

BENJAMIN
HORNIGOLD
LIMITED

ACN 614 854 045



ANNUAL REPORT
30 JUNE 2019

“veritas et aequitas”

Benjamin Hornigold Ltd
Corporate Directory
30 June 2019

Directors

Mr Michael Glennon	Non-Executive Director and Chairman (appointed 12 June 2019)
Mr Sulieman Ravell	Non-Executive Director (appointed 12 June 2019)
Mr Gary Miller	Non-Executive Director (appointed 12 June 2019)
Mr Stuart McAuliffe	Executive Director and Chairman (resigned 12 June 2019)
Mr Peter Aardoom	Non-Executive Director (resigned 12 June 2019)
Mr Bryan Cook	Non-Executive Director (resigned 12 June 2019)
Mr Vince Gordon	Non-Executive Director (resigned 27 July 2018)
Mr Simon Richardson	Non-Executive Director (resigned 31 July 2018)
Mr Peter Ziegler	Non-Executive Director (appointed 28 May 2019, resigned 12 June 2019)
Mr Rosario Patane	Non-Executive Director (appointed 10 June 2019, resigned 12 June 2019)
Mr Daren Markisic	Non-Executive Director (appointed 10 June 2019, resigned 12 June 2019)
Mr Vanessa Gunner	Non-Executive Director (appointed 10 June 2019, resigned 12 June 2019)

Company Secretary

Mr Michael Glennon (appointed 12 June 2019)

Jody Wright (resigned 12 June 2019)

Kevin Mischiewski (resigned 10 May 2019)

Registered Office

Suite 1
Level 17,
25 Bligh Street
Sydney NSW 2000

Auditor

Pitcher Partners
Level 38, Central Plaza
345 Queen St
Brisbane QLD 4000

Investment Manager

John Bridgeman Limited
Level 9, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Share Registry

Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000

Stock Exchange Listing

Australian Securities Exchange code: BHD

Email address

cosec@bhdlimited.com.au

Website address

www.bhdlimited.com.au

Benjamin Hornigold Ltd
Directors' report
30 June 2019

Introduction

The directors present their report, of Benjamin Hornigold Limited (referred to hereafter as the 'Company' or 'BHD') for the year ended 30 June 2019 together with the financial statements, and the auditor's report.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Directors' name	Date appointed	Date resigned
Michael Glennon	12 Jun 2019	-
Gary Miller	12 Jun 2019	-
Suliaman Ravell	12 Jun 2019	-
Daren Markisic	10 Jun 2019	12 Jun 2019
Vanessa Gunner	10 Jun 2019	12 Jun 2019
Rosario Patane	10 Jun 2019	12 Jun 2019
Peter Alexander Ziegler	28 May 2019	12 Jun 2019
Jody Wright	28 Sep 2016	12 Jun 2019
Stuart McAuliffe	28 Sep 2016	12 Jun 2019
Peter Aardoom	14 Feb 2017	12 Jun 2019
Bryan Cook (re-appointed)	7 Sep 2017	12 Jun 2019
Vince Gordon	14 Feb 2017	27 Jul 2018
Simon Richardson	14 Mar 2017	31 Jul 2018

Information on Current Directors' and Company Secretary's interests, experience and qualifications

Name:	Michael Glennon
Title:	Appointed as a Non-Executive Director, Non-Executive Chair and Company Secretary on 12 June 2019.
Qualifications	Bachelor of Commerce from University of Western Sydney
Experience and expertise:	Michael is the Chief Investment Officer and portfolio manager at Glennon Capital Pty Ltd. Michael has been a small cap portfolio manager since 1999. He was a co-founder of Adam Smith Asset Management, a specialist small cap boutique. Prior to that Michael was a small cap portfolio manager at Paradise Investment Management. Michael commenced his career at Mercantile Mutual before becoming managing director of Republic Funds Management which was later sold to WH Soul Pattinson to become the foundation of their funds management activities. While at Adam Smith Asset Management Michael had joint responsibility for managing the small and micro-cap portfolios. In 2007 Adam Smith was awarded the IMCA/Money Management small-cap manager of the year award for Australian Equities.
Other current directorships:	Glennon Small Companies Ltd (ASX code GC1) from 29 April 2015.
Former directorships (last 3 years):	Excelsior Capital Ltd (ASX code: ECL) resigned 4 October 2019.
Special responsibilities:	Chairman and Company Secretary
Interests in shares:	Nil
Interests in options:	Nil

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Name:	Sulieman Ravell
Title:	Non-Executive Director, appointed 12 June 2019
Qualifications	BEng (Hons), AFPC (UK), ADFP, Cert IV Mortgage Services
Experience and expertise:	Sulieman has over 20 years' experience in the financial services industry. He is a representative director and the responsible manager of NW Advice Pty Ltd and Wealth Focus Pty Ltd, and is responsible for providing advice to clients, principally focused on strategy and asset allocation. He was previously a member of the Filtered Research Committee, a service aimed at avoiding product failures and assisting adviser groups in constructing approved product lists.
Other current directorships:	Nil
Former listed directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Indirect Interest: 1 ordinary share held by Wealth Focus Pty Ltd ACN 123 556 730, of which Mr Ravell has effective control.
Interests in options:	Nil

Name:	Gary Miller
Title:	Non-Executive Director, appointed 12 June 2019
Qualifications:	Diploma of Financial Advising
Experience and expertise:	Diploma of Financial Advising and 30 years broad experience in financial markets. Director and Responsible Officer of Miller Wealth Management Pty Ltd which has held an Australian Financial Services License since 2011. He was previously a partner in a Brisbane based financial planning firm and a member of the investment committee of an ASX listed financial services group.
Other current directorships:	Nil
Former listed directorships (last 3 years):	Nil
Special responsibilities:	Chair of Audit & Risk Committee Chair of Remuneration Committee
Interests in shares:	Indirect Interest: Mr Miller holds 56,699 ordinary shares via GM Enterprises Australia Pty Limited ACN 066 912 427 as trustee of GTM Super Fund of which Mr Miller is a beneficiary.
Interests in options:	Indirect Interest: Mr Miller hold 56,699 options via GM Enterprises Australia Pty Limited ACN 066 912 427 as trustee of GTM Super Fund of which Mr Miller is a beneficiary.

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Information on prior Directors' and Company Secretary's experience and qualifications that held office for greater than two days.

