

Ask Funding Limited

ABN 22 094 503 385

Annual report for the year ended 30 June 2015

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 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	Grant Thornton Level 18, 145 Ann 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 2015

Lodged with the ASX under listing Rule 4.3A

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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 2015.

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

Chairperson and Independent Non-Executive Director. Age 70

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. Age 59

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 41

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 was also the Managing Director of Ask Funding Limited in the period up until 31 May 2015 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	9	9
Mr Russell Templeton	9	9
Mr Misha Collins	9	9

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 Other transactions with key management personnel
- E Share-based compensation
- F Equity instrument disclosures relating to key management personnel
- G Consequences of performance on shareholder wealth
- H Voting at the Company's 2014 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.

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.

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. As all employees were provided with notice of termination on or before 29 March 2013 this is no longer completed by the Company.

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

A Principles used to determine the nature and amount of remuneration (continued)

Long-term incentives

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

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 6–7.

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 \$	Super-annuation \$	Termination benefits (v) \$	Options (iv) \$			
									Total \$	%	%
Non-executive directors	K Rich	2015	43,996	-	-	-	-	-	43,996	-%	-%
		2014	44,000	-	-	-	-	-	44,000	-%	-%
	M Collins	2015	46,200	-	-	-	-	-	46,200	-%	-%
		2014	44,000	-	-	-	-	-	44,000	-%	-%
Executive directors	R Templeton Managing Director, CEO, Company Secretary	2015	176,550	-	-	-	-	-	176,550	-%	-%
		2014	352,402	-	-	-	15,364	-	367,766	-%	-%

(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. 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 former 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 \$60,500 (2014: \$14,000) 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

There were no other transactions involving key management personnel.

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.

All previously granted unexercised options expired in the 2013 financial year. No options have been granted during the years ended 30 June 2015 or 30 June 2014.

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.

(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.

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

2015	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	(1,985,762)	-	43,890

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

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

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 2015 \$	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
Earnings					
Net interest and fee income	2,379,958	2,879,806	4,360,406	7,232,795	9,790,879
Loss before tax*	(506,297)	(1,174,390)	(810,144)	(551,601)	(10,052,433)
Loss per share	(0.0077)	(0.0178)	(0.0123)	(0.0084)	(0.1692)
Shareholder Value					
Share price	0.068	0.150	0.120	0.150	1.45
Dividends (paid/declared)	0.0425	0.0150	-	-	0.0040

* Adjusted in 2011 for reversal of impairment of receivable from deferred settlement, impairment of intangibles and reversal of foreign currency translation adjustments.

H Voting at the Company's 2014 Annual General Meeting

At the 2014 Annual General Meeting, 1.27% 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 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 delivering the surplus funds to shareholders at the earliest possible time. The Company's loan book remains permanently closed to new loans.

As advised to the Market on 14th May 2015 the Company expects the balance of the Net Loan Book will be collected by 30 June 2016.

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 2015 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 34% to \$8.8 million from \$13.4 million in the previous corresponding year. This decrease reflects the suspension of lending in year ended 2012 as a consequence of the Company's run-off strategy.

The net loan book contracted 39% to \$5.0 million from \$8.2 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 2015	30 June 2014	30 June 2013
Disbursement Funding	9%	25%	46%
Personal Injury	26%	28%	26%
Matrimonial	60%	45%	26%
Inheritance Funding	5%	1%	2%

Impairment of loans and advances

The balance of the impairment of loans and advances as at 30 June 2015 was \$3.80 million, a decrease by 27% from the previous year of \$5.19 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.

Impairment in the Disbursement Funding loan book has remained low and reflects interest and fees not recoverable under some law firm guarantees.

On 14th May 2015 the Company advised the Market that its exposure to Keddies Lawyers (Disbursement Facility) had been reduced to a gross balance of \$0.166 million (30 June 2014 \$1.026 million).

The nature of the 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. 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.

On 14th May 2015 the Company advised the Market that it had settled a legal dispute with a borrower and guarantors in relation to a large Single Matrimonial Loan on the following basis:

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

6 Review of operations (continued)

The Company also advised the Market that notwithstanding there were risks that the borrower and guarantors may not perform their obligations and pay the sum of \$2 million by 15th January 2016; based on information currently available the Company believes that the terms of settlement will be performed.

