

Ask Funding Limited

ABN 22 094 503 385

Annual report for the year ended 30 June 2014

Registered Office	C/- McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street BRISBANE QLD 4000
ABN	22 094 503 385
Websites	www.askfunding.com.au
Board of Directors	Mr Kenneth R Rich B Com, MBA Chairperson and Independent Non-Executive Director Mr Russell E Templeton LLB Managing Director and Chief Executive Officer Mr Misha A Collins CFA Independent Non-Executive Director
Secretary	Mr Russell E Templeton LLB
Share Registry	Computershare Investor Services Pty Ltd 117 Victoria Street West End BRISBANE QLD 4101 Telephone: 1300 552 270 (within Australia) + 61 3 9415 4000 (outside Australia) Facsimile: 1800 786 447 (within Australia) + 61 3 8473 2555 (outside Australia)
Auditor	KPMG Level 16, Riparian Plaza 71 Eagle Street BRISBANE QLD 4000
Corporate Lawyers	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street BRISBANE QLD 4000
Stock Exchange	Australian Securities Exchange BRISBANE QLD 4000 ASX Code: AKF

Ask Funding Limited ABN 22 094 503 385

Annual Report - 30 June 2014

Lodged with the ASX under listing Rule 4.3A

Contents

	Page
Directors' report	1
Lead Auditor's Independence Declaration	14
Corporate governance statement	15
Income statement	19
Statement of comprehensive income	20
Statement of changes in equity	21
Statement of financial position	22
Statement of cash flows	23
Notes to the financial statements	24
Directors' declaration	50
Independent auditor's report to the members	51
Shareholder information	53

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ask Funding Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr Kenneth R Rich B Com, MBA, CMC

Chairperson and Independent Non-Executive Director. Age 69

Experience and expertise

Independent non-executive director since 24 January 2005 and chairperson since 1 July 2006.

Mr Rich is a business and financial management specialist. He is a Certified Management Consultant and is a member of the Institute of Management Consultants.

Other current listed company directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Chairperson of Audit and Risk Management Committee.
Member of Remuneration Committee.

Mr Russell E Templeton LLB

Managing Director and Chief Executive Officer. Age 58

Experience and expertise

Executive director and Chief Executive Officer since 16 November 2004.

Mr Templeton has been in practice as a lawyer for over twenty years, has extensive commercial and litigation experience and has also:

- been involved with a network of legal practitioners;
- owned licensed commercial agencies;
- been consultant to and then Chief Operating Officer and Chief Executive Officer of Collection House Limited, an ASX listed debt portfolio manager.

Other current listed company directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Managing Director.

1 Directors (continued)

Mr Misha Collins CFA

Independent Non-Executive Director. Age 40

Experience and expertise

Appointed independent non-executive director on 11 October 2010.

Mr Collins was employed by BT Funds Management for an 11 year period as an equity analyst covering both domestic and international markets, together with the formulation of capital market strategies and commodity forecasting. Since 2008, he has been operating his own investment, trading and consulting business.

Mr Collins holds a Bachelor of Engineering in Metallurgy, graduating with First Class Honours from the RMIT University, a Graduate Certificate in Banking and Finance from Monash University and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia. He also completed the CFA program with the US based CFA Institute and has been awarded the Chartered Financial Analyst designation (CFA).

Other current listed company directorships

Sihayo Gold Limited from July 2008.

Former listed company directorships in last 3 years

Nil.

Special responsibilities

Strategic and shareholder relations officer from 23 November 2010.

2 Company Secretary

Mr Russell Templeton, LLB, was appointed to the position of Company Secretary on 15 May 2012. Mr Templeton is also the Managing Director and Chief Executive Officer of Ask Funding Limited and his qualifications and previous experience is listed above.

3 Meetings of directors

As advised to the Market on 31 August 2012, since the board membership consisted of only three persons the Committee process was suspended after 31 August 2012 with all matters formerly considered by committees being dealt with by the full board.

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings	
	A	B
Mr Kenneth Rich	7	7
Mr Russell Templeton	7	7
Mr Misha Collins	7	7

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

4 Directors' and executive officers' remuneration report (audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service contracts
- D Share-based compensation
- E Consequences of performance on shareholder wealth.
- F Voting at the Company's 2013 Annual General Meeting

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The objectives of the Group's executive compensation strategy are to ensure:

- (i) it attracts and retains executives with qualifications, experience and industry knowledge appropriate to support the continued success of the business and creation of shareholder value; and
- (ii) it rewards executive performance on a basis that is competitive and appropriate for the results delivered.

The strategy, implemented through a combination of fixed remuneration and short and long term incentives, aims to align executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board applies the following key criteria for good reward and governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage; and
- transparency.

The strategy aligns to shareholder's interests by:

- having operating profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, and delivering consistent return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

It also aligns to the interests of executives by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth;
- providing a clear structure for earning rewards; and
- providing recognition for contribution.

The Board had previously established a remuneration committee which provided advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, key management personnel and non-executive directors. This role is now performed by the Board. The Corporate Governance Statement provides further information on the role this committee performed.

Non-executive directors

Total compensation for all non-executive directors, last voted upon by shareholders at the Annual General Meeting held on 21 November 2007, is not to exceed \$250,000 per annum with that sum to be divided amongst the directors in such manner and proportion as they agree. Non-executive directors do not receive any performance-linked compensation. Director's fees cover all main board activities including membership of board committees.

Fixed Compensation

Compensation consists of fixed compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as any applicable employee contributions to superannuation funds.

4 Directors' and executive officers' remuneration report (audited) (continued)
A Principles used to determine the nature and amount of remuneration (continued)

Fixed compensation levels were reviewed annually by the remuneration committee to ensure that this component is commensurate with the market worth of the role and appropriately reflects the position of the individual within the role having regard to qualifications, experience and capabilities. This role is now performed by the Board. There were no guaranteed fixed compensation increases included within the contractual arrangements with any key management personnel. As all employees were provided with notice of termination on or before 29 March 2013 this is no longer completed by the Company.

Performance-linked compensation, including consequence of performance on shareholders wealth

Performance linked compensation included short-term and long-term incentives, and was designed to reward key management personnel for meeting or exceeding annual corporate performance and individual financial and personal objectives. The short-term incentive (STI) was an 'at risk' bonus provided in the form of cash, while the long-term incentive (LTI) was provided as options over the ordinary shares of the Company under the rules of the Executive Share Option Plan (see note 23 to financial statements). As all employees were provided with notice of termination on or before 29 March 2013 this is no longer completed by the Company.

Short-term incentives

On an annual basis, a short-term incentive pool was made available to key management personnel excluding the Managing Director and CEO. This pool was distributed, as a cash bonus, by measurement against a pre-determined operating profit target and dependent on the accountabilities of the role, impact on organisational and team performance, and achievement of individual objectives such that the incentive was leveraged for performance above the threshold to provide an incentive for out-performance. As all employees were provided with notice of termination on or before 29 March 2013 this is no longer completed by the Company.

Long-term incentives

Long-term incentives are provided to executives by the issue of options over ordinary shares of the Company.

The inclusion of share price hurdles as qualifying conditions for the exercise of options was considered by the remuneration committee as a reasonable means for ensuring the reward was only available when real and sustained value is delivered to shareholders. As all employees were provided with notice of termination on or before 29 March 2013 this is no longer completed by the Company.

No options have been issued in the current year. However the terms of the options previously issued as long-term incentives are set out on pages 7 – 8.

Other benefits

Key management personnel were able to receive a proportion of their fixed compensation as non-cash benefits under the terms and conditions of their appointment. Non-cash benefits typically include the provisions of items which may be taxed on a concessional basis for FBT purposes. Key management personnel are also entitled to salary sacrifice fixed compensation as additional superannuation contributions.

Termination benefits

Redundancy benefits were payable to key management personnel (excluding the Directors and CEO) upon termination of their position due to redundancy. In addition to the redundancy entitlement, retention incentives were offered to facilitate the orderly realisation of assets, settlement of liabilities and maximisation of return to shareholders.

B Details of remuneration

The key management personnel of the Group are the directors of Ask Funding Limited and those executives that reported directly to the Managing Director and CEO being:

- B Gebauers - General Manager, Compliance and Special Projects (position redundant 29 March 2013)

Only one executive is included within the executive officers' remuneration as no other personnel of the Group met the definition of key management personnel.