Name:	Stuart McAuliffe
Title:	Appointed as a Director 28 September 2016 and Executive Chairman February 2017; resigned 12 June 2019
Qualifications	BA; MEd; Grad Dip Legal Studies
Experience and expertise:	Stuart has experience investing in global equity, bond, currency and commodity markets. Stuart was previously a Lecturer in the Faculty of Society and Design at Bond University.
Other current directorships:	Stuart has been a Director of John Bridgeman Limited since 8 January 2015 and a Director of Henry Morgan Limited since September 2014.
Former directorships (last 3 years):	Nil

Name:	Peter Aardoom
Title:	Non-Executive Director, appointed 14 February 2017; resigned 12 June 2019
Experience and expertise:	Peter is a highly skilled and experienced financial markets executive. He has excellent technical skills and in-depth knowledge of equity, debt, commodity, foreign exchange and fixed income markets. He has experience in Australian and international equity and derivatives broking and trading, portfolio management, general corporate and financial advisory services, and company promotion.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil

Name:	Bryan Cook
Title:	Non-Executive Director appointed 29 September 2016, resigned 15 February 2017 and re-appointed 7 September 2017; resigned 12 June 2019
Qualifications:	Cert IV in Government Investigations and Advanced diploma in Policing.
Experience and expertise:	Bryan has extensive operational, leadership and strategic experience built over 24 years in private and public companies. He has a track record of implementing tailored and robust compliance cultures across a range of different environments. Bryan holds qualifications in investigations, human resources and training, and is a member of, amongst others, the Institute of Public Administration Australia and Corruption Prevention Network Queensland.
Other current directorships:	Nil
Former directorships (last 3 years):	Bryan was a Director of Benjamin Hornigold from 29 September 2016 to 15 February 2017 before being re-appointed 7 September 2017.

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Name:	Vince Gordon
Title:	Non-Executive Director, appointed 14 March 2017, resigned 27 July 2018
Qualifications:	BA, LLB, MBA
Experience and expertise:	Vince has over 20 years' experience in his field. He is the Managing Partner of Reed Smith LLP's Middle East offices. Reed Smith LLP is one of the world's leading global law firms. He has substantial experience in all types of capital markets work, including banking and finance, debt capital markets, structuring and joint ventures, corporate finance and acquisitions, funds, trade finance, regulatory and project finance work.
Other current directorships:	Nil
Former directorships (last 3 years):	Vince was a director of John Bridgeman Limited from 3 October 2017 until 10 July 2018.

Name:	Simon Richardson
Title:	Independent Non-Executive Director, appointed 14 February 2017, resigned 31 July 2018
Qualifications:	BEcon; BCom
Experience and expertise:	Simon has had over 20 years of diverse national and international business experience. Simon commenced his career at KPMG spending time in Australia and the United Kingdom. In 2006, Simon was a founding partner in one of the leading proprietary futures trading businesses in Australia.
Other current directorships:	Nil
Former directorships (last 3 years):	Simon was a director of Henry Morgan Ltd until 31 March 2016 and a director of John Bridgeman Limited until 31 March 2016 and again from 3 October 2017 until 10 July 2018.

Name:	Peter Ziegler
Title:	Appointed as a Director 28 May 2019; resigned 12 June 2019
Qualifications	B Com (Hons); LLB (Hons); MFM (QLD); CA; FCPA; CTA
Experience and expertise:	Peter is a chartered accountant, chartered advisor and solicitor. He is an experienced company director with a long career both as an advisor to, and an executive in, industry. Peter has previously been a partner in Ernst & Young.
Other current directorships:	Peter is a Director of Henry Morgan Limited since 19 July 2017.
Former directorships (last 3 years):	Chairman of Australian Pacific Coal Limited.

Name:	Kevin Mischewski
Title:	Company Secretary, appointed 10 August 2017; resigned 10 May 2019
Qualifications	CA; AGIA
Experience and expertise:	Kevin is a chartered accountant and member of the Governance Institute of Australia. He has held company secretarial and CFO roles for ASX listed and unlisted public entities.

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Name:	Jody Wright
Title:	Company Secretary, appointed 28 September 2016; resigned 12 June 2019
Qualifications:	LLB
Experience and expertise:	Jody was admitted to practice as a Solicitor of the Supreme Court of Queensland in January 2001 and is a member of the Queensland Law Society. Jody has an extensive background in corporate governance, compliance, risk management, board advisory and commercial litigation. She has significant experience as in-house counsel and compliance manager across different industry spheres including financial services, insurance and investigative services.

Company Secretary

Michael Glennon has held the role of Company Secretary since 12 June 2019, prior to his appointment: Jody Wright held the position from 28 September 2016 to 12 June 2019; and Kevin Mischewski jointly held the position from 10 August 2017 to 10 May 2019. Their particulars are set out in the Information on Current Directors and Company Secretaries above.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
M Glennon	1	1	-	-
G Miller	1	1	-	-
S Ravell	1	1	-	-
D Markisic	2	2	-	-
V Gunner	2	2	-	-
R Patane	2	2	-	-
P Ziegler	6	6	-	-
S McAuliffe	19	21	1	1
P Aardoom	19	21	1	1
B Cook	20	21	1	1
V Gordon	1	1	-	-
S Richardson	-	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration Committee

No Remuneration Committee meetings were held during the financial year as there were not any matters to consider that were not agreed by the Board.

Audit and Risk Committee composition

Due to the size and nature of activities, the Committee will comprise of the full Board. The Chair of the Committees is Gary Miller from 12 June 2019, previously Stuart McAuliffe.

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Directors' report

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Principal activities

The Company is a Listed Investment Company (LIC) incorporated on 28 September 2016. The Company provides investors with the opportunity to gain exposure to an investment portfolio that is actively managed. The investment portfolio is invested in a small number of high conviction investments in undervalued assets, that provide growth opportunities with the aim of achieving above average returns, (whilst limiting volatility) over the medium to long term. Further details on these investments are included in the Review of Operations.

Business model and objectives

The Company has historically aimed to deliver shareholder returns by providing an actively managed portfolio with diversification across products and global markets, thereby allowing the Board, key management and shareholders' interests to be aligned.

The Company's investments are managed by the Investment Manager, John Bridgeman Limited ("JBL") under a Management Services Agreement.

The current board have stated in recent ASX releases their intention is to return the maximum amount of remaining capital to shareholders. The majority of investments are invested in Foreign Currency banknotes and all derivatives trading has ceased in order to protect the remaining assets of the company

Review of operations

The loss incurred by the Company after providing for income tax amounted to \$9,821,543 (2018: \$2,993,948) and return on average capital employed is (63.59%) (2018: (22.74%)).

The \$6,827,595 increase in losses is primarily due to \$4,574,923 of losses in respect of financial assets that are currently in default. The major changes are set out below:

	2019 \$	2018 \$	Increase in losses	
			\$ variance	% of variance
Net trading (loss)/gains on financial instruments ⁽¹⁾	(3,031,231)	358,456	3,389,687	49.65%
Other revenue	639,119	70,919	(568,200)	(8.32%)
Interest received	639,448	209,141	(430,307)	(6.30%)
Impairment of receivables ⁽²⁾	(2,057,343)	-	2,057,343	30.13%
Commissions paid to investment brokers	(2,196,522)	(3,064,138)	(867,616)	(12.71%)
Management and performance fee expenses	(405,634)	(1,168,830)	(763,196)	(11.18%)
Other fees incurred in respect of investment transactions	(217,529)	(112,710)	104,819	1.54%
Legal fees	(988,737)	(45,604)	943,133	13.81%
Directors fees	(125,180)	(203,144)	(77,964)	(1.14%)
Income tax (expense)/ benefit ⁽³⁾	(1,624,382)	1,283,121	2,907,503	42.58%
Other expenses	(453,552)	(321,159)	132,393	1.94%
Total losses	(9,821,543)	(2,993,948)	6,827,595	100.00%

(1) Net (losses)/gains on financial instruments measured at fair value through profit or loss includes:

-) Fair value impairment of JB Financial Group Pty Ltd ("JBFG") related party Convertible Loan and interest of \$2,517,578, refer to Note 11 for further details.