The net carrying value of this loan as at 30th June 2014 was \$1.82 million and the net carrying value as at 30th June 2015 was revised to \$2.00 million.

In early July 2015 the Company's second largest Matrimonial Loan (net carrying value of \$0.597 million) was repaid. This loan had a net carrying value of \$0.484 million as at 30 June 2014.

Staff

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

	30 June 2015	30 June 2014	30 June 2013
Operations	0	0.5	1
Finance	0	0	0
Legal	0	0	0
Administration & Compliance	0	0	0

Operating Costs

The Board continued to review the Company's operating costs throughout the financial year with a view to effecting savings. Steps were taken to reduce both I.T. and telephony costs that will manifest as a saving of approximately \$4,000 per month from July 2015.

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.

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

As stated above, the Company expects the balance of the Net Loan Book will be collected by 30 June 2016, however it is anticipated that the Company's net loan book will be repaid over this period in irregular sums and intervals making it difficult to predict monthly cash flow.

Given the present position of the Company and the irregular repayments generated from the balance Loan Book the Board has determined that it is prudent to retain a cash reserve of not less than \$0.5 million.

The Board will continue to review the Company's operating costs with a view to effecting further savings however with the exception of legal recovery costs which are expected to continue to decline, the Board considers that it will be difficult to achieve further material reductions in the Company's cost base whilst the Company remains listed on the Australian Stock Exchange.

As the Board is mindful of the costs incurred when distributing funds to shareholders, it has resolved that it is uneconomical to distribute funds to shareholders of less than \$0.75 million.

The Company anticipates distributing funds to shareholders (by way of a return of capital) an amount of between \$0.75 million and \$1.0 million in September 2015 however is not presently in a position to give any further guidance as to when further funds are likely to be returned to shareholders.

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 2015 attributable to the members of the Company are:

	30 June 2015 \$000	30 June 2014 \$000
Revenue (net interest and fee income)	2,393	2,914
Expenses, excluding impairment and recovery expenses	(692)	(865)
Impairment of loans and advances	(1,691)	(2,640)
Loan recovery expenses	(516)	(583)
Loss before income tax	(506)	(1,174)
Income tax benefit / (expense)	-	-
Net loss attributable to members	(506)	(1,174)

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 20% to \$0.69 million, whilst gross interest and fees have decreased by 18% 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 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.

On 3rd November 2014 an amount of 1.971 cents per share was paid to shareholders by way of a return of capital.

9 Events subsequent to reporting date

On the 4th of June 2015 Mercantile OFM Pty Ltd (ACN 120221623) a wholly owned subsidiary of Mercantile Investment Company Limited (ACN 121415576 (ASX Code MVT)) made a cash Offer to shareholders of \$0.07 per share. The Offer was expressed to be subject only to the condition that Mercantile OFM Pty Ltd receives sufficient acceptances to enable it to increase its shareholding in the Company to or above 90% of the shares in the Company then on issue. However Mercantile OFM stated in its Offer that it may choose to waive this condition. The directors of the Company recommended rejection of the offer. Subsequently on 23rd July 2015 Mercantile OFM Pty Ltd increased the offer to \$0.08 per share. The directors have recommended acceptance of this subsequent offer.

In early July 2015 the Company's second largest Matrimonial Loan (net carrying value of \$0.597 million) was repaid. This loan had a net carrying value of \$0.484 million as at 30 June 2014.

No other transactions or events (other than the Offer referred to above) 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 Company will continue to service and amortise its loan book with the sole objective of returning surplus funds to shareholders. Based on information currently available the Company believes that the balance of the Net Loan Book will be collected by 30 June 2016.

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.

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 2015.

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	-
R Templeton	43,890	-

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, Grant Thornton, indemnifying against claims from third parties arising from their report on the annual report, or their position as auditor.

14 Non-audit services

At the last Annual General Meeting of the year Grant Thornton was appointed as the Company's auditor in place of KPMG Australia and has performed no other services in addition to their statutory duties.

