flow reconciliation

Axsesstoday Limited Cashflow Reconciliation		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Profit for the year	7,034,756	3,648,931
Depreciation and amortisation	331,802	99,918
Amortisation of borrowing costs	1,998,425	634,686
Net (gain) loss on sale of non-current assets	-	-
(Increase) in trade and other receivables	(169,550,479)	(119,096,597)
Increase in trade and other payables	168,745	2,426,316
(Decrease) increase in provision for income taxes payable	(445,823)	112,128
(Decrease) Increase in deferred tax liabilities	2,180,054	1,069,950
Increase in other provisions	141,192	546,973
Net cash outflows from operating activities	(158,141,328)	(110,557,695)

35 Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Axesstoday Limited		
Net Debt Reconciliation		
	For the year ended 30 June 2018	
	2018	2017
	\$	\$
Cash and cash equivalents	11,641,037	2,404,228
Borrowings – repayable in one year (including overdraft)	(49,190,919)	-
Borrowings – repayable after one year	(235,760,000)	(142,000,000)
Net debt	(273,309,882)	(139,595,772)
Cash	11,641,037	2,404,228
Gross debt – fixed interest rates	(30,000,000)	(30,000,000)
Gross debt – variable interest rates	(254,950,919)	(112,000,000)
	(273,309,882)	(139,595,772)

	Bank balances/ bank overdraft	Borrowings due within one year	Borrowings due after one year
Net debt as at 1 July 2016	599,778	-	48,050,000
Cashflows	1,804,450	-	93,950,000
Net debt as at 30 June 2017	2,404,228	-	142,000,000
Net debt as at 1 July 2017	2,404,228	-	142,000,000
Cashflows	9,234,672	49,190,919	93,760,000
Other non-cash movements	2,137	-	-
Net debt as at 30 June 2018	11,641,037	49,190,919	235,760,000

36 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Axesstoday Limited		
Individual financial statements for the parent entity activities		
For the year ended 30 June 2018		
	2018 \$	2017 \$
Balance sheet		
Current assets	130,393,238	90,595,599
Non-current assets	-	-
Total assets	130,393,238	90,595,599
Current liabilities	13,404,592	1,141,280
Non-current liabilities	54,022,794	61,076,669
Total liabilities	67,427,386	62,217,949
Shareholders' equity		
Issued capital	60,276,180	28,370,168
Retained earnings	2,689,672	7,482
	62,965,852	28,377,650
Profit/(loss) for the year	2,682,190	(8,316)
Total comprehensive income	2,682,190	(8,316)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 32 to 94 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.



Peter Ferizis
Director

Melbourne
27 August 2018





Independent auditor's report

To the members of Axsesstoday Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Axsesstoday Limited (the Company) and its controlled entities (together 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 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated income statement for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

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.

PricewaterhouseCoopers, ABN 52 780 433 757

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

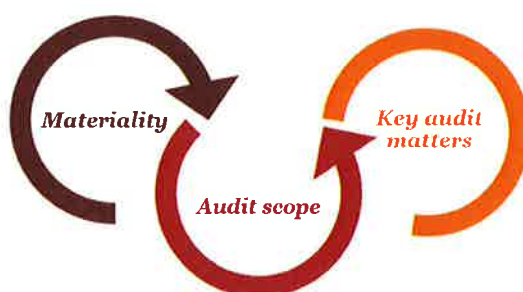
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall materiality of \$2.7 million which represents approximately 0.75% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 0.75% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group is a provider of equipment finance to small to medium enterprise customers in the hospitality and transport sectors across Australia and Canada. Our audit consisted of procedures performed by the audit engagement team at the head office in Melbourne, where the Group's accounting records are maintained.



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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability of Lease and Loan Receivables (Refer to note 13)</p> <p>As at 30 June 2018, the Group recognised a lease and loan receivable balance of \$336 million in the financial report. Recoverability of lease and loan receivables was considered a key audit matter due to the following:</p> <ul style="list-style-type: none"> - The significance of lease and loan receivables on the consolidated statement of financial position, representing approximately 94% of total assets - The judgement and inherent uncertainty involved in determining the recoverable amount of the lease and loan receivables. 	<p>We assessed the Group's policy and procedures to calculate their provision for impairment of lease and loan receivables.</p> <p>We obtained an understanding of the Group's processes and policies for lease and loan approvals and performed tests of a key control relating to contract acceptance.</p> <p>For a sample of loans, we tested the Groups' aging of arrears by agreeing the last repayment date used to calculate that aging, to bank statements.</p> <p>We tested the mathematical accuracy of the Groups' calculation of their provision for impairment of lease and loan receivables.</p> <p>We assessed the adequacy of the provision by performing the following procedures:</p> <ul style="list-style-type: none"> - comparing the total amount of accounts in arrears as at 30 June 2018 to the provision for impairment of lease and loan receivables - considering the historical levels of impairment and default - considering post year end activity for a sample of accounts that were in arrears at 30 June 2018 - considering the diversification in receivables - For a sample of loans that defaulted during the year, obtained bank statements



Key audit matter

How our audit addressed the key audit matter

Control and consolidation of the Axesstoday Equipment Warehouse Trust (Refer to note 32)

The Axesstoday Equipment Warehouse Trust ("the Trust"), being the unit trust for the securitisation warehouse, was established during the financial year ended 30 June 2018.