(2) Impairment of receivables:

-) Loss on JBL related party loan and interest of \$1,061,911.
-) Loss on JBFG related party loan and interest of \$870,027.
-) Loss on other receivables \$125,405.

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Refer to Note 12 for further details.

(3) Income tax

During the year the Company impaired a number of assets resulting in the deferred tax asset being written off in full.

Corporate events

- a) On 30 July 2018, the Company was suspended from quotation by the ASX under Listing Rule 17.3.
- b) On 6 August 2018, the Company announced a buyback, no shares were bought back at the date of this report.
- c) On 10 September 2018, JBL announced an off-market takeover offer ('2018 Bid') for the Company's shares and Henry Morgan Limited's ("HML") Shares. The Company's Shareholders were offered 0.65 JBL Shares for every 1 Company Share held and 0.5 JBL Options for every 1 Company Option held.
- d) On 23 November 2018, the Company announced an extension of the 2018 Bid offer period from 7 December 2018 to 14 January 2019.
- e) On 23 November 2018 the Takeover Panel received an application to review the ASIC refusal to issue relief under s655A(1) of the Corporation Act 2001 (Cth) in respect of the 2018 Bid extension and ability to lodge incomplete Target Statements. The Panel Decision was issued on 26 November 2018 that affirmed the ASIC decision to refuse relief.
- f) On 6 December 2018, JBL issued the Target Statement for 2018 Bid.
- g) On 24 December 2018, the Company announced that JBL's offer was freed from defeating conditions under section 650F(1) of the Corporation Act 2001 (Cth).
- h) On 28 December 2018, the Takeover Panel announced an application (TP18/80) in respect of 2018 Bid, Interim Orders 02 (TP18/81) were issued on 31 December 2018 that required JBL to take no further steps under 2018 Bid.
- i) On 25 January 2019, the Panel made a declaration of unacceptable circumstances in relation to the affairs of the Company, and made final orders.
- j) On 20 February 2019, JBL announced that the 2018 Bid acceptances had been cancelled and that a supplement Bidder Statement was released.
- k) On 5 March 2019, JLB announced that the 2018 Bid for the Company announced on 10 September 2018 would not proceed.
- l) On 7 March 2019, the Company announced that JBL had repaid the \$4,500,000 JBL loan in accordance with the Takeover Panel Orders 02.
- m) On 26 April 2019, JBL made one further off-market takeover bid for the Company '2019 Bid'. The Bidder's Statement was released on 3 May 2019.
- n) On 26 April 2019, the Company announced a receipt of notice under section 249D of the Corporations Act 2001 (Cth) to call a Shareholder Meeting.
- o) On 11 June 2019, the registered address changed to Suite 1, Level 38, 345 Queen Street Brisbane QLD 4000.
- p) On 12 June 2019, prior to changes to Company Directors, the Directors agreed to extend the repayment of King's Currency Exchange Pty Ltd ("Kings") foreign currency banknotes from 30 days to 153 days.
- q) On 12 June 2019 the company announced that all existing directors resigned on 12 June 2019 and the following directors were appointed on 12 June 2019:
 -) Gary Miller
 -) Sulieman Ravell
 -) Michael Glennon.
- r) On 17 June 2019 the registered address changed to Suite 1, Level 17/25 Bligh Street, Sydney NSW 2000.
- s) On 26 September 2019 Takeover Panel Orders 05, 06 & 07 (TP15/50) issued final orders; these orders required that the \$7,120,000 Kings foreign currency banknotes be returned to the Company within 10 days and that JBL pay costs to the Company and ASIC, in addition, the 2019 Bid could only proceed after these orders had been fulfilled.

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Directors' report
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Significant changes in the state of affairs

Apart from the matters discussed in this Report, there were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

- J The Takeover Panel Orders 05, 06 & 07 (TP15/50) found the circumstances to be 'unacceptable'; final orders issued on 26 September 2019 required that the \$7,120,000 Kings foreign currency banknotes be returned to the Company within 10 days and costs to be paid to the Company and ASIC, in addition JBL and Kings must not make a change of control transaction in relation to BHD securities until Kings has returned the foreign currency banknotes.
- J The Company announced on 23 October 2019 that the following loans advanced were in default, in addition Kings and JBFX interest had not been paid.
 - o JBFG \$2,200,000 Convertible loan (refer to Note 11 for further details)
 - o JBL \$1,134,154 loan (refer to Note 12 for further details)
- J The company announced on 20 November 2019 that the following loan was in default
 - o Unpaid JBFG \$870,027 loan (refer to Note 12 for further details)
- J The Company announced on 29 October 2019 that receivers have been appointed by Partners For Growth ("PFG") over JBFG, a subsidiary of JBL. JBFG is the sole Kings shareholder and the Company understand that the Kings shares are also subject to a security interest held by PFG.
- J The Company announced on 29 October 2019 that Kings have not complied with the Takeover Panel Orders to repay the \$7,120,000 foreign currency banknotes to the Company. In addition, JBL have failed to comply with the Takeover Panel Order 14 to pay the Company \$120,000 plus GST for costs incurred.

No other matter or circumstance, other than the following, has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Dividends

No dividends have been paid or proposed during the period.

In the prior year a special dividend of 12 cents per share, franked to 1.2 cents per share, was paid on 12 March 2018 \$2,779,137.

The Company introduced a Dividend Reinvestment Plan ("DRP") on 16 January 2018. Under the DRP, Shareholders are able to reinvest their dividend entitlement in shares in the Company at a 7.5% discount to volume weighted average price at which the shares traded over the 10 day trading period commencing on the second day after the record date for the dividend.

Likely developments and expected results of operations

The Company will continue operating as a LIC. The Company is focused on achieving the maximum return of capital from its investments and returning the maximum amount to shareholders.

Business risk

The following exposures to business risk may affect the Company's ability to achieve its objectives:

- J Any investment decisions made by the Investment Manager (JBL) that may lead to negative returns being realised by the Company resulting in the Company suffering a financial loss in the short or longer term.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
4 May 2017	28 April 2020	\$1.00	16,674,856

Option holders do not have any right to participate in any other issues of shares or to acquire any other interests in the Company. Option grant dates are noted above including those issued during or since the end of the year. No options were issued to Directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise any of the above options has, or has any right by virtue of the option, to participate in any share issue of any other body corporate.

During and since the year ended 30 June 2019, no shares were issued (2018: 3,325,144) pursuant to the exercise of options.

Indemnifying officers

During the period, the Company entered into an agreement to indemnify, and agreed to pay insurance premiums as follow:

- The Company has paid premiums to insure all directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The directors have not included details of the nature of the liabilities covered or the amount of the total premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Indemnifying and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditors.