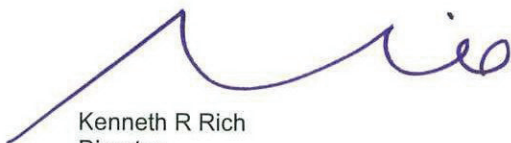
Details of the amounts paid to the auditor of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	Consolidated	
	2015	2014
	\$	\$
1. Audit services		
Audit and review of financial reports:		
Grant Thornton	36,300	-
KPMG Australia	57,400	66,696
Total remuneration for audit services	93,700	66,696
2. Non-audit services		
Other assurance, taxation and corporate advisory services:		
Grant Thornton	-	11,000
Total remuneration for non-audit services	-	11,000

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 13.

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

A handwritten signature in blue ink, appearing to read 'Kenneth R Rich', is written over the printed name.

Kenneth R Rich
Director

Brisbane, 3 August 2015

Grant Thornton Audit Pty Ltd
ACN 130 913 594

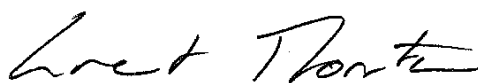
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**Auditor's Independence Declaration
To the Directors of Ask Funding Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ask Funding Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A F Newman
Partner - Audit & Assurance

Brisbane, 3 August 2015

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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. At the beginning of the year Grant Thornton was appointed as the Company's external auditor for the year ended 30 June 2015 in place of KPMG Australia.

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 2015

	Notes	Consolidated	
		2015	2014
		\$	\$
Interest income		2,226,784	2,671,451
Interest expense		(8)	(97,103)
Net interest income		<u>2,226,776</u>	<u>2,574,348</u>
Fee income		153,182	305,458
Other operating gains		13,250	35,130
Expenses			
Employee benefits expense		(251,077)	(442,324)
Impairment of loans and advances	9	(1,691,265)	(2,640,918)
Loan recovery expenses		(516,071)	(582,943)
IT expenses		(52,422)	(64,202)
General and administrative expenses		(388,670)	(358,939)
Loss before income tax		<u>(506,297)</u>	<u>(1,174,390)</u>
Income tax expense		-	-
Loss for the year		<u>(506,297)</u>	<u>(1,174,390)</u>
		Cents	Cents
Loss per share			
Basic loss per share	7	(0.77)	(1.78)
Diluted loss per share	7	(0.77)	(1.78)

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 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Loss for the year		(506,297)	(1,174,390)
Total comprehensive loss for the year		<u>(506,297)</u>	<u>(1,174,390)</u>

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 2015

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					
Return of capital	-	-	-	-	-
Transfers to profits reserves	-	-	-	-	-
Dividends to equity holders	-	-	(999,885)	-	(999,885)
Balance at 30 June 2014	18,595,828	-	11,435	(8,399,944)	10,207,319

Consolidated	Contributed equity	Share based payments reserve	Profits reserve	Retained losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	18,595,828	-	11,435	(8,399,944)	10,207,319
Loss	-	-	-	(506,297)	(506,297)
Total comprehensive loss for the year	-	-	-	(506,297)	(506,297)
Transactions with owners of the Company, recognised directly in equity					
Return of capital	(1,299,983)	-	-	-	(1,299,983)
Transfers to profits reserves	-	-	2,818,442	(2,818,442)	-
Dividends to equity holders	-	-	(2,799,812)	-	(2,799,812)
Balance at 30 June 2015	17,295,845	-	30,065	(11,724,683)	5,601,227

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

Ask Funding Limited
Statement of financial position
As at 30 June 2015

	Notes	Consolidated	
		2015	2014
		\$	\$
ASSETS			
Cash and cash equivalents	8	655,821	2,062,493
Net loans and advances	9	5,044,318	8,230,312
Other assets	11	9,899	59,945
Total Assets		5,710,038	10,352,750
LIABILITIES			
Trade and other payables	12	108,811	145,431
Total Liabilities		108,811	145,431
Net Assets		5,601,227	10,207,319
EQUITY			
Contributed equity		17,295,845	18,595,828
Reserves		30,065	11,435
Retained losses		(11,724,683)	(8,399,944)
Total Equity		5,601,227	10,207,319