4 Directors' and executive officers' remuneration report (audited) (continued)
B Details of remuneration (continued)

Details of the remuneration of the directors, each of the named Company executives who receive the highest remuneration and other key management personnel (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

Name		Short-term employee benefits				Post-employment benefits	Termination benefits	Equity-settled share-based payments	S300A(1)(e)(i) proportion of remuneration performance related%*	S300A(1)(e)(vi) Value of options as proportion of remuneration %*
		Cash salary and fees (i) \$	STI Cash bonus (ii) \$	Non monetary benefits (iii) \$	Total \$					
Non-executive directors K Rich	2014	44,000	-	-	44,000	-	-	-	-%	-%
	2013	55,999	-	-	55,999	4,050	-	-	-%	-%
M Collins	2014	44,000	-	-	44,000	-	-	-	-%	-%
	2013	44,000	-	-	44,000	-	-	-	-%	-%
Executive directors R Templeton Managing Director, CEO, Company Secretary	2014	352,402	-	-	352,402	15,364	-	-	-%	-%
	2013	507,105	-	1,119	508,224	32,670	-	-	-%	-%
Other key management personnel B Gebauers (position redundant 29 March 2013) General Manager, Compliance and Special Projects	2014	-	-	-	-	-	-	-	-%	-%
	2013	283,268	-	5,369	288,637	17,533	-	-	-%	-%

(i) includes salary, salary sacrificed benefits (excluding superannuation) and leave provisions.

(ii) STI relates to performance in the current financial year.

(iii) includes the value of goods and services provided including fringe benefits tax.

(iv) The fair value of the options is calculated using Black-Scholes and Binomial option pricing models and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

(v) includes redundancy provisions.

* Since the performance related remuneration has been provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

4 Directors' and executive officers' remuneration report (audited) (continued)
C Service contracts

Redundancy Program

A redundancy program consistent with the orderly run-off and closure of the Company's Loan Books was implemented in the financial year ended 30 June 2011 and has continued in the current period. Pursuant to the run down strategy approved by the shareholders all staff were terminated by 31 December 2013. Management of the Company subsequent to that date is being undertaken through terminable outsourcing arrangements.

Mr Russell Templeton, the Managing Director and CEO, had his contract terminated effective 31 December 2013 as noted above and in the previous Annual Report. The Company has secured the services of Mr Templeton on an outsourced arrangement to a business controlled by Mr Templeton to assist with the run-down of the loan books. This was determined to be the optimal way forward as it retains the corporate knowledge and provides consistency. Key elements are:

- The arrangement is month to month and has no fixed term
- The contract is for a fixed fee of \$5,500 (inclusive of GST) per month
- Either party may terminate the contract by giving three months notice in writing to the other party
- In addition to agreed consulting fees Mr Russell Templeton was paid an additional \$14,000 (2013: \$Nil) for services provided outside the scope of the original consulting agreement. These services were billed based on normal market rates for such services and were due and payable under normal payment terms.

D Other transactions with key management personnel

In addition to the key management personnel compensation included in "employee benefits expense", consulting services of \$Nil (2013: \$8,184) were provided by Mr Misha Collins in relation to his role as Strategic and Shareholder Relations Officer.

E Share-based compensation

Options over the ordinary shares of Ask Funding Limited are granted under the terms of the Ask Funding Limited Executive Option Plan which was approved by shareholders at the annual general meeting held on 21 November 2007. The Executive Option Plan is designed to provide long-term incentives for executives, including executive directors, to deliver long-term shareholder returns. Under the plan, executives are granted options which only vest if the executive completes a specified period of service. The plan states that the determination of the exercise conditions are at the discretion of the directors and will depend on:

- the relevant Executive or the Company satisfying an objective performance criteria;
- the Company's Share price on the Australian Securities Exchange reaching a certain price; or
- other performance criteria determined by the Directors.

The terms and conditions of each grant of options affecting remuneration in the previous reporting periods are as follows:

Name	Number of options granted	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Date exercisable	Expiry date	Exercise hurdle share price
Executive directors							
R Templeton	370,000	23/11/2007	0.154	0.600	23/11/2008	23/11/2012	0.80
	370,000	23/11/2007	0.144	0.600	23/11/2009	23/11/2012	1.10
	370,000	23/11/2007	0.136	0.600	23/11/2010	23/11/2012	1.50
Other key management personnel							
B Gebauers	40,000	23/11/2007	0.221	0.645	23/11/2008	23/11/2012	0.80
	40,000	23/11/2007	0.213	0.645	23/11/2009	23/11/2012	1.10
	40,000	23/11/2007	0.174	0.645	23/11/2010	23/11/2012	1.50

Options granted under the plan carry no dividend or voting rights.

4 Directors' and executive officers' remuneration report (audited) (continued)
E Share-based compensation (continued)

The exercise price of options is determined by the directors but is no less than the volume weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted or such other price as approved by shareholders in general meeting.

The Group as part of its Share Trading Policy prohibits those executives including executive directors, that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. The Group requires all relevant executives to sign annual declarations of compliance with this policy throughout the period.

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Name	Number of options granted during the year		Number of options expired during the year	
	2014	2013	2014	2013
Executive directors				
R Templeton	-	-	-	(1,110,000)
A Hill	-	-	-	-
Other key management personnel				
B Gebauers	-	-	-	(120,000)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using Black-Scholes and Binomial option pricing models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

F Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration

Details of options provided as remuneration, together with the terms and conditions of the options can be found in the remuneration report section of the directors' report.

(ii) Option holdings

The Ask Funding Limited Executive Option Scheme was established during the financial year ended 30 June 2008.

There was no movement during the reporting period in the number of options over ordinary shares in Ask Funding Limited held, directly, indirectly or beneficially, by key management person.

All vested options are not exercisable at the end of the year due to the qualifying company share price hurdle not being reached for exercising of the options. Refer to note 23 for further details.

2013						
Name	Balance at start of the year	Granted as compensation	Expired	Balance at end of the year	Vested	Unvested
Directors						
R Templeton	1,110,000	-	(1,110,000)	-	-	-
Other key management personnel of the Group						
B Gebauers	120,000	-	(120,000)	-	-	-

F Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings

The numbers of ordinary shares in the Company held by each director of Ask Funding Limited and other key management personnel, including their personally-related entities, are set out below.

2014	Balance at the start of the year	Purchases / (Sales)	Other changes	Balance at the end of the year
Name				
Directors				
K Rich	104,414	-	-	104,414
R Templeton	2,029,652	-	-	2,029,652
G Partridge – resigned 31 August 2013	-	-	-	-
M Collins	-	-	-	-
2013	Balance at the start of the year	Purchases / (Sales)	Other changes	Balance at the end of the year
Name				
Directors				
K Rich	104,414	-	-	104,414
R Templeton	2,029,652	-	-	2,029,652
A Love – resigned 31 March 2013	200,000	-	(200,000)	-
G Partridge	265,306	-	(265,306)	-
M Collins	104,414	-	(104,414)	-
Other key management personnel of the Group				
B Gebauers	602,000	-	(602,000)	-

No shares were granted to key management personnel as compensation during the financial year or the previous financial year.

No shares were issued on the exercise of options during the financial year or the previous financial year.

G Consequences of performance on shareholder wealth - audited

Performance of Ask Funding Limited

The following table sets out summary information about the Groups earnings and movements in shareholder value for the past five financial years.

	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Earnings					
Net interest and fee income	2,879,806	4,360,406	7,232,795	9,790,879	12,275,438
Net profit / (loss) before tax*	(1,174,390)	(810,144)	(551,601)	(10,052,433)	1,888,386
Earnings per share/ (Loss per share)	(0.0178)	(0.0123)	(0.0084)	(0.1692)	0.0146
Shareholder Value					
Share price	0.15	0.12	0.150	1.45	0.245
Dividends (paid/declared)	0.015	-	-	0.004	0.013

* Adjusted in 2011 for reversal of impairment of receivable from deferred settlement, impairment of intangibles and reversal of foreign currency translation adjustments and 2010 for impairment of receivable from deferred settlement of shares and options in Impact Holdings (UK) Plc.

Shareholder value and earnings history is provided only in respect of the financial years since the reverse acquisition of Ask Funding Limited.

4 Directors' and executive officers' remuneration report (audited) (continued)
H Voting at the Company's 2013 Annual General Meeting - audited

At the 2013 Annual General Meeting, following the actions implemented in the 2013 financial year in response to the 2012 Annual General Meeting 7.4% of the votes cast at the meeting rejected the adoption of the remuneration report

5 Principal activities

Consistent with the run-off strategy approved by Shareholders at the 2011 Annual General Meeting the Company engaged in no lending activities in the reporting period.