Non-audit services

Details of the amounts paid or payable to the auditors for non-audit services provided during the financial year are set out in Note 20 of this report.

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

The auditors are of the opinion that the services, as disclosed in Note 20 to this report, do not compromise the external auditor's independence requirements under the Corporations Act 2001 for the following reasons:

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

Officer of the Company

There are no officers of the Company who are former partners of the auditor.

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Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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 immediately after this directors' report.

Auditor

Pitcher Partners was appointed as auditor in January 2019 and continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report (audited)

This Remuneration Report outlines the remuneration arrangements of the Company for the year ended 30 June 2019. The report details the remuneration arrangements for the Key Management Personnel ("KMP") within the Company. KMP are defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, including any director. During the 2019 financial year, the KMP for the Company comprised the directors of the Company, as set out below. The Company has no other executives.

The remuneration report details the KMP remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Shareholders AGM votes on the Remuneration Report

The Company received 64.8% 'yes' poll votes on the adoption of the Remuneration Report for the year ended 30 June 2018. As more than 25% of Shareholders voted 'no' the Company has received a 'first strike'; as a result, the AGM will include a Conditional Spill Resolution to address this issue. An entirely new board is now in place and has been pushing to recover the financial assets invested by the former board.

Remuneration framework

The objective of the Company's remuneration framework is to align KMP objectives with shareholder and business objectives by providing fixed remuneration to Board members. The Board of the Company believes the remuneration framework to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Company, as well as create an alignment of interests between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Company is as follows:

-) The remuneration arrangements are developed and approved by the Board.
-) Non-executive directors do not receive performance-related remuneration and are not entitled to participate in equity-based incentive plans in the Company.
-) All KMP receive a fixed director's fee which is based on factors such as relevant industry standards.
-) The Board reviews KMP remuneration arrangements periodically by reference to the Company's performance and comparable information from industry sectors.

Total remuneration available to the directors for their services as directors is a maximum of \$450,000. Any increase in the aggregate amount of directors' fees over \$450,000 must be approved by a resolution of the shareholders.

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The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. Independent external advice is sought when required.

In addition, the Company's Securities Trading policy prohibits directors and KMP from using the Company's securities as collateral in any financial transaction, including margin loan arrangements.

Performance-based remuneration

There is currently no performance-based remuneration paid directly by the Company. Measures may be specifically tailored in the future.

Relationship between remuneration policy and Company performance

The remuneration framework has been tailored to align the goals of shareholders, directors and executives. The Company commenced operations in May 2017 and remuneration will be reviewed regularly in the context of the framework outlined above, including reference to Company performance. The Company believes this framework will be effective in increasing shareholder wealth.

Performance conditions linked to remuneration

There are currently no performance conditions linked to KMP remuneration.

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial period.

	2019	2018	2017
	\$	\$	
Loss attributable to owners of the Company	(9,821,543)	(2,993,948)	130,505
Dividends paid per share	-	0.12	-
Change in share price during the year ⁽¹⁾	-	(0.28)	(0.01)

(1) The Company was suspended by the ASX on 30 July 2018 at which time the share price was \$0.71, being the same price as at 30 June 2019.

Employment details of members of Key Management Personnel

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The following table provides employment details of persons who were KMP of the Company during the financial period.

Name/ title:	Michael Glennon – Non-Executive Chairman and Company Secretary
Agreement commenced:	12 June 2019
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Suliman Ravell – Non-Executive Director
Agreement commenced:	12 June 2019
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Gary Miller – Non-Executive Director
Agreement commenced:	12 June 2019
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

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Name/ title:	Stuart McAuliffe – Executive Chairman
Agreement commenced:	28 September 2016
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Peter Aardoom – Non-executive Director
Agreement commenced:	14 February 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Bryan Cook – Non-executive Director
Agreement commenced:	7 September 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title:	Vince Gordon – Non-executive Director
Agreement commenced:	14 March 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title	Simon Richardson – Non-executive Director
Agreement commenced:	14 March 2017
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Name/ title	Peter Ziegler – Non-executive Director
Agreement commenced:	28 May 2019
Term of agreement:	No fixed term
Details:	Director's fees are 100% of remuneration

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Details of remuneration

The following table of benefits and payments represents the components of the current period remuneration expenses for each member of KMP of the Company. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of benefits and payments for the year ended 30 June 2019

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share-based payments	
	Cash salary and fees	Cash Bonus	Non-Monetary	Superannuation	Long Service leave	Equity settled	Total
2019							
M Glennon	-	-	-	-	-	-	-
G Miller	-	-	-	-	-	-	-
S Ravell	-	-	-	-	-	-	-
D Markisic	-	-	-	-	-	-	-
V Gunner	-	-	-	-	-	-	-

Benjamin Hornigold Ltd
Directors' report
30 June 2019

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share-based payments	
	Cash salary and fees	Cash Bonus	Non-Monetary	Superannuation	Long Service leave	Equity settled	Total
2019							
R Patane	-	-	-	-	-	-	-
P Ziegler	2,347	-	-	-	-	-	2,347
S McAuliffe ⁽¹⁾	63,873	-	-	-	-	-	63,873
P Aardoom	54,560	-	-	-	-	-	54,560
B Cook	-	-	-	-	-	-	-
V Gordon	-	-	-	-	-	-	-
S Richardson	4,400	-	-	-	-	-	4,400
Total KMP	125,180	-	-	-	-	-	125,180

(1) Includes \$9,533 of director's fees in respect to May and June 2018 fees paid during the current financial year, that were not accrued at 30 June 2018.

Table of benefits and payments for the year ended

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share-based payments	
	Cash salary and fees	Cash Bonus	Non-Monetary	Superannuation	Long Service leave	Equity settled	Total
30 June 2018							
2018							
D Markisic	-	-	-	-	-	-	-
V Gunner	-	-	-	-	-	-	-
R Patane	-	-	-	-	-	-	-
P Ziegler	-	-	-	-	-	-	-
S McAuliffe ⁽¹⁾	43,333	-	-	-	-	-	43,333
P Aardoom	47,636	-	-	-	-	-	47,636
B Cook	-	-	-	-	-	-	-
V Gordon	45,707	-	-	-	-	-	45,707
S Richardson	48,000	-	-	-	-	-	48,000
Total KMP	184,676	-	-	-	-	-	184,676

Cash bonuses, performance-related bonuses and share-based payments

No options or bonuses were granted as remuneration to KMP during the period.