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 2015

	Notes	Consolidated 2015 \$	2014 \$
Cash flows from operating activities			
Interest and fees received		2,575,876	4,322,019
Interest paid		(8)	(101,589)
Payments to suppliers and employees		(1,262,169)	(1,535,314)
Income taxes		-	-
Net cash inflow from operating activities	24	<u>1,313,699</u>	<u>2,685,116</u>
Cash flows from investing activities			
Loans repaid by clients		1,379,424	3,987,413
Net cash inflow from investing activities		<u>1,379,424</u>	<u>3,987,413</u>
Cash flows from financing activities			
Dividends paid		(2,799,812)	(999,885)
Repayment of borrowings		-	(3,800,000)
Return of capital		(1,299,983)	-
Net cash outflow from financing activities		<u>(4,099,795)</u>	<u>(4,799,885)</u>
Net decrease in cash and cash equivalents		(1,406,672)	1,872,644
Cash and cash equivalents at the beginning of the financial year		<u>2,062,493</u>	<u>189,849</u>
Cash and cash equivalents at end of year		<u>655,821</u>	<u>2,062,493</u>

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

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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 2015 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 3 August 2015.

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

The financial statements for the year ended on 30 June 2015 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 the assets and settlement of liabilities ("orderly realisation basis").

In preparing the consolidated financial statements on an orderly realisation basis, the Directors have continued to consider 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.

The recoverability of the Group's loans receivable is dependent upon realising these loans from the sale and/or settlement of the underlying action funded. The recoverability of loan receivables has been analysed on an individual loan basis and an impairment charge has been recognised in the financial statements for the estimated difference between the face value of the loan receivable and the amount expected to be realised.

As at 30 June 2015, the Company has a reasonable basis to expect that the balance of the Net Loan Book will be realised by 30 June 2016. As the expected realisation is for a period of less than 12 months, the Company has determined that any effect of discounting would be immaterial. In addition as the loan book is now of a size to make analysis on an individual loan basis, no collective provision has been recognised at 30 June 2015.

Given the estimation and judgement 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 2015 and the amounts that are actually realised and such differences may be material.

(ii) *Functional and presentation currency*

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

(iii) *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.

(iv) *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 2015. 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.

1 Significant accounting policies (continued)

(v) 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.

(vi) 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

(b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. 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.

1 Significant accounting policies (continued)

(d) Financial Instruments (continued)

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.

(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.

1 Significant accounting policies (continued)

(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.

(ii) Impairment of Loans and Advances

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

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

Specific provision

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

(iii) Non-financial assets

The carrying amount of the 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.

1 Significant accounting policies (continued)

(g) Impairment (continued)

(iii) Non-financial assets

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.

(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) Revenues

(i) Interest income

Interest income is recognised in the income statement using the effective interest method.

1 Significant accounting policies (continued)

(j) Revenues (continued)

(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.

(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.

(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 inclusive of GST. 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

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

(q) Parent entity financial information

The financial information for the parent entity, Ask Funding Limited, disclosed in note 23 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.

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.

1 Significant accounting policies (continued)

(q) Parent entity financial information (continued)

(ii) Tax consolidation legislation (continued)

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 2015.

2 Financial risk management (continued)

(a) Market risk (continued)

(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	
	2015 \$	2014 \$
Bank balances and deposits	655,821	2,062,493
Net exposure to cash flow interest rate risk	655,821	2,062,493

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% (2014:0.5%) \$	-0.5% (2014:-0.5%) \$	+ 0.5% (2014:0.5%) \$	- 0.5% (2014:-0.5%) \$
30 June 2015				
Variable rate instruments	-	-	-	-
Cash flow sensitivity (net)	-	-	-	-
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)

2 Financial risk management (continued)

(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 Western Australia (security held are Mortgage, Caveat and Guarantees from borrower and related parties) – balance as at 30 June 2015 of \$3.2 million (Gross balance at 30 June 2014 \$2.6 million)

On 14th May 2015 the Company advised the Market that it had settled a legal dispute with a borrower and guarantors in relation to a large Single Matrimonial Loan on the following basis:

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

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

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.

2 Financial risk management (continued)

(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.