The Company's activities since the closure of all loan books has been limited to the servicing and amortising of its loan books with the sole objective of repaying monies owed to its financier, Bank of Western Australian Ltd (BankWest) and distributing all surplus funds to shareholders.

6 Review of operations
Overview of the consolidated entity

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

Basis of preparation of financial statements – orderly realisation of assets and settlement of liabilities

Given the orderly run-off and closure of the Company's loan books, the directors consider it appropriate to prepare the financial report for the year ended 30 June 2014 on an orderly realisation of assets and settlement of liabilities basis over the period required to achieve an orderly realisation of assets and liabilities ("orderly realisation basis"), rather than a going concern basis.

Loan book Size and Split by Product

The gross loan book contracted by 37% to \$13.4 million from \$20.9 million in the previous corresponding year. This decrease reflects the suspension of lending in FY2012 as a consequence of the Company's run-off strategy.

The net loan book contracted by 49% to \$8.2 million from \$16.2 million at the end of the previous financial year reflecting the closure of all loan books to further advances.

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

	30 June 2014	30 June 2013	30 June 2011
Disbursement Funding	25%	46%	49%
Personal Injury	28%	26%	28%
Matrimonial	45%	26%	21%
Inheritance Funding	1%	2%	2%

Impairment of loans and advances

The balance of the impairment of loans and advances as at 30 June 2014 was \$5.19 million, an increased by 10% from the previous year of \$4.72 million.

Impairment in the Personal Injury product during the period has increased from historical levels however is not inconsistent with the high gross return derived from the product, the non recourse (in certain circumstances) nature of this product, and the collective provision previously established which remains in place.

Impairment in the Disbursement Funding loan book has remained low and reflects interest and fees not recoverable under some law firm guarantees, and the collective provision previously established which remains in place.

6 Review of operations (continued)

The nature of the Matrimonial and Inheritance Funding loan books, the underlying legal matters and security provided, is such that it is difficult to group the loans on the basis of risk characteristics and overlay a collective provision having due regard to these risks. Accordingly impairment in respect of these loan books continues to be determined on an individual case by case basis after taking account of the likely time to settlement and potential further deterioration in asset pool values. The current period impairment in these loan books reflects the continued decline in the value of asset pools associated with the stagnant property market and increasing realisation or refinance periods. A further relevant factor is the inordinate delays being experienced by litigants in the Family Courts of Australia. These delays have resulted in an increase in interest and fees payable on the loans advanced, this increase being well in excess of original forecasts. In some cases the total payable (being principal and accrued interest and fees) now exceeds the value of the underlying security and these loans have been impaired in recognition of this.

Debt facility

As announced to the market on 3 January 2014, the Company's debt to BankWest has been repaid in full and BankWest has provided the Company with executed Releases in relation to the Secured Interest over both Ask Funding Limited and its wholly owned subsidiary Arc Legal Pty Ltd.

Staff

In the current year staff numbers decreased to full time equivalent staff that are allocated across the Company as follows:

	30 June 2014	30 June 2013	30 June 2011
Operations	0.5	1	2
Finance	0	0	2.6
Legal	0	0	0
Administration & Compliance	0	0	2

Outlook

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

In previous ASX announcements, the Company outlined a targeted range for total return distributions. This range was based upon the output of a financial model developed in the period when the company had internal resources available for financial reporting and modelling. The model used forward looking assumptions together with historical data to derive a forecast range of values which could be expected to be returned to shareholders.

In subsequent periods it has become evident that the average loan duration is running in excess of historical observations and those assumed previously in the financial model. In addition the Company's cost base has been reduced to levels well below those contemplated in the financial model. The result of these developments is that the financial model is no longer seen by directors as a reasonable basis to make forward looking statements.

Directors believe it is not viable to engage external resources to build a new financial model and continue to make updates on forecast targeted return to shareholders. Instead shareholders should consider net tangible assets as a reasonable estimate of likely future cash distributions.

6 Review of operations (continued)

Review of financial performance and position

Consolidated operating loss after tax

The consolidated results for the year ended 30 June 2014 attributable to the members of the Company are:

	30 June 2014	30 June 2013
	\$000	\$000
Revenue (net interest and fee income)	2,914	4,371
Expenses, excluding impairment and recovery expenses	(865)	(1,649)
Impairment of loans and advances	(2,640)	(3,107)
Loan recovery expenses	(583)	(425)
Loss before income tax	(1,174)	(810)
Income tax benefit / (expense)	-	-
Net loss attributable to members	<u>(1,174)</u>	<u>(810)</u>

The result reflects the closure of the Company's loan books and the run-off strategy previously adopted by the Company. Operating expenses have decreased by 48% to \$851,000, whilst gross interest and fees have decreased by 33% over the previous year.

7 Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated Group during the year other than as dealt with in this report.

8 Dividends - Ask Funding Limited

On 24 April 2014 a fully franked dividend of 1.516 cents per share was paid.

On 31 July 2014 a fully franked dividend of 4.245 cents per share was paid. After payment of this dividend the franking account balance is \$3,288,808.

9 Events subsequent to reporting date

Subsequent to year end the Company has made an application for deregistration of its remaining subsidiary ARC Legal Pty Ltd. This has been approved by ASIC subject only to publication in the Gazette.

Other than the dividend paid on 31 July 2014 referred to above and the commencement of deregistration of the remaining subsidiary, in the interval between the end of the financial year and the date of this report, no transaction or event of a material and unusual nature has arisen, which in the opinion of the directors of the Company is likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

10 Likely developments and expected results of operations

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

The directors are continuing to investigate ways to reduce the cost base of the Company in line with the run-off of the loan book. The directors remain committed to exploring options to realise the value of the listing for the benefit of shareholders.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report as disclosure of the information would be likely to result in unreasonable prejudice to the Group.

11 Share options

Options granted to directors and officers of the Company Unissued shares under options

There are no unissued shares under options as at 30 June 2014.

12 Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ask Funding Limited	
	Ordinary shares	Options over ordinary shares
K Rich	104,414	-
M Collins	-	-
R Templeton	2,029,652	-

13 Indemnification and insurance of officers and auditors

During the financial year Ask Funding Limited paid a premium to insure the directors and officers of the Company and of the Group against liabilities incurred by such an officer to the extent permitted by the Corporations Act 2001. The officers of the Group covered by the insurance policy include any person acting in the course of duties for the Group who is or was a director, secretary or executive officer as well as senior executive staff. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

The Company has agreed to indemnify its directors and the directors of its controlled entities against any liability to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and as directors of its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not entered into any agreement with their current auditors, KPMG, indemnifying against claims from third parties arising from their report on the annual report, or their position as auditor.

14 Non-audit services

During the year KPMG, the Company's auditor, has performed other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code Of Ethics For Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

14 Non-audit services (continued)

	Consolidated	
	2014	2013
	\$	\$
1. Audit services		
Auditors of the Company – KPMG:		
Audit and review of financial reports	66,696	52,584
Total remuneration for audit services	66,696	52,584
2. Services other than statutory audit		
Other assurance services		
Compliance assurance services	-	-
Other services		
Taxation compliance services	-	4,500
Corporate advisory services	-	-
Total remuneration for audit-related services	-	4,500

15 Lead 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 14.

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



Kenneth R Rich
Director

Brisbane, 29 August 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ask Funding Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

KPMG

Stephen Board
Partner

Brisbane
29 August 2014

Corporate governance statement

This statement outlines the main corporate governance practices in place throughout the financial year which comply with the ASX Corporate Council recommendations unless otherwise stated.

The Board of directors

The board operates in accordance with the broad principles set out in its charter. The charter details the board's composition and responsibilities and establishes those functions which are delegated to management and can be located in the Shareholder Centre section of the Company's website (www.askfunding.com.au).

Role of the board

The board's primary role is the creation and protection of sustainable shareholder value. To fulfil this role the board is responsible for the overall corporate governance of the Group including:

- charting the corporate strategy and financial objectives of the Group and ensuring appropriate resources are available for their implementation;
- monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to shareholders and the investment community on the performance and state of the Group; and
- reviewing on a regular and continuing basis:
 - executive remuneration;
 - executive succession planning; and
 - executive development activities.