KMP Shareholdings

The number of ordinary shares of the Company held by each KMP of the Company, directly or indirectly or by their personally related parties during the financial period is as follows:

Benjamin Hornigold Ltd
Directors' report
30 June 2019

2019	Balance at 1 July 2018	Granted as remunera- tion during the period	Issued on exercise of options during the period	Other change during the period	On appointment or (resignation)	Balance at 30 June 2019
M Glennon	-	-	-	-	-	-
G Miller	-	-	-	-	56,699	56,699
S Ravell	-	-	-	-	1	1
D Markisic ⁽²⁾	-	-	-	(5,100)	5,100	-
V Gunner	-	-	-	-	-	-
R Patane ⁽³⁾	-	-	-	(5,000)	5,000	-
P Ziegler	-	-	-	-	-	-
S McAuliffe ⁽¹⁾	46,359	-	-	3,994,942	(4,041,301)	-
P Aardoom ⁽⁴⁾	4,535	-	-	-	(4,535)	-
B Cook	7,000	-	-	-	(7,000)	-
V Gordon	-	-	-	-	-	-
S Richardson	-	-	-	-	-	-
Total Shares	57,894	-	-	3,984,842	(3,986,036)	56,700

2018	Balance at 1 July 2017	Granted as remunera- tion during the period	Issued on exercise of options during the period	Other change during the period	On appointment or (resignation)	Balance at 30 June 2018
S McAuliffe ⁽¹⁾	1,000	-	-	45,359	-	46,359
P Aardoom ⁽⁴⁾	42,000	-	2,000	(39,465)	-	4,535
B Cook	-	-	-	-	7,000	7,000
V Gordon	-	-	-	-	-	-
S Richardson	-	-	-	-	-	-
Total Shares	43,000	-	2,000	5,894	7,000	57,894

(1) Includes 4,041,301(2018: 45,359) shares held by JBL, of which Mr McAuliffe is a Managing Director.

(2) Mr Markisic held 5,100 shares on the date of his appointment.

(3) Mr Patane held 5,000 shares on the date of his appointment.

(4) Mr Aardoom's holding includes nil (2018: 40,000) shares previously held on trust for another. Ceased acting as trustee for the beneficial owner of the shares and options.

Options

2019	Balance at 1 July 2018	Granted as remunera- tion during the period	Exercised during the period	Other changes during the period	On appointment or (resignation)	Balance at 30 June 2019
M Glennon	-	-	-	-	-	-
G Miller	-	-	-	-	50,000	50,000
S Ravell	-	-	-	-	-	-
D Markisic ⁽²⁾	-	-	-	(5,100)	5,100	-
V Gunner	-	-	-	-	-	-
R Patane ⁽³⁾	-	-	-	(5,000)	5,000	-
P Ziegler	-	-	-	-	-	-
S McAuliffe ⁽¹⁾	924,338	-	-	-	(924,338)	-
P Aardoom	-	-	-	-	-	-

Benjamin Hornigold Ltd
Directors' report
30 June 2019

	Balance at 1 July 2018	Granted as remunera - tion during the period	Exercised during the period	Other changes during the period	On appointment or (resignation)	Balance at 30 June 2019
2019						
B Cook	7,000	-	-	-	(7,000)	-
V Gordon	-	-	-	-	-	-
S Richardson	-	-	-	-	-	-
Total Options	931,338	-	-	(10,100)	(871,238)	50,000

	Balance at 1 July 2017	Granted as remunera - tion during the period	Exercised during the period	Other changes during the period	On appointment or (resignation)	Balance at 30 June 2018
2018						
S McAuliffe ⁽¹⁾	263,500	-	-	660,838	-	924,338
P Aardoom ⁽⁴⁾	42,000	-	(2,000)	(40,000)	-	-
B Cook	-	-	-	-	7,000	7,000
V Gordon	-	-	-	-	-	-
S Richardson	-	-	-	-	-	-
Total Options	305,500	-	(2,000)	620,838	7,000	931,338

- (1) Includes 924,338 (2018: 924,338) options held by JBL, of which Mr McAuliffe is a Managing Director.
(2) Mr Markisic held 5,100 options on the date of his appointment.
(3) Mr Patane held 5,000 options on the date of his appointment.
(4) Mr Aardoom holding includes nil (2018: 40,000) options previously held on trust for another. Ceased acting as trustee for the beneficial owner of the shares and options.

There have been no other transactions involving equity instruments other than those described in the tables above relating to options and shareholdings.

Other transactions with KMP and/or their related parties

Note 23 details the transactions conducted between the Company and KMP or their related parties, other than those disclosed above relating to equity and compensation that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Michael Glennon
Non-Executive Chairman

11 December 2019

Benjamin Hornigold Ltd
Corporate Governance Statement
For the year ended 30 June 2019

Benjamin Hornigold Ltd (“Company”) and the Board of Directors are responsible for the Corporate Governance of the Company and are committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As such, the Company has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Company’s Corporate Governance Statement for the financial year ending 30 June 2019 is dated, and was initially approved by the Board, on 18 May 2017; the latest annual review was completed on 29 November 2019. The Corporate Governance Statement is available at www.bhdlimited.com.au.

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The Directors
Benjamin Hornigold Ltd
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25 Bligh Street
Sydney NSW 2000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
11 December 2019

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Benjamin Hornigold Ltd
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Benjamin Hornigold Ltd
Statement of profit and loss and other comprehensive income
For the year 30 June 2019

	Note	2019 \$	2018 \$
Revenue from investment portfolio			
Net gains/(losses) on financial instruments measured at fair value through profit or loss	5	(3,031,231)	(420,181)
Other revenue	5	639,119	849,556
Interest revenue calculated using the effective interest method		639,448	209,141
Total revenue		<u>(1,752,664)</u>	<u>638,516</u>
Expenses			
Management and performance fees	6	(405,634)	(1,168,830)
Broker commissions costs		(2,196,522)	(3,064,138)
Impairment of receivables	12	(2,057,343)	-
Directors' fees		(125,180)	(203,144)
Professional fees		(1,429,423)	(323,416)
Other expenses		(226,209)	(138,009)
Finance costs		(4,186)	(18,047)
Total expenses		<u>(6,444,497)</u>	<u>(4,915,584)</u>
Loss before income tax		(8,197,161)	(4,277,068)
Income tax (expense)/benefit	7	<u>(1,624,382)</u>	<u>1,283,120</u>
Loss after income tax for the year attributable to the owners of Benjamin Hornigold Ltd		(9,821,543)	(2,993,948)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Benjamin Hornigold Ltd		<u><u>(9,821,543)</u></u>	<u><u>(2,993,948)</u></u>
		Cents	Cents
Basic earnings per share	21	(40.66)	(13.85)
Diluted earnings per share	21	(40.66)	(13.85)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Benjamin Hornigold Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents	8	369,846	1,121,247
Balances held with brokers - Current	9	-	86,886
Other financial assets	10	-	23,073
Investments at fair value through profit or loss	11	7,116,745	10,668,254
Other receivables - Current	12	674,824	4,735,456
Prepayments		10,000	9,243
Deferred tax assets	7	-	1,624,381
Total assets		<u>8,171,415</u>	<u>18,268,540</u>
Liabilities			
Derivative financial liabilities	13	-	49,986
Trade and other payables - Current	14	127,409	190,197
Current tax payable	7	-	162,808
Total liabilities		<u>127,409</u>	<u>402,991</u>
Net assets		<u><u>8,044,006</u></u>	<u><u>17,865,549</u></u>
Equity			
Issued capital	15	23,528,129	23,528,129
Accumulated losses		<u>(15,484,123)</u>	<u>(5,662,580)</u>
Total equity		<u><u>8,044,006</u></u>	<u><u>17,865,549</u></u>