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 2015 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 2015	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	108,811	-	-	-	-	108,811
Total financial liabilities	108,811	-	-	-	-	108,811

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
Total financial liabilities	145,431	-	-	-	-	145,431

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	
	2015	2014
	\$	\$
Audit services		
Audit and review of financial reports:		
Grant Thornton	36,300	-
KPMG Australia	57,400	66,696
Total remuneration for audit services	93,700	66,696
Non-audit services		
Other assurance, taxation and corporate advisory services:		
Grant Thornton	-	11,000
Total remuneration for non-audit services	-	11,000

6 Income tax expense

	Consolidated	
	2015	2014
	\$	\$
(a) Numerical reconciliation between income tax expense and pre-tax accounting profit		
Profit / (loss) before tax	(506,297)	(1,174,390)
Tax at the Australian tax rate of 30%	(151,889)	(352,317)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Recognition of previously unrecognised deferred tax assets	(430,095)	(190,445)
Current year losses for which no deferred tax asset was recognised	581,984	542,762
	-	-

(b) Deferred tax asset not brought to account

Unused tax losses for which no deferred tax asset has been recognised	16,403,604	14,463,656
Deductible temporary differences	3,816,809	5,250,460
	20,220,413	19,714,116
Potential tax benefit @ 30%	6,066,124	5,914,235

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	
	2015	2014
	cents	cents
(a) Basic loss per share		
Loss for the period	(0.77)	(1.78)
Loss attributable to the ordinary equity holders of the company	(0.77)	(1.78)

(b) Diluted loss per share (i)

Loss from continuing operations	(0.77)	(1.78)
Loss attributable to the ordinary equity holders of the company	(0.77)	(1.78)

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

	Consolidated	
	2015	2014
	\$	\$
<i>Basic loss per share</i>		
Loss for the period	(506,297)	(1,174,390)

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

	Consolidated	
	2015	2014
<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	
	2015	2014
	\$	\$
Cash at bank	655,821	2,062,493
(a) Fair value	655,821	2,062,493

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	
	2015	2014
	\$	\$
Net loans and advances		
Family Law	5,516,678	7,636,640
Disbursement Funding	624,977	2,623,632
Personal Injury	2,329,420	2,903,921
Other	375,399	252,559
Provision for impairment	(3,802,156)	(5,186,440)
Total	5,044,318	8,230,312

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 2015, loans and advances of \$40,717 (2014: \$330,063) 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	
	2015	2014
	\$	\$
Past due 0-45 days	-	57,031
Past due 46-90 days	40,717	-
Past due 91-150 days	-	-
More than 150 days	-	273,032
	40,717	330,063

9 Net loans and advances (continued)

(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 2015 loans and advances of \$8,019,668 (2014: \$10,788,028) 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 \$3,650,044 (2014: \$4,953,222).

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

	Consolidated	
	2015	2014
	\$	\$
Not past due	-	-
Past due 0-45 days	-	-
Past due 46-90 days	-	-
Past due 91-150 days	-	-
More than 150 days	-	-
	8,019,668	10,788,028
	<u>8,019,668</u>	<u>10,788,028</u>
Interest forgone on impaired assets	854,550	982,871
Interest taken to profit on impaired assets	<u>854,550</u>	<u>982,871</u>

(c) Provision for impairment

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

	Consolidated	
	2015	2014
	\$	\$
Specific provision		
Opening balance	4,953,222	4,305,438
Charge to operating profit	1,924,483	2,828,386
Write-offs	(3,075,549)	(2,180,602)
Closing balance	<u>3,802,156</u>	<u>4,953,222</u>
Collective provision		
Opening balance	233,218	420,686
Charge to operating profit	(233,218)	(187,468)
Write-offs	-	-
Closing balance	<u>-</u>	<u>233,218</u>
Closing Balance	<u>3,802,156</u>	<u>5,186,440</u>

(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 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.