At 30 June 2018, the Trust had \$191 million of assets and \$145 million of liabilities.

The determination of whether the Group controls the Trust and hence should consolidate it was deemed to be a key audit matter due to the significance of the assets and liabilities held by the Trust.

to determine the actual recoveries through the sale of their underlying assets to assess the reasonableness of rates of recoveries applied in the Groups' provision for impairment of lease and loan receivables calculation.

We read relevant contracts and documents in relation to the establishment and operation of the Trust to understand the following:

- the purpose of establishing the Trust
- the design of the Trust structure
- the relevant activities carried out by the Trust
- the decision making powers of key stakeholders and their ability to impact variability in returns
- the risks and returns associated with key stakeholders
- the variability of returns of the key stakeholders
- the financial obligations of all key stakeholders
- any covenants and restrictions applicable to Axesstoday Limited.

We considered the Group's assessment of control of the Trust against our understanding of the relevant contracts and documents in relation to the establishment and operation of the Trust and in light of the requirements of Australian Accounting standards.

We evaluated the adequacy and accuracy of disclosures in relation to the control of the Trust in light of the requirements of Australian Accounting standards.

Borrowings (Refer to note 20)

The Group utilises borrowings from its financiers to fund the operations of the business. At 30 June 2018, the Group recognised total borrowings of

We read the relevant facility & security agreements between the Group and its financiers to understand the key terms which included applicable fees and charges, repayment date, terms of default and financial covenants applicable to the Group.



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>\$280 million in the financial report which represent approximately 97% of total liabilities.</p> <p>Borrowings were considered a key audit matter due to the following:</p> <ul style="list-style-type: none">- Borrowings are significant to the consolidated statement of financial position.- The ongoing availability of financing is important to the capital structure and business operations of the Group- Interest and establishment fees on these facilities are significant to total expenses.	<p>We obtained confirmations directly from the Group's Financiers to confirm amounts owed as at 30 June 2018.</p> <p>Where debt was regarded as non-current, we evaluated the Group's assessment that they had the unconditional right to defer payment such that there were no repayments required within 12 months from the date of the consolidated statement of financial position.</p>

Other information

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 2018, including the Update from the Chairman, FY18 Highlights, Directors' Report and Shareholder Information, 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 identified above 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 28 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the remuneration report of Axsesstoday Limited for the year ended 30 June 2018 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.

A handwritten signature in blue ink, appearing to read 'PwC', located above the PricewaterhouseCoopers text.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Daniel Rosenberg', located above the text 'Daniel Rosenberg Partner'.

Daniel Rosenberg
Partner

Melbourne
27 August 2018



Shareholder Information



Shareholder Information

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

Shareholding as at 14 August 2018

The number of substantial shareholders and their associates is set out below:

Shareholder	Ordinary Shares
Program Force Pty Ltd	11,825,246
HSBC Custody Nominees (Australia) Limited	10,548,898
J P Morgan Nominees Australia Ltd	5,608,560
MRGS Pty Ltd	4,026,536
Nahta Pty Ltd	4,026,536
BNP Paribas Noms Pty Ltd	3,502,446

Voting Rights

Ordinary Shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at the general meetings of the Group. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

Axesstoday Limited Distribution of Security Holders

As at 14 August 2018

Category	Holders	Ordinary Shares
1-1,000	258	145,622
1,001-5,000	415	1,278,678
5,001-10,000	199	1,577,459
10,001-100,000	227	6,310,843
100,001 and over	30	55,886,979

On-Market Buy-Back

There is no current on-market buy-back.

**Axesstoday Limited
20 Largest Shareholders**

As at 14 August 2018

Name	Number of ordinary shares held	Percentage of capital held
PROGRAM FORCE PTY LTD	11,825,246	18.14%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,548,898	16.18%
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,608,560	8.60%
MRGS PTY LTD	4,026,536	6.18%
NAHTA PTY LTD	4,026,536	6.18%
BNP PARIBAS NOMS PTY LTD	3,502,446	5.37%
INNVALE PTY LTD	3,010,870	4.62%
CITICORP NOMINEES PTY LIMITED	2,375,362	3.64%
NATIONAL NOMINEES LIMITED	2,260,700	3.47%
MARLION CUSTODIANS PTY LTD	1,802,826	2.77%
AUST EXECUTOR TRUSTEES LTD (No 1)	1,183,694	1.82%
AUST EXECUTOR TRUSTEES LTD (No 2)	955,983	1.47%
SNOWTEC PTY LTD	828,993	1.27%
NATIONAL NOMINEES LIMITED	425,334	0.65%
CHESAPEAKE CAPITAL LTD	400,000	0.61%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	390,716	0.60%
BNP PARIBAS NOMINEES PTY LTD	355,103	0.54%
MARLION SUPERANNUATION PTY LTD	300,000	0.46%
JAMPLAT PTY LTD	290,000	0.44%
NETWEALTH INVESTMENTS LIMITED	266,050	0.41%
Total	54,383,853	83.42%



Axsesstoday Limited
Level 9, 360 Collins Street
Melbourne VIC 3000

www.axsesstoday.com.au