As advised to the Market on 31 August 2012, since the board membership consisted of only three persons, the Committee process was suspended after 31 August 2012 with all matters formerly considered by committees being dealt with by the full board.

The board has formally delegated responsibility for the day to day operation and administration of the Group and the implementation of the corporate strategy to the Managing Director and the senior executives. These delegations are reviewed on a periodic basis as required.

Composition of the board

The charter states that the board membership is determined using the following principles:

- a majority of independent directors;
- a mix of directors from different backgrounds with an appropriate range of skills and experience who are able to competently deal with current and emerging business issues;
- a sufficient number of directors to serve on various committees without overburdening the directors or making it difficult to fully discharge their responsibilities;
- directors who have the time available to undertake the responsibilities and can effectively review, challenge and critique the performance of management; and
- the Chair must be an independent director who is appointed by the majority of the other directors.

Directors' independence

An independent director is a director who is not a member of management (a non-executive director) and who:

- holds less than five percent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five percent of the voting power of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or any other Group member;
- is not a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual arrangements with the Company or any other Group member other than as a director of the Company; and
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Board members

Details of the members of the board, their experience, expertise, qualifications, period of office and their independence status are set out in the Directors' Report under the heading of Directors.

At the date of signing the Directors' Report, there were two non-executive directors, both of whom have no relationship adversely affecting independence as set out in the principles above.

Chair and Managing Director

The Chair is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives.

The Managing Director is responsible for management of the day to day activities of the Group and implementation of the corporate strategy, financial objectives and policies.

Induction

The Company has an informal process to educate new directors about the nature of the business, financial position, current issues, corporate strategy and the expectations of the Group concerning performance of directors. This process enables them to actively participate in board decision making as soon as possible.

Performance assessment

An assessment of the collective performance of the Board and that of individual directors and of the committees has not been undertaken since August 2010 and, as a consequence of the run-off strategy adopted by the Company and its business, it is not anticipated that such assessment will be performed in the coming year.

The Board is also responsible for undertaking an annual assessment of the Managing Director and of the Company Secretary which last took place in August 2010 and August 2009 respectively. Both the Managing Director and Company Secretary were given notice of the termination of their contracts during the year. Consequently, it is not anticipated that any assessments will be undertaken in the future.

The Managing Director is responsible for undertaking an annual review of the performance of other senior executives which last took place in November 2009, however as all staff have now been terminated it is not anticipated that any performance assessments will be undertaken in the future.

Independent professional advice

Each director has the right, in connection with their duties and responsibilities, to seek independent professional advice from a suitably qualified adviser at the Group's expense. The director must obtain the Chair's approval of the fee payable for the advice before proceeding with the consultation.

Conflict of interests

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company, in accordance with the Board Charter.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Company and the Group are set out in note 17 to the financial statements.

Board committees

The board previously established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. However as advised to the Market on 31 August 2013, the Committee process was suspended after 31 August 2013 with all matters formerly considered by committees being dealt with by the full board.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

External auditors

The Group's policy is to appoint external auditors who clearly demonstrate quality and independence and the performance of the external auditor is reviewed annually. KPMG was appointed as the external auditor of the Company for the year ended 30 June 2006. It is KPMG's policy to rotate the audit engagement partners on listed companies every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report under the heading of "Non-audit services" and also in note 5 to the financial report. It is the policy of the external auditors to provide an annual declaration of their independence to the Group.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate reporting

The Managing Director has made the following declarations to the board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with the relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Code of Conduct

The Group has developed a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that all personnel of the Group act, at all times, with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies. The Code requires employees who are aware of unethical practices within the Group or breaches of the Code to report these using the procedure outlined within the Code. All reports remain anonymous.

The Code of Conduct is set out in the Employee Handbook and is discussed with each new employee as a part of their induction training. The Code is available on the Company's website.

Trading in general Company securities by directors and employees

The Group has established a Share Trading Policy which has been fully endorsed by the board and applies to all directors and employees. This policy is regularly reviewed and updated as necessary to ensure it reflects the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

The key elements of the Group's Share Trading Policy are:

- the prohibition from trading in the Company's securities:
 - while in possession of unpublished price-sensitive information concerning the Company;
 - during specified "trading blackout" periods; and
 - for short term speculative gains;
- the prohibition from entering into transactions in financial products which operate to limit the economic risk of both vested or unvested holdings in the Company's securities including, without limitation, any hedging or similar arrangement in respect of unvested entitlements or restricted entitlements held or granted under any equity based remuneration scheme; and
- the prohibition from entering into any stock lending or similar arrangement in relation to holdings of the Company's securities by directors and senior executives.

The Share Trading Policy is set out in the Employee Handbook and is discussed with each new employee as a part of their induction training. Directors and senior executives are asked to sign an annual declaration confirming their compliance with the policy. The Share Trading Policy is available on the Company's website.

Communication with shareholders

The Group has a policy on information disclosure that focuses on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. This policy also includes the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. The Disclosure and Communications Policy is available on the Company's website.

The board has nominated the Managing Director and the Company Secretary as being responsible for communications with the Australian Securities Exchange (ASX) and media. They, together with Mr Collins, who was appointed as strategic and shareholder relations officer on 23 November 2010 are responsible for communications with shareholders and the investing community. This includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the relevant parties.

The Company's website provides a link to the ASX's company reporting platform such that all information disclosed to ASX is available from the website as soon as it is disclosed to the ASX, including all material used in presentations to analysts providing updates on the Group's operations.

The board encourages full participation of shareholders at general meetings of the Company to ensure a high level of accountability and identification with the Group's strategy and goals.

Ask Funding Limited
Income Statement
For the year ended 30 June 2014

	Notes	Consolidated	
		2014	2013
		\$	\$
Interest income		2,671,451	4,692,293
Interest expense		(97,103)	(933,306)
Net interest income		2,574,348	3,758,987
Fee income		305,458	601,419
Other operating gains		35,130	10,554
Expenses			
Employee benefits expense		(442,324)	(1,073,655)
Impairment of loans and advances	9	(2,640,918)	(3,107,623)
Loan recovery expenses		(582,943)	(425,086)
Occupancy expenses		-	(92,000)
IT expenses		(64,202)	(118,566)
General and administrative expenses		(358,939)	(364,174)
Loss before income tax		(1,174,390)	(810,144)
Income tax expense		-	-
Loss for the year		(1,174,390)	(810,144)
		Cents	Cents
Loss per share			
Basic loss per share	7	(1.78)	(1.23)
Diluted loss per share	7	(1.78)	(1.23)

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

Ask Funding Limited
Statement of Comprehensive Income
For the year ended 30 June 2014

	Consolidated	
Notes	2014	2013
	\$	\$
Loss for the year	(1,174,390)	(810,144)
Total comprehensive loss for the year	(1,174,390)	(810,144)

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

Ask Funding Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	Contributed equity	Share based payments reserve	Profits reserve	Retained losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	18,595,828	184,886	1,011,320	(6,600,296)	13,743,339
Loss	-	-	-	(810,144)	(810,144)
Total comprehensive loss for the year	-	-	-	(810,144)	(810,144)
Transactions with owners of the Company, recognised directly in equity					
Employee share options	-	(184,886)	-	184,886	-
Balance at 30 June 2013	18,595,828	-	1,011,320	(7,225,554)	12,381,594

Consolidated	Contributed equity	Share based payments reserve	Profits reserve	Retained losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2013	18,595,828	-	1,011,320	(7,225,554)	12,381,594
Loss	-	-	-	(1,174,390)	(1,174,390)
Total comprehensive loss for the year	-	-	-	(1,174,390)	(1,174,390)
Transactions with owners of the Company, recognised directly in equity					
Dividends to equity holders	-	-	(999,885)	-	(999,885)
Balance at 30 June 2014	18,595,828	-	11,435	(8,399,944)	10,207,319

Ask Funding Limited
Statement of financial position
As at 30 June 2014

		Consolidated	
	Notes	2014	2013
		\$	\$
ASSETS			
Cash and cash equivalents	8	2,062,493	189,849
Net loans and advances	9	8,230,312	16,203,753
Other assets	11	59,945	57,164
Total Assets		10,352,750	16,450,766
LIABILITIES			
Trade and other payables	12	145,431	251,548
Interest-bearing loans and borrowings	13	-	3,804,486
Employee benefits	14	-	13,138
Total Liabilities		145,431	4,069,172
Net Assets		10,207,319	12,381,594
EQUITY			
Contributed equity		18,595,828	18,595,828
Reserves		11,435	1,011,320
Retained losses		(8,399,944)	(7,225,554)
Total Equity		10,207,319	12,381,594