9 Net loans and advances (continued)

(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	
	2015	2014
	\$	\$
The balance comprises temporary differences attributable to:		
Net loans and advances	1,140,647	1,555,932
Amortisable expenditure	4,396	19,206
Carry forward tax losses for which no deferred tax asset was recognised	3,591,147	3,009,163
Capital losses for which no deferred tax asset was recognised	1,329,934	1,329,934
	<u>6,066,124</u>	<u>5,914,235</u>
<i>Amounts recognised directly in equity</i>		
Share issue expenses	-	-
Total deferred tax assets	<u>6,066,124</u>	<u>5,914,235</u>
Set-off of deferred tax liabilities (note 15)	-	-
Derecognition of deferred tax assets	<u>(6,066,124)</u>	<u>(5,914,235)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>

11 Other assets

	Consolidated	
	2015	2014
	\$	\$
Deposits	-	8,800
Prepayments	4,477	45,645
Accrued income	716	-
Other debtors	<u>4,706</u>	<u>5,500</u>
	<u>9,899</u>	<u>59,945</u>

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	
	2015	2014
	\$	\$
Payables and accrued expenses	108,811	145,431

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 Employee benefits

	Consolidated	
	2015	2014
	\$	\$
Liability for annual leave and long service leave	-	-
Salary and wages accrual	-	-
Redundancy and retention incentive accrual	-	-
	-	-

The Group makes contributions to various defined contribution superannuation funds. The amount recognised as an expense was \$Nil for the financial year ended 30 June 2015 (2014: \$15,364).

14 Capital and reserves

	The Company	
	2015	2014
	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 22.

14 Capital and reserves (continued)

(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 22 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.

(f) Dividends

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	
	2015	2014
	\$	\$
Franking credits available for subsequent financial years based at a tax rate of 30%	3,288,808	4,488,727

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.

15 Deferred tax liabilities

	Consolidated	
	2015	2014
	\$	\$
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	-	-

16 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 – resigned 31 May 2015, Chief Executive Officer, Company Secretary)

(iii) Executives

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

(b) Key management personnel compensation

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

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	266,746	440,402
Post-employment benefits	-	15,364
Termination Benefits	-	-
Share-based payments	-	-
	<u>266,746</u>	<u>455,766</u>

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.

17 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.

(b) Other related parties

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. Details of these payments are included in the remuneration report.

18 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	
			2015 %	2014 %
Parent entity Ask Funding Limited				
Subsidiaries ARC Legal Pty Ltd*	Australia	Ordinary	100	100

*Deregistered 1 October 2014

19 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.

20 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.

21 Events occurring after the balance date

On the 4th of June 2015 Mercantile OFM Pty Ltd (ACN 120221623) a wholly owned subsidiary of Mercantile Investment Company Limited (ACN 121415576 (ASX Code MVT)) made a cash Offer to shareholders of \$0.07 per share. The Offer was expressed to be subject only to the condition that Mercantile OFM Pty Ltd receives sufficient acceptances to enable it to increase its shareholding in the Company to or above 90% of the shares in the Company then on issue. However Mercantile OFM stated in its Offer that it may choose to waive this condition. The directors of the Company recommended rejection of the offer. Subsequently on 23rd July 2015 Mercantile OFM Pty Ltd increased the offer to \$0.08 per share. The directors have recommended acceptance of this subsequent offer.

In early July 2015 the Company's second largest Matrimonial Loan (net carrying value of \$0.597 million) was repaid. This loan had a net carrying value of \$0.484 million as at 30 June 2014.

No other transactions or events (other than the Offer referred to above) 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.

22 Share-based payments

Fair value of options granted

No options were granted during the year ended 30 June 2015 or 30 June 2014. All previously granted unexercised options expired in the 2013 financial year.

23 Parent entity financial information

(a) Summary financial information

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

	The Company	
	2015	2014
	\$	\$
Balance sheet		
Assets	5,710,038	10,346,200
Liabilities	108,811	2,957,338
<i>Shareholders' equity</i>		
Contributed equity	23,515,192	24,815,175
<i>Reserves</i>		
Profits Reserve	30,065	11,435
Share-based payments reserve	-	-
Retained earnings	(17,944,030)	(17,437,748)
	<u>5,601,227</u>	<u>7,388,862</u>
Loss for the period	<u>(506,297)</u>	<u>(1,174,390)</u>
Total comprehensive income	<u>(506,297)</u>	<u>(1,174,390)</u>

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

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

As at 30 June 2015, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2014: nil).