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

Benjamin Hornigold Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Issued capital \$	Retained profits / (losses) \$	Total equity \$
Balance at 1 July 2017	19,460,479	130,505	19,590,984
Loss after income tax benefit for the year	-	(2,993,948)	(2,993,948)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,993,948)	(2,993,948)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of share capital	4,067,650	-	4,067,650
Dividends paid (note 16)	-	(2,799,137)	(2,799,137)
Balance at 30 June 2018	<u>23,528,129</u>	<u>(5,662,580)</u>	<u>17,865,549</u>

	Issued capital \$	Retained profits / (losses) \$	Total equity \$
Balance at 1 July 2018	23,528,129	(5,662,580)	17,865,549
Loss after income tax for the year	-	(9,821,543)	(9,821,543)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(9,821,543)	(9,821,543)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of share capital	-	-	-
Dividends paid (note 16)	-	-	-
Balance at 30 June 2019	<u>23,528,129</u>	<u>(15,484,123)</u>	<u>8,044,006</u>

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

Benjamin Hornigold Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Payment of trading activities		(708,327)	-
Management and performance fees paid		(405,634)	(5,777,647)
Receipts from / (payments to) brokers for initial trading margin		-	3,420,212
Commissions and brokerage fees paid		(2,196,522)	(3,309,315)
Payments for operating and administrative expenses		(1,785,787)	(511,867)
Interest received		364,391	209,141
Interest and other finance costs paid		-	(18,047)
Income tax paid		(162,808)	-
Net proceeds from sale of/(payment for) investments		1,099,999	(3,969,987)
Proceeded from sale of foreign currency bank notes		9,498,015	-
Payments for foreign currency bank notes		(8,909,988)	(7,399,084)
Other revenue		389,414	-
Net cash used in operating activities	25	(2,817,247)	(17,356,594)
Cash flows from investing activities			
Loans to related parties		(2,434,154)	-
Repayment received from related party loans		4,500,000	-
Net cash from investing activities		2,065,846	-
Cash flows from financing activities			
Proceeds from issue of shares		-	3,306,766
Proceeds / (payment) from short term advance		-	1,027,021
Dividends paid		-	(2,038,253)
Net cash from financing activities		-	2,295,534
Net increase/(decrease) in cash and cash equivalents		(751,401)	(15,061,060)
Cash and cash equivalents at the beginning of the financial year		1,121,247	16,182,307
Cash and cash equivalents at the end of the financial year	8	369,846	1,121,247

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

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

Note 1. Reporting Entity

Benjamin Hornigold Ltd (the 'Company') is a listed public investment company domiciled in Australia. The registered office is located at Suite 1, Level 17/25 Bligh Street, Sydney NSW 2000.

The investment objective of the Company is to achieve moderate to high portfolio returns over the medium to long term. The investment activities of the Company are managed by John Bridgeman Limited ('JBL'), Investment Manager.

The Company was established to invest primarily in a concentrated portfolio of the Investment Manager's most compelling investment ideas (including equities, currencies, bonds, derivatives and commodities), with the purpose of receiving investment income and capital appreciation.

The Company was incorporated on 28 September 2016 and commenced operations on 11 May 2017.

The Company is a for-profit entity and these financial statements have been prepared on the historical cost basis. The Company is an investment company and accounts for investments at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* and AASB 10, *Consolidated Financial Statements*.

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

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

All amounts have been rounded to the nearest whole dollar unless otherwise stated.

The financial statements were authorised by the Board of Directors on 11 December 2019.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 *Financial Instruments* from 1 July 2018. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It includes guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance and derecognition of financial instruments from AASB 139.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

Classification of financial assets and financial liabilities

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

Under AASB 9, derivatives embedded in contracts where there is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification. The Company currently holds a convertible loan note where the host contract is valued at amortised cost and the embedded derivative was previously valued at FVTPL, under the new standard, the entire hybrid contract has been valued at FVTPL (see Note 11).

AASB 9 largely retains the existing requirements in AASB 139 for the classification of financial liabilities. However, although under AASB 139 all fair value changes of liabilities designated as at FVTPL are recognised on profit or loss, under AASB 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The new standard did not have a material impact on the classification of financial assets and financial liabilities of the Company. This is because:

- the financial instruments classified as held for trading under AASB 139 (derivatives) will continue to be classified as such under AASB 9;
- financial instruments were previously measured at FVTPL under AASB 139 are designated into this category because they are managed on a fair value basis in accordance with the investment strategy. Accordingly, these financial instruments are now mandatorily measured at FVTPL under AASB 9; and
- financial instruments currently measured at amortised cost are: cash balances and receivables. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held to collect business model. Accordingly, they have continued to be measured at amortised cost under AASB 9.

Impairment of financial assets

AASB 9 replaced 'incurred loss' model in AASB139 with a forward looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis.

The new impairment model has been applied to financial assets measured at amortised cost, except for investment in equity instruments.

Under AASB 9, loss allowances is measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The changes to the impairment model have not had a material impact on the financial assets of the Company. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

- the financial assets at amortised cost are short term (i.e. no longer than 12 months), and would have been impaired using the current or prior model.

Hedge accounting

The Company does not apply hedge accounting: therefore, AASB 9 hedge accounting related changes do not have an impact on the financial statements of the Company

Disclosures

AASB 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Company has completed an analysis to identify data gaps against current processes and is designing the system and controls changes that it believes will be necessary to capture the required data.

Transition

Changes in accounting policies resulting from the adoption of AASB 9 will generally be applied retrospectively, except as described below:

- the Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 amounted to \$nil.

The following assessments have to be made by the Company on the basis of the facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held.
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

AASB 15 Revenue from Contracts with Customers

The main objective of this standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

The Company's main source of income is investment income, in the form of gains on listed & unlisted shares and derivatives, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard does not have a material impact on the Company's results in the current or future reporting periods.

Basis of preparation

Critical accounting estimates

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Loans

Loans are financial assets initially recognised at fair value plus directly attributable transaction costs and fees. Loans are subsequently measured at amortised cost using the effective interest rate method where there have been contractual cashflows which represent solely payment of principle and interest ("SPPI") on the principal balance outstanding and they are held within a business model whose objective is achieved through holding loans to collect these cashflows. They are presented net of any provision for ECLs.

Interest earned on these products is presented on a net basis in the income statement as this reflects how the customer is charged.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

(a) AASB 16 Leases

The entity currently has no leases, as a result AASB 16 is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

The standard will be assessed when any leasing agreements are being negotiated to ensure the impacts are known prior to any contract being signed.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

Going Concern

As disclosed in the financial statements, the Company recorded an operating loss of \$9,821,543 and a cash outflow from operating activities of \$2,817,247 for the twelve months ended 30 June 2019 and at balance date, had net assets of \$8,044,006.