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

Ask Funding Limited
Statement of cash flows
For the year ended 30 June 2014

	Notes	Consolidated 2014 \$	2013 \$
Cash flows from operating activities			
Interest and fees received		4,322,019	6,585,282
Interest paid		(101,589)	(836,195)
Payments to suppliers and employees		(1,535,314)	(2,595,381)
		<u>2,685,116</u>	<u>3,153,706</u>
Income taxes		-	-
Net cash inflow from operating activities	25	<u>2,685,116</u>	<u>3,153,706</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	550
Loans repaid by other entities		-	2,486
Net funds advanced to clients			
Loans advanced to clients		-	-
Loans repaid by clients		3,987,413	9,964,065
Net cash inflow from investing activities		<u>3,987,413</u>	<u>9,967,101</u>
Cash flows from financing activities			
Dividends paid		(999,885)	-
Repayment of borrowings		(3,800,000)	(13,800,000)
Payment of borrowing costs		-	(22,000)
Net cash outflow from financing activities		<u>(4,799,885)</u>	<u>(13,822,000)</u>
Net decrease in cash and cash equivalents		<u>1,872,644</u>	<u>(701,193)</u>
Cash and cash equivalents at the beginning of the financial year		<u>189,849</u>	<u>891,042</u>
Cash and cash equivalents at end of year		<u>2,062,493</u>	<u>189,849</u>

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

Contents of the notes to the financial statements

	Page
1 Significant accounting policies	25
2 Financial risk management	34
3 Critical accounting estimates and judgements	37
4 Segment reporting	37
5 Remuneration of auditors	38
6 Income tax expense	38
7 Earnings per share	39
8 Cash and cash equivalents	39
9 Net loans and advances	40
10 Deferred tax assets	42
11 Other assets	42
12 Trade and other payables	43
13 Interest-bearing loans and borrowings	43
14 Employee benefits	44
15 Capital and reserves	44
16 Deferred tax liabilities	45
17 Key management personnel disclosures	45
18 Other related party transactions	46
19 Consolidated entities	46
20 Contingencies	47
21 Commitments	47
22 Events occurring after the balance date	47
23 Share-based payments	47
24 Parent entity financial information	48
25 Reconciliation of loss after income tax to net cash flow from operating activities	49

1 Significant accounting policies

Ask Funding Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity. The nature of the operations and principal activities of the group are described in the Directors' Report.

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2014.

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

The financial statements for the year ended 30 June 2014 have not been prepared on a going concern basis and have been prepared on an alternate basis of an orderly realisation of the Group's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities ("orderly realisation basis").

In preparing the consolidated financial statements on an orderly realisation basis, the Directors have continued to apply the requirements of Australian Accounting Standards taking into account that the Company is not expected to continue as a going concern in the future. No additional provisions or liabilities have been recognised as a result of the orderly realisation as the Directors have not incurred any additional legal or contractual obligations.

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

- The cessation of lending on all products. New lending on all products ceased in January 2012.
- Sell part or all of the Group's loan book.
- The recovery of all loans in accordance with the loan contracts and realisation of other assets in an orderly manner.
- The repayment of amounts owing to Bank of Western Australia Ltd ("BankWest") under the Senior Syndicated Facility. (Repaid in full on 27 December 2013)
- The settlement of all creditors and liabilities.
- The return of net proceeds to shareholders.

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

Accordingly, the financial statements have been prepared on the basis of a realisation of assets and settlement of liabilities.

The Senior Syndicated Facility was paid in full on 27 December 2013 and BankWest has provided the Company with executed Releases in relation to its Secured Interest over both Ask Funding Limited and its wholly owned subsidiary Arc Legal Pty Ltd.

The recoverability of the Group's loans receivable is dependent upon realising these loans from the sale and/or settlement of litigation occurring within the timeframe and at values used in assessing the recoverable amount of loans receivable at 30 June 2014.

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

Given the uncertainties involved in assessing asset carrying values on an orderly realisation basis, it is likely that there may be differences between the amounts at which assets are recorded in the financial statements at 30 June 2014 and the amounts that are actually realised and such differences may be material.

1 Significant accounting policies (continued)

(ii) Reverse acquisition accounting

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (the acquiree for accounting purposes).

The consolidated financial statements from 1 July 2005, the date of the reverse acquisition, are issued in the name of Ask Funding Limited as legal parent, but represent a consolidation of the financial statements of the legal subsidiary ACN 109 006 126 Pty Ltd and its controlled entities as follows:

- the assets and liabilities of the legal subsidiary are recognised and measured in the consolidated financial statements at their pre combination carrying amounts;
- the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary immediately before the business combination; and
- the amount recognised as issued equity instruments are determined by adding to the issued equity of the legal subsidiary immediately before the business combination, the cost of the combination.

(iii) Functional and presentation currency

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

(iv) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for share based payments which are measured at fair value.

(v) Early adoption of standards and interpretations

The Group has not elected to adopt any accounting standards or amendments to standards or interpretations issued prior to the date of this report where application is not mandatory for the year ended 30 June 2014. Management has considered the accounting standards that have been issued but are not yet effective and do not anticipate any having a significant impact on the financial statements.

(vi) Critical accounting estimates

The preparation of financial statements in conformity with AASB's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

(vii) Application

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by Group entities

1 Significant accounting policies (continued)

(b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(c) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of Group entities at the respective exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to functional currency at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

(d) Financial Instruments

(i) Non-derivative financial assets

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

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

Loans and advances

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

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

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

1 Significant accounting policies (continued)

(ii) Non- derivative financial liabilities

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

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

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

(e) Share Capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(f) Fair value

(i) Other receivables and trade payables

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

(g) Impairment

(i) Financial Assets

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

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

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

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

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

1 Significant accounting policies (continued)

(g) Impairment (continued)

(ii) Impairment of Loans and Advances

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

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

Specific provision

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

Collective provision

Individual loans and advances not subject to specific provisioning are grouped together according to their risk characteristics and are then assessed for impairment. Based on historical loss data and current available information for assets with similar risk characteristics, the appropriate collective provision is raised. Adjustments to the collective provision are recognised in the income statement.

(iii) Non-financial assets

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

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

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

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

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

(h) Employee benefits

(i) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

1 Significant accounting policies (continued)

(h) Employee benefits (continued)

(ii) Defined contribution superannuation fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

(iii) Share-based payments

The fair value of options granted under the Ask Funding Limited Executive Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(iv) Profit-sharing and bonus plans

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

(i) Provisions

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

(j) Revenue

(i) Interest income

Interest income is recognised in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset. The calculation of the estimated future cash receipts includes ascertainable fees received and transaction costs directly attributable to the acquisition or issue of the financial asset, as well as any discounts or premiums.

The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

(ii) Fee income

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

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

1 Significant accounting policies (continued)

(j) Revenue (continued)

(iii) Dividend income

Dividend income is recognised when the right to receive the income is established, which in the case of quoted securities is the ex-dividend date.

(k) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) Interest expense

Interest expense is calculated using the effective interest method. Borrowing costs are expensed as incurred and included in interest expense.

(l) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantially enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Ask Funding Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

1 Significant accounting policies (continued)

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

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

(n) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares which comprises convertible notes and share options granted to employees.

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The allocations recognise that whilst costs may have been incurred by the Group, they may relate to the operating activities of another geographical segment. Unallocated items comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(p) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013. None of these new standards have had significant impact on these consolidated financial statements. In particular the directors have considered the following standards in making this determination:

- AASB 10 Consolidated Financial Statements which defines control and the method of accounting for consolidated financial statements; and
- AASB 13 Fair Value Measurement which provides a common framework for fair value measurements required by other standards.

(q) Parent entity financial information

The financial information for the parent entity, Ask Funding Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Ask Funding Limited.

(ii) Tax consolidation legislation

Ask Funding Limited and its wholly owned Australian resident subsidiaries are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Ask Funding Limited.

1 Significant accounting policies (continued)

(q) Parent entity financial information (continued)

Current tax expense, deferred tax assets and deferred tax liabilities arising from the temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of the assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(iii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to / from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an Inter-entity receivable / (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivables / (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax-sharing agreement. The tax-sharing agreement provides for the determination of the allocation of the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

2 Financial risk management

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

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

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

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

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

(a) Market risk

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

(i) Foreign exchange risk

The Group has no exposure to foreign exchange risk, as at 30 June 2014.