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

	The Company	
	2015	2014
	\$	\$
Loss for the year	(506,297)	(1,174,390)
<i>Adjustments for:</i>		
Impairment of loans and advances	1,691,265	2,640,918
Interest income	(2,226,784)	(2,671,451)
Fee income	(153,182)	(305,458)
Interest expense	8	97,103
Change in operating assets and liabilities		
Decrease / (Increase) in other assets	(30,559)	(2,781)
Increase / (decrease) in trade and other payables	(36,620)	(106,117)
Increase / (decrease) in provisions and employee benefits	-	(13,138)
Interest paid	(8)	(101,589)
Interest and fees received	2,575,876	4,322,019
Net cash inflow from operating activities	<u>1,313,699</u>	<u>2,685,116</u>

In the directors' opinion:

- (a) the financial statements and notes, and the Remuneration report in the Directors' report, set out on pages 3 to 6 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 2015 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.



Kenneth R Rich
Director

Brisbane
3 August 2015

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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 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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 Group 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements 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. Those standards require us to 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.

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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 Group'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 Group'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 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 Ask Funding Limited 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 2015 and of the Group's performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter – Material uncertainty regarding basis of preparation and carrying value of assets

Without qualifying our opinion, we draw attention to Note 1(a)(i) in the financial report which indicates that the financial statements of the Group for the year ended 30 June 2015 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 Group 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 2015.

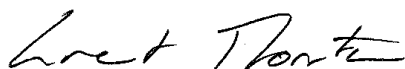
Given the uncertainties involved in assessing the asset carrying values on an orderly realisation basis it is likely that there may be differences between amounts at which the assets are recorded in the financial statements at 30 June 2015 and the amounts that are actually realised, and such differences may be material.

Report on the remuneration report

We have audited the remuneration report included in pages 3 to 6 of the directors' report for the year ended 30 June 2015. The Directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Ask Funding Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A F Newman
Partner – Audit & Assurance

Brisbane, 3 August 2015

Distribution of Holders in each class of equity securities

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

			Ordinary Shares	
			Holders	Shares
1	-	1,000	192	102,073
1,001	-	5,000	215	500,796
5,001	-	10,000	32	238,776
10,001	-	100,000	55	2,345,670
100,001	-	and over	64	62,768,200
			558	65,955,515

There were 139 holders of less than a marketable parcel of ordinary shares.

Twenty largest holders of quoted equity securities

Shareholder	Number Held	Ordinary Shares
		Percentage of issued shares
McNeil Nominees Pty Limited	8,979,601	13.61
DMX Corporation Ltd	6,595,552	10.00
J P Morgan Nominees Australia Limited	4,618,964	7.00
National Nominees Limited	4,293,147	6.51
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
RBC Investor Services Australia Nominees Pty Limited <WAM A/C>	3,493,213	5.30
Treasure Island Hire Boat Company Pty Ltd <Staff Super Fund Account>	2,000,000	3.03
Contemplator Pty Ltd <ARG Pension Fund A/C>	1,909,563	2.90
LIC Investments Pty Ltd <LIC Investments Unit A/C>	1,850,000	2.80
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,322,076	2.00
Mr Bernard Joseph Fitzsimon & Ms Dianne Therese Neve <Fitzsimon Family A/C>	1,277,508	1.94
Mr Simon Robert Evans & Mrs Kathryn Margaret Evans <Kamiyacho Super Fund A/C>	1,250,000	1.90
Australian Executor Trustees Limited <No 1 Account>	953,970	1.45
Abbawood Nominees Pty Ltd <Abbott Family S/F No 1 A/C>	800,000	1.21
Mr Ashok Kumar Chotai & Mr Neesith 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
Dr Weifang Lou	678,512	1.03
Beresford Vineyards Pty Ltd	640,000	0.97
	51,115,335	77.50

Substantial holders

Shareholder	Ordinary Shares	
	Number Held	Percentage of issued shares
McNeil Nominees Pty Limited	8,979,601	13.61
DMX Corporation Ltd	6,595,552	10.00
J P Morgan Nominees Australia Limited	4,618,964	7.00
National Nominees Limited	4,293,147	6.51
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
RBC Investor Services Australia Nominees Pty Limited <WAM 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.