The Company's cash flow forecast for the next 12 months indicates that based upon the expected repayment of the King's foreign currency banknotes totalling \$7,116,745 and current planned expenditure the Company will have a positive cash position and will not require additional capital raisings during the next 12 months.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (Investments at fair value through profit or loss - Note 11) within the next financial year are discussed below.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of regularly traded quoted instruments is based on current market prices, otherwise management make an assessment on the bid ask spread of the share price and will use a value within that range. The fair value of privately held investments (and instruments that are linked to their value) which are not currently traded in the public market are estimated using valuation techniques, such as the Income Approach, the Market Approach and the Cost Approach; these valuation approaches are included in Level 3 of the hierarchy. Factors considered in determining the fair value of these investments include but are not limited to, market conditions, purchase price, nature of investment, estimation of liquidity value, subsequent third party equity financing or significant change in operating performance or potential resulting in a change in valuation, and other pertinent information.

Income tax

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income tax.

Recovery of deferred tax assets

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

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Note 4. Operating segments

Operating segments are identified based on the financial information periodically reviewed by the Board (representing the Chief Operating Decision Maker) in assessing the performance and determining the allocation of resources. As the Company operates in only one segment, all results presented in this financial report relate to the financial services segment.

The Company operates materially in only one geographical segment being Australia.

Note 5. Revenue

Revenue	2019 \$	2018 \$
<i>Net gains/ (losses) on financial instruments measured at fair value through profit or loss</i>		
Net realised (losses)/gains on trading activities	(795,215)	19,317
Net unrealised gain/(losses) on trading activities	-	(49,986)
Net unrealised gain/(losses) on financial assets (a)	-	23,073
Net realised gain/(losses) on investment activities (b)	340,472	(9,375)
Net unrealised loss on investment activities (b)	(2,576,488)	(403,210)
	<u>(3,031,231)</u>	<u>(420,181)</u>
<i>Other revenue</i>		
Foreign exchange gains on foreign currency banknotes receivable (b)	130,371	168,534
Trading fee on foreign currency banknotes receivable (b)	274,803	610,103
Foreign exchange gains on other foreign currency	119,354	-
Share in realised proprietary trading profits (c)	-	70,919
GST refund in respect of prior years	114,591	-
	<u>639,119</u>	<u>849,556</u>

(a) refer to Note 10 for further detail.

(b) refer to Note 10 and 11 for further detail.

(c) refer to Note 12 for further detail.

Accounting policy for revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

Net gain on investments

Gains and losses arising from changes in fair value of investments held are recognised in the statement of profit or loss in the period in which they arise.

Note 6. Management and performance fees

In accordance with the Management Services Agreement which became operative on 11 May 2017, the Investment Manager, JBL will receive a management fee of 3% per annum (plus GST) calculated and paid monthly in arrears based on the net tangible assets, excluding taxes, of the Company; and a performance fee.

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The terms of the performance fee are 27% of the investment return at the end of the last day of the relevant quarter from the Company. The payment of a performance fee in any quarter is subject to the Company achieving a 'high water mark' hurdle; that is, the net tangible assets (excluding taxes) of the Company on the last business day of the quarter exceeding the previous highest net tangible assets (excluding taxes) achieved by the Company before any performance fees become payable.

Investment Manager's management fees amount to \$405,634 (2018: \$694,035) and performance fees of \$nil (2018: \$474,795) including GST during the period.

In the prior year, \$4,553,773 of fees attributable to the convertible note transaction with JB Trading House ('JBTH') were prepaid to the Investment Manager. Following the exercise of ASX's direction to obtain shareholder approval, the Company formed the view that the prepaid performance fee should be recorded as repayable. In the current year, the Company has entered into a loan agreement with JBL for the amount of \$4,500,000 which included the prepaid performance fee.

The Takeover Panel Refer Orders 02 (TP19/08) dated 8 February 2019 required the repayment of this loan as it "diminished the value of important assets of BHD" (TP19/04).

The loan was repaid in March 2019. For further information refer to Note 12 and 23(b).

The Investment Manager is appointed for an initial term of five years unless terminated earlier. After the initial five year term, the Company at general meeting may resolve by ordinary resolution to terminate the Management Services Agreement on three months' notice after the resolution is passed, or to extend the agreement in accordance with its terms.

If the Management Services Agreement is terminated without cause, the Investment Manager is entitled to a termination payment equal to 5% of the net tangible asset backing, reduced on a pro-rata basis in accordance with the length of time served under the Management Services Agreement.

If the Management Services Agreement is terminated with cause, the Investment Manager is not entitled to a termination payment.

Note 7. Income tax

The income tax expense for the period comprises current income tax expense and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; or
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.

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

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

	2019	2018
	\$	\$
(a) Components of Income tax Expense		
<i>Income tax expense/(benefit)</i>		
Current tax	-	-
Deferred tax	(1,030,602)	(1,283,120)
Adjustment for deferred tax assets for prior periods	135,368	-
Derecognised deferred tax asset	2,519,616	-
Under/(over) provision in prior years	-	-
Aggregate income tax expense/(benefit)	<u>1,624,382</u>	<u>(1,283,120)</u>
	2019	2018
	\$	\$
(b) Prima facie tax payable		
Profit/(loss) before income tax (expense)/benefit	<u>(8,197,161)</u>	<u>(4,277,068)</u>
Tax at the statutory tax rate of 27.5% (2018: 30%)	(2,254,219)	(1,283,120)
Add/(loss) tax effect of:		
Tax effect of amounts which are not deductible/(taxable)		
in calculating taxable income:		
Impairment on receivables	531,283	-
Impairment on convertible loan	692,334	-
Adjustment for deferred tax assets for prior years	135,368	-
Derecognised deferred tax asset	2,519,616	-
Income tax expense/(benefit)	<u><u>1,624,382</u></u>	<u><u>(1,283,120)</u></u>

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Deferred tax

In line with our existing accounting policy, the Company has exercised judgement in determining the extent of recognition of deferred tax balances. The Company does not consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses, as a result derecognised the previously recognised deferred tax asset of \$2,519,616.

The deferred tax asset in the statement of financial position is comprised of:

	2019 \$	2018 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Unrealised (gains) / losses on fair value through profit or loss assets	-	129,037
Unrealised (gains) / losses on trading investments	-	(50,560)
Accrued expenses	-	19,040
Capital raising costs (deductible over 5 years)	-	837
Share issuance and listing costs recognised in equity	-	138,991
Tax losses	-	1,418,619
Interest receivable	-	(31,583)
Deferred tax asset	<u>-</u>	<u>1,624,381</u>
<i>Provision for income tax</i>		
Provision for income tax	<u>-</u>	<u>162,808</u>

Accounting policy for income tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 8. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	150,355	549,237
Cash held with investment brokers - unrestricted	<u>219,491</u>	<u>572,010</u>
	<u>369,846</u>	<u>1,121,247</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Note 9. Balances held with brokers - Current

	2019 \$	2018 \$
Balances held with brokers	-	86,886

This amount represents security against initial margins on open derivative positions.

The brokers have restricted use of these funds until the open positions are closed.

Note 10. Other financial assets

	2019 \$	2018 \$
Listed share options	-	23,073

Refer to note 18 for further information on fair value measurement.