(ii) Interest rate risk

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

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

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

	Carrying amount	
	Consolidated	
	2014	2013
	\$	\$
Bank balances and deposits	2,062,493	189,849
Commercial advance facility	-	(3,800,000)
Net exposure to cash flow interest rate risk	2,062,493	(3,610,151)

2 Financial risk management (continued)

(a) Market risk (continued)

The table below summarises the impact of an increase and decrease of 50 basis points from year end variable interest rates, with all other variables held constant on the Group's post tax profit for the year and on equity, calculated on the net interest bearing financial instruments held at the reporting date. This sensitivity has been selected based on the current level of both short term and long term Australian dollar interest rates, the Groups mix of debt and facility expiry dates, review of historical movements and expectations of economic forecasters.

	Impact on post-tax profit / (loss)		Impact on equity	
	+ 0.5% (2013: 0.5%) \$	- 0.5% (2013: -0.5%) \$	+ 0.5% (2013: 0.5%) \$	- 0.5% (2013: -0.5%) \$
30 June 2014				
Variable rate instruments	10,312	(10,312)	10,312	(10,312)
Cash flow sensitivity (net)	10,312	(10,312)	10,312	(10,312)
30 June 2013				
Variable rate instruments	(9,025)	9,025	(9,025)	9,025
Cash flow sensitivity (net)	(9,025)	9,025	(9,025)	9,025

(b) Credit risk

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

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

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

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

The Group has the following credit risk exposures concentrated to a single borrower or legal practice.

- A single matrimonial Loan in WA (security held are Mortgage, Caveat and Guarantees from borrower and related parties) gross balance at 30 June 2014 \$2.6 million
- Keddies – balance at 30 June 2014 \$1.026 million (Gross balance as at 31 July 2014 \$ 0.393 million)

In respect of loans and advances and other receivables the following mitigants are sought;

- Single borrower : registered mortgage, caveats, assignments of interest or charge over assets
- Legal practice : personal guarantees of partners of the practice

However the Group has an exposure to a number of loans which are considered to have a higher risk profile as a result of the length of time estimated for the underlying litigation to settle and the subsequent realisation of assets required for repayment of the associated loans.

2 Financial risk management (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is the carrying amount of financial assets, net of any provision for impairment.

Provision for impairment

The Company establishes a provision for impairment that represents its estimate of the recoverability of loans and advances. These calculations involve the use of estimates and assumptions regarding litigation risk, settlement proceeds, underlying asset values and historical loss rates. Refer to note 1(g)(ii) and Note 9 for further details of impairment of loans and advances.

(c) Liquidity risk

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

Financing arrangements

A single financier provided all of the Groups borrowing facilities as at 30 June 2013. The facility was repaid in full in December 2013.

Maturities of financial liabilities

Refinancing risk, a subset of liquidity risk, is the risk that the maturity profile of the Group's financial liabilities makes it difficult to refinance or rollover maturing debt, in that it creates an excessive exposure to potentially unfavourable market conditions at any given time. There is no refinancing risk as at 30 June 2014 as the facility was repaid in full in December 2013.

The tables below analyse the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the tables are the contractual undiscounted cash flows.

At 30 June 2014	Less than 6 months \$	6 - 12 months \$	Between 1 and 2 years \$	Between 2 and 3 years \$	Total contractual cash flows \$	Carrying Amount (assets)/ liabilities \$
Non-derivatives						
Trade and other payables	145,431	-	-	-	-	145,431
Commercial advance facility	-	-	-	-	-	-
Total financial liabilities	145,431	-	-	-	-	145,431

2 Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 June 2013	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 3 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$
Non-derivatives						
Trade and other payables	251,548	-	-	-	251,548	251,548
Commercial advance facility	<u>3,900,744</u>	-	-	-	<u>3,900,744</u>	<u>3,804,486</u>
Total financial liabilities	<u>4,152,292</u>	-	-	-	<u>4,152,292</u>	<u>4,056,034</u>

3 Critical accounting estimates and judgements

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

Management discussed with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The Group continually assesses whether loans and advances and other receivables are impaired in accordance with the accounting policy in note 1. Provisions for impairment are raised where there is objective evidence of impairment and full recovery is considered doubtful. These calculations may involve an estimate of the litigation risk, the settlement proceeds and underlying asset values in order to determine the estimate of the recoverable amount. The Group's credit risk exposure is detailed in note 2(b).

(b) *Basis of preparation*

These financial statements have been prepared using an orderly realisation of assets and settlement of liabilities basis (refer note 1(a)). Given the uncertainty in valuing assets and liabilities on a basis other than going concern, it is likely that the value of assets and liabilities included in these financial statements may differ from actual results.

4 Segment reporting

For management purposes, Ask Funding Limited operates under one reportable segment based on the operations of the Group being entirely performed in the business segment of consumer finance predominately within Australasia.

No operating segments have been aggregated to form the above reportable operating segment.

Management monitors the operating results of the reporting segment for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

As the Group only has one reportable segment, the profit for the segment includes all income and expense items for the Group for the full year and the assets of the segment include all of the Group's assets at balance date.

5 Remuneration of auditors

	Consolidated	
	2014	2013
	\$	\$
Audit services		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit and review of financial reports	66,696	52,584
Total remuneration for audit services	66,696	52,584
Other services		
Auditors of the Company		
<i>KPMG Australia:</i>		
In relation to other assurance, taxation and corporate advisory services	-	4,500
Total remuneration for non-audit services	-	4,500

6 Income tax expense

	Consolidated	
	2014	2013
	\$	\$
(a) Numerical reconciliation between income tax expense and pre-tax accounting profit		
Profit / (loss) before tax	(1,174,390)	(810,144)
Tax at the Australian tax rate of 30%	(352,317)	(243,043)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible expenses	-	23
Recognition of previously unrecognised deferred tax assets	(190,445)	(288,587)
Derecognition of deferred tax assets	-	-
Current year losses for which no deferred tax asset was recognised	542,762	531,607
	-	-
(b) Deferred tax asset not brought to account		
Unused tax losses for which no deferred tax asset has been recognised	14,463,656	12,654,451
Deductible temporary differences	5,250,460	5,885,275
	19,714,116	18,539,726
Potential tax benefit @ 30%	5,914,235	5,561,918

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

Unused tax losses do not have an expiry date.

7 Earnings per share

	Consolidated	
	2014	2013
	cents	cents
(a) Basic loss per share		
Loss for the period	(1.78)	(1.23)
Loss attributable to the ordinary equity holders of the company	(1.78)	(1.23)
(b) Diluted loss per share		
Loss from continuing operations	(1.78)	(1.23)
Loss attributable to the ordinary equity holders of the company	(1.78)	(1.23)
(c) Reconciliation of loss used in calculating loss per share		
	Consolidated	
	2014	2013
	\$	\$
<i>Basic loss per share</i>		
Loss for the period	(1,174,390)	(810,144)
(d) Weighted average number of shares used as the denominator		
	Consolidated	
	2014	2013
<i>Weighted average number of ordinary shares used as the denominator in calculating basic loss per share</i>	65,955,515	65,955,515

(i) Options

Options granted to executives under the Ask Funding Limited Executive Option Scheme are not included in the calculation of diluted earnings per share due to the exercise price of the options exceeding the average market value of Ask Funding Limited's ordinary shares for the period that the options were outstanding.

8 Cash and cash equivalents

	Consolidated	
	2014	2013
	\$	\$
Cash at bank	2,062,493	189,849
	2,062,493	189,849

(a) Fair value

The carrying amount of cash and cash equivalents equals fair value.

(b) Risk exposure

The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents.

The Group's and the Company's exposure to interest rate risk is discussed in note 2.

9 Net loans and advances

	Consolidated	
	2014	2013
	\$	\$
Net loans and advances		
Family Law	7,636,640	7,104,516
Disbursement Funding	2,623,632	7,459,269
Personal Injury	2,903,921	6,072,723
Other	252,559	293,369
Provision for impairment	(5,186,440)	(4,726,124)
Total	8,230,312	16,203,753

These financial assets are classified as loans and receivables and are measured at amortised cost using the effective interest method.

(a) Past due but not impaired

Loans and advances do not have a specified repayment date as the loans and advances become technically repayable within 14 days of settlement of the client's underlying specified event. The 14 day time period is derived from a literal reading of the loan documentation utilised by the Group.

With reference to this repayment trigger, at 30 June 2014, loans and advances of \$330,064 (2013: \$498,811) for the Group have been classified as past due but not impaired. That is, the loans and advances are due for repayment as the underlying specified event has settled but for which repayment has been delayed by either liquidation of real property now held by the borrower, transfer of legal title of assets to the borrower pursuant to a Court Order or as agreed between the parties, or receipt of claim proceeds from the insurance company or statutory body.

These loans and advances are not considered impaired as the value of the underlying assets, including real property, or the amount of the settled claim exceeds the amount due to the Group and both the borrower and relevant legal counsel have acknowledged that the debt, in its entirety, is due and payable.

The ageing analysis of these loans and advances is as follows:

	Consolidated	
	2014	2013
	\$	\$
Past due 0-45 days	57,031	88,693
Past due 46-90 days	-	147,796
Past due 91-150 days	-	-
More than 150 days	273,032	262,323
	330,063	498,811

(b) Impaired loans and advances

All loans and advances whether or not due for repayment are subject to continuous management review and an impairment loss is recognised as soon as there is objective evidence that a particular loan or advance is impaired and that reasonable doubt exists over the collectability of principal or interest and fees in accordance with the loan agreement.

As at 30 June 2014 loans and advances of \$10,788,028 (2013: \$9,000,252) for the Group were considered to be impaired either in full or in part. The amount of the specific provision raised in relation to these impaired assets was \$4,953,222 (2013: \$4,305,438).

The ageing analysis of these loans and advances is as follows:

	Consolidated	
	2014	2013
	\$	\$
Not past due	-	-
Past due 0-45 days	-	-
Past due 46-90 days	-	-
Past due 91-150 days	-	-
More than 150 days	10,788,028	9,000,252
	10,788,028	9,000,252
Interest forgone on impaired assets	982,871	742,968
Interest taken to profit on impaired assets	982,871	741,468

9 Net loans and advances (continued)

(c) Provision for impairment

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

	Consolidated	
	2014	2013
	\$	\$
Specific provision		
Opening balance	4,305,438	3,953,942
Charge to operating profit	2,828,386	2,803,076
Write-offs	(2,180,602)	(2,451,580)
Closing balance	4,953,222	4,305,438
Collective provision		
Opening balance	420,686	754,492
Charge to operating profit	(187,468)	304,546
Write-offs	-	(638,352)
Closing balance	233,218	420,686
Closing Balance	5,186,440	4,726,124

(d) Risk exposure

Information about the Group's exposure to credit risk and interest rate risk is provided in note 2.

(e) Security

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

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

(f) Fair Value

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

10 Deferred tax assets

	Consolidated	
	2014	2013
	\$	\$
The balance comprises temporary differences attributable to:		
Net loans and advances	1,555,932	1,641,028
Accrued expenses	-	13,460
Employee benefits	-	3,942
Amortisable expenditure	19,206	41,971
Intangible assets	-	59,978
Property, plant and equipment	-	5,067
Carry forward tax losses for which no deferred tax asset was recognised	3,009,163	2,466,401
Capital losses for which no deferred tax asset was recognised	1,329,934	1,329,934
	5,914,235	5,561,781
<i>Amounts recognised directly in equity</i>		
Share issue expenses	-	137
Total deferred tax assets	5,914,235	5,561,918
Set-off of deferred tax liabilities (note 16)	-	-
Derecognition of deferred tax assets	(5,914,235)	(5,561,918)
Net deferred tax assets	-	-

11 Other assets

	Consolidated	
	2014	2013
	\$	\$
Deposits	8,800	-
Prepayments	45,645	51,472
Other Debtors	5,500	5,692
	59,945	57,164

The bank deposits are for restricted use under the terms of the Commercial Advance Facility agreement. Therefore these deposits were not considered to be an integral part of the consolidated cash management and were excluded from cash or cash equivalents for the purposes of the statement of cash flows.

These financial assets are measured at amortised cost.

(a) Fair value

The fair value of other assets is equal to their carrying value.

(b) Risk exposure

The maximum exposure to credit risk at the reporting date is the carrying value of other assets.

12 Trade and other payables

	Consolidated	
	2014	2013
	\$	\$
Payables and accrued expenses	145,431	251,548

These financial liabilities are measured at amortised cost.

(a) Fair value

The fair value of trade and other payables is equal to their carrying value.

(b) Risk exposure

Information about the Group's exposure to liquidity risk is provided in note 2.

13 Interest-bearing loans and borrowings

	Consolidated	
	2014	2013
	\$	\$
Secured		
Commercial advance facility	-	3,800,000
Transaction costs	-	(18,307)
Accrued interest	-	22,793
Total interest bearing liabilities	-	3,804,486

These financial liabilities are measured at amortised cost.

The following information is provided in respect of the contractual terms of the Group's interest bearing loans and borrowings.

(a) Financing arrangements

	Consolidated	
	2014	2013
	\$	\$
Commercial advance facility	-	3,800,000
Used at balance date	-	3,800,000
Unused at balance date	-	-

The Commercial advance facility was paid in full on 27 December 2013.

(b) Fair value

The fair value of interest bearing loans and borrowings approximates their carrying value.

(c) Risk exposure

Information about the Group's exposure to interest rate and liquidity risk is provided in note 2.

14 Employee benefits

	Consolidated	
	2014	2013
	\$	\$
Liability for annual leave and long service leave	-	13,138
Salary and wages accrual	-	-
Redundancy and retention incentive accrual	-	-
	-	13,138

The Group makes contributions to various defined contribution superannuation funds. The amount recognised as an expense was \$15,364 for the financial year ended 30 June 2014 (2013: \$64,855).

15 Capital and reserves

	The Company	
	2014	2013
	Shares	Shares
Share capital		
Ordinary shares	65,955,515	65,955,515

(a) Ordinary shares

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

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

(b) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

The Directors have determined that the Company's dividend reinvestment plan is suspended until further notice. The dividend reinvestment plan did not apply to the 2010 final dividend paid on 15 October 2010.

(c) Executive option scheme

Information relating to the Ask Funding Limited Executive Option Scheme, including details of options expired during the financial year, is set out in note 23.

(d) Capital risk management

The Directors' current objective in managing the Group's capital is to act in the best interests of stakeholders, which is to run-off the Group's loan book in an orderly manner, repay amounts owing to its financier and maximise the net return to shareholders. The Directors have consequently prepared the financial statements on an orderly realisation of assets and settlement of liabilities basis as set out in note 1(a).

(e) Reserves

Share based payments reserve

The share based payments reserve is used to record the value of share based payments provided to executives under the Executive Option Scheme as part of their remuneration. Refer to note 23 for further details of this plan.

Profits reserve

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

15 Capital and reserves (continued)

(f) Dividends

On 24 April 2014 a fully franked dividend of 1.516 cents per share was paid.

On 31 July 2014 a fully franked dividend of 4.245 cents per share was paid. After payment of this dividend the franking account balance is \$3,288,808.

(g) Dividend franking credits

	Consolidated	
	2014	2013
	\$	\$
Franking credits available for subsequent financial years based at a tax rate of 30%	4,488,727	4,917,249

The above amounts represent the balance of the franking account as at the end of the financial year. Subsequent to year end a fully franked dividend was declared. After payment of this dividend the balance of the franking account is reduced to \$3,288,808.

The consolidated amounts include franking credits that would be available to the Company if distributable profits of subsidiaries were paid as dividends. The ability to utilise the franking credits is dependent upon the ability to declare dividends.

16 Deferred tax liabilities

	Consolidated	
	2014	2013
	\$	\$
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Other items	-	-
	-	-
Set-off of deferred tax liabilities (note 10)	-	-
Net deferred tax liabilities	-	-

17 Key management personnel disclosures

(a) Key management personnel

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire year.

(i) **Non-executive directors**

K Rich (Chairperson)

G Partridge (resigned 31 August 2013)

M Collins

(ii) **Executive directors**

R Templeton (Managing Director, Chief Executive Officer, Company Secretary)

(iii) **Executives**

B Gebauers (General Manager, Compliance and Special Projects) (position redundant 29 March 2013)

17 Key management personnel disclosures (continued)

(b) Key management personnel compensation

The key management personnel compensation included in "employee benefits expense" in the Income Statement is as follows:

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	440,402	904,193
Post-employment benefits	15,364	54,253
Termination Benefits	-	-
Share-based payments	-	-
	455,766	958,446

The Group has taken advantage of the relief provided by *Corporations Regulation* 2M.3.03 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the Remuneration Report.

18 Other related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Ask Funding Limited. Ask Funding Limited has a related party relationship with its subsidiaries and associates.

19 Consolidated entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of entity	Country of incorporation	Class of shares	Equity Holding	
			2014	2013
			%	%
Parent entity				
Ask Funding Limited				
Subsidiaries				
ARC Legal Pty Ltd	Australia	Ordinary	100	100

20 Contingencies

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

21 Commitments

(a) Lease commitments

Operating leases

The Group terminated the lease of its office premises with the rental bond returned on 10 May 2013. No further leases have been entered to since. The amounts recognised as an expense in the income statement are as follows:

	Consolidated	
	2014	2013
	\$	\$
Operating lease payments	-	74,310

22 Events occurring after the balance date

Subsequent to year end the Company has made an application for deregistration of its remaining subsidiary ARC Legal Pty Ltd. This has been approved by ASIC subject only to publication in the Gazette.

On 31 July 2014 a fully franked dividend of 4.245 cents per share was paid. After payment of this dividend the franking account balance is \$3,288,808.

Other than the events noted above, there have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2014.

23 Share-based payments

(a) Executive Option Scheme

The establishment of the Ask Funding Limited Executive Option Scheme was approved by shareholders at the annual general meeting held on 21 November 2007. The Executive Option Scheme is designed to provide long-term incentives for executives, including executive directors, to deliver long-term shareholder returns. Under the plan, executives are granted options which only vest if the executive completes a specified period of service. Once vested the options remain exercisable for a period of between 2 and 4 years. However the options issued can only be exercised in the event of the Company's share price reaching certain qualifying prices which range from \$0.80 to \$1.50. When exercised each option is converted into one ordinary share of the Company. 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.

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

The exercise price of options is determined by the directors but is no less than the volume weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted or such other price as approved by shareholders at a general meeting.

23 Share-based payments (continued)

(b) Executive Option Scheme

Set out below are summaries of options granted under the plan, all options expired in the 2013 financial year:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested at end of the year
Consolidated and the company – 2013								
23 Nov 2007	23 Nov 2012	\$0.645	120,000	-	-	(120,000)	-	-
23 Nov 2007	23 Nov 2012	\$0.600	1,110,000	-	-	(1,110,000)	-	-
Total			1,230,000	-	-	(1,230,000)	-	-
Weighted average exercise price			\$0.604			\$0.604	\$-	\$-

Fair value of options granted

No options were granted during the year ended 30 June 2014 or 30 June 2013.

24 Parent entity financial information

(a) Summary financial information

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

	The Company	
	2014	2013
	\$	\$
Balance sheet		
Assets	10,346,200	16,450,766
Liabilities	2,957,338	6,887,629
<i>Shareholders' equity</i>		
Contributed equity	24,815,175	24,815,175
<i>Reserves</i>		
Profits Reserve	11,435	1,011,320
Share-based payments reserve	-	-
Retained earnings	(17,437,748)	(16,263,358)
	7,388,862	9,563,137
Loss for the period	(1,174,390)	(810,144)
Total comprehensive income	(1,174,390)	(810,144)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(c) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2013: nil).

25 Reconciliation of loss after income tax to net cash flow from operating activities

	The Company	
	2014	2013
	\$	\$
Loss for the year	(1,174,390)	(810,144)
<i>Adjustments for:</i>		
Impairment of loans and advances	2,640,918	3,057,623
Interest income	(2,671,451)	(4,692,293)
Fee income	(305,458)	(601,419)
Interest expense	97,103	933,306
Change in operating assets and liabilities		
Decrease / (Increase) in other assets	(2,781)	(100,570)
Increase / (decrease) in trade and other payables	(106,117)	(126,608)
Increase / (decrease) in provisions and employee benefits	(13,138)	(255,276)
Interest paid	(101,589)	(836,195)
Interest and fees received	4,322,019	6,585,282
Net cash inflow from operating activities	2,685,116	3,153,706

In the directors' opinion:

- (a) the financial statements and notes, and the Remuneration report in the Directors' report, set out on pages 3 to 9 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporation Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

A handwritten signature in black ink, appearing to read 'Kenneth R Rich', is written over a light grey rectangular background.

Kenneth R Rich
Director

Brisbane
29 August 2014



Independent auditor's report to the members of Ask Funding Limited

Report on the financial report

We have audited the accompanying financial report of Ask Funding Limited (the company), which comprises the statement of financial position as at 30 June 2014, and income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a)

Material uncertainty regarding basis of preparation and carrying value of assets

Without modifying our opinion, we draw attention to note 1 (a)(i) to the financial report which indicates that the financial statements of the Group for the year ended 30 June 2014 have not been prepared on a going concern basis and have been prepared on an alternate basis of an orderly realisation whereby the Group will realise its assets and settle its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities. The directors of the company have indicated that the recoverability of the Group's loans receivable is dependent upon realising these loans from the sale and / or settlement of litigations occurring within the time frame and at values used in assessing the recoverable amount of loans receivable at 30 June 2014.

Given the uncertainties involved in assessing asset carrying values on an orderly realisation basis, it is likely that there may be differences between the amounts at which the assets are recorded in the financial statements at 30 June 2014 and the amounts that are actually realised, and such differences may be material.

Report on the remuneration report

We have audited the Remuneration Report included in Section 4 of the directors' report for the year ended 30 June 2014. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ask Funding Limited for the year ended 30 June 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

Stephen Board
Partner

Brisbane
29 August 2014

Distribution of Holders in each class of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary Shares	
			Holdings	Shares
1	-	1,000	194	102,652
1,001	-	5,000	215	500,746
5,001	-	10,000	32	247,776
10,001	-	100,000	71	3,189,343
100,001	-	and over	72	61,914,998
			584	65,955,515

There were 376 holders of less than a marketable parcel of ordinary shares.

Twenty largest holders of quoted equity securities

Shareholder	Ordinary Shares	
	Number Held	Percentage of issued shares
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans <Kamuyacho Super Fund A/C>	9,000,000	13.65
National Nominees Limited	4,793,961	7.27
Mercantile Investment Company Limited	4,203,148	6.37
Mr James Graham Stringfellow London & Mrs Jennifer Edna London <Pacific Fire Protect S/F/ A/C>	4,060,941	6.16
McNeil Nominees Pty Limited	3,799,601	5.73
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	3,493,213	5.30
Mrs Elizabeth Helen Collison <Collison Family Account>	2,130,400	3.23
International Portfolios Ltd	2,080,000	3.15
Contemplator Pty Ltd <ARG Pension Fund A/C>	1,909,563	2.90
Blenheim Trust Company Limited <Vine A/C>	1,840,000	2.79
Jalpont Pty Ltd <Templeton Super A/C>	1,764,159	2.67
Mr Ezra Ezra	1,600,000	2.43
Mr Bernard Joseph Fitzsimon & Ms Diane Therese Never <Fitzsimon Family A/C>	1,277,508	1.94
DMX Corporation Ltd	1,165,789	1.77
Colin Loenard Howard Lewis	1,000,000	1.52
Rathjo Pty Ltd <Brian Smith Family A/C>	988,457	1.50
Estate Neville K Beikoff & "Richard N Beikoff & Tracey A Jones & Robert C Jones <Beikoff Family S/Fund A/C>	800,000	1.21
Mr Ashok Kumar Chotai & Mr Neeshith Kumar Chotai & Mr Sanjay Kumar Chotai <The CB Super Fund A/C>	750,000	1.14
Mr Ian Turner <IB & HJ Turner Superfund A/C>	739,140	1.12
Mr Bradley Franklin Smoling <Investment A/C>	700,000	1.06
	48,095,880	69.76

Substantial holders

Shareholder	Ordinary Shares	
	Number Held	Percentage of issued shares
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans <Kamiyacho Super Fund A/C>	9,000,000	13.65
National Nominees Limited	4,793,961	7.27
Mercantile Investment Company Limited	4,203,148	6.37
Mr James Graham Stringfellow London & Mrs Jennifer Edna London <Pacific Fire Protect S/F/ A/C>	4,060,941	6.16
McNeil Nominees Pty Limited	3,799,601	5.73
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	3,493,213	5.30

Restricted Securities

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

Voting Rights

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

(a) *Ordinary Shares*

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

(b) *Options*

Options do not carry a right to vote.