Note 11. Financial Assets at fair value through profit or loss

	2019 \$	2018 \$
Listed shares - designated at fair value through profit or loss	-	795,364
Foreign currency banknotes - designated at fair value through profit or loss	7,116,745	7,567,612
Convertible loan - designated at fair value through profit or loss	-	2,305,278
	<u>7,116,745</u>	<u>10,668,254</u>

Reconciliation

Reconciliation of the fair value at the beginning and end of the year and prior financial year are set out below:

	Convertible loan(a) \$	Listed shares in inactive market (b) \$	Foreign currency banknotes (c) \$	Total \$
Fair value at 30 June 2018	2,305,278	795,364	7,567,612	10,668,254
Foreign currency bank notes acquired	-	-	7,416,777	7,416,777
Foreign currency bank notes sold	-	-	(7,998,015)	(7,998,015)
Foreign exchange gain/(loss)	-	-	130,371	130,371
Buy-back	-	(1,099,999)	-	(1,099,999)
Net realised gain/(loss) on investment activities	-	363,545	-	363,545
Net unrealised gain/(loss) on investment activities	(2,517,578)	(58,910)	-	(2,576,488)
Accrued interest on convertible loan	212,300	-	-	212,300
Fair value at 30 June 2019	<u>-</u>	<u>-</u>	<u>7,116,745</u>	<u>7,116,745</u>

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	Convertible loan(a) \$	Listed shares in inactive market (b) \$	Foreign currency banknotes (c) \$	Total \$
<i>Prior year:</i>				
Fair value at 30 June 2017	-	-	-	-
Additions	2,200,000	1,189,199	-	3,389,199
Foreign currency bank notes acquired	--	-	18,049,085	18,049,085
Foreign currency bank notes sold		-	(10,650,007)	(10,650,007)
Foreign exchange gain/(loss)	-	-	168,534	168,534
Net realised gain/(loss) on investment activities		(9,375)		(9,375)
Net unrealised gain/(loss) on investment activities	-	(384,460)	-	(384,460)
Accrued interest on convertible loan	105,278	-	-	105,278
Fair value at 30 June 2018	2,305,278	795,364	7,567,612	10,668,254

Refer to note 18 for further information on fair value measurement.

- (a) On the 11 September 2017, the Company entered into a convertible loan agreement with JBFG for \$2,200,000. In the event of default, the loan is secured over 100% of the shares in Genesis Proprietary Trading Pty Ltd ('Genesis'), a wholly-owned subsidiary of JBFG. The initial agreement had a maturity of one year and a 9.65% annual interest rate applies in the calculation on the face value of the debt. At the Company's election and at any time until maturity, the outstanding amount may be settled in: cash, or, shares in JBFG at a fixed rate of \$6.14 per share, or, shares in Genesis at \$9.98 per share. On 17 September 2018, a variation was signed resulting in the maturity date being extended to 30 months, being, 10 March 2020. No interest has been paid on this loan and as a result the loan is in default.
- (b) Listed ordinary shares consisted of 43,000 (2018: 579,585) shares in the JBL, a company listed on the NSX. During the year 536,585 of those shares were bought back for \$1,099,999 (\$2.05 per share) cash which was the price paid for the shares on 17 November 2017. The last traded NSX price was \$0.60 on 24 December 2018. At 30 June 2019, due to the illiquidity of the JBL shares the asset has been valued at nil.

Refer to Note 18 for details on the fair value measurement at the reporting date

- (c) Foreign currency banknotes total \$7,116,745 (2018: \$7,567,612) of which:
-) \$7,116,745 (2018: \$3,207,985) are held in the custody of King's Currency Exchange Pty Ltd ('Kings') which operates 28 retail foreign currency exchanges, and
 -) \$nil (2018: \$4,359,627) are held by JBFX Wholesale Pty Ltd ('JBFX'), which operates a wholesale foreign currency business.

On 26 September 2019 Takeover Panel Orders 05, 06, and 07 (TP19/57) require that Kings return the foreign currency banknotes to the Company, within 10 days, at the 30 June 2019 these amounted to \$7,116,745, refer to Note 23(b) for further details.

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The foreign currency banknotes are currently traded and managed by Kings on behalf of the Company under services agreements which provide for a return to the Company of 9.65% per annum at 30 June 2019 on the Australian dollar value of the foreign currency banknotes. The actual return ('Returns') amounted to:

-) 1 July 2017 to 30 June 2018 9%
-) 1 July 2018 to 31 May 2019 5%
-) 1 June 2019 to date 9.65%.

Returns over 9.65% (30 June 2018: 9%) per annum on the foreign currency banknotes were retained by Kings as a fee for trading the foreign currency banknotes on behalf of the Company. As owner of the foreign currency banknotes, any foreign exchange movement in the value of the foreign currency banknotes accrues to the Company. The Company has designated the instrument at fair value through profit or loss. The Returns totalled \$274,803 (2018: \$610,103) for the year and foreign exchange gain was \$130,371 (2018: \$168,534).

- (d) On the 11 September 2017, the Company entered into a convertible loan agreement with JBFG for \$2,200,000. In the event of default, the loan is secured over 100% of the shares in Genesis Proprietary Trading Pty Ltd ('Genesis'), a wholly-owned subsidiary of JBFG. The initial agreement had a maturity of one year and a 9.65% annual interest rate applies in the calculation on the face value of the debt. At the Company's election and at any time until maturity, the outstanding amount may be settled in: cash, or, shares in JBFG at a fixed rate of \$6.14 per share, or, shares in Genesis at \$9.98 per share. On 17 September 2018, a variation was signed resulting in the maturity date being extended to 30 months, being, 10 March 2020. No interest has been paid on this loan and as a result the loan is in default.

Note 12. Other receivables - Current

	2019	2018
	\$	\$
Trading fee receivable on Kings foreign currency banknotes	56,471	68,271
Trading fee receivable on JBFX foreign currency banknotes	71,632	-
Overpaid performance fees (b)	53,773	4,553,773
Proprietary trading receivable (a)	70,919	70,919
Less allowance for expected credit losses	(125,405)	-
	<u>127,390</u>	<u>4,692,963</u>
<i>Loans and advances to related parties measured at amortised cost</i>		
JBL loan (c)	1,061,911	-
JBFG loan (c)	870,027	-
Less allowance for expected credit losses (c)	(1,931,938)	-
JBFG advance (c)	500,000	-
GST receivable	47,434	42,493
	<u>547,434</u>	<u>42,493</u>
	<u><u>674,824</u></u>	<u><u>4,735,456</u></u>
<u>Loss allowance:</u>		
Opening balance	-	-
Trading fee receivable on foreign currency banknotes JBFX	71,632	-
Overpaid management and performance fees (b)	53,773	-
Advances and loans to related parties measured at amortised cost (d)	1,931,938	-
Closing balance	<u><u>2,057,343</u></u>	<u><u>-</u></u>

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- (a) On 16 October 2017, the Company entered into a trading facilitation arrangement with Genesis Proprietary Trading Pty Ltd ('Genesis'), a wholly owned subsidiary of JBFG, a controlled entity of the Investment Manager JBL. JBL is a related party of the Company, refer to Note 23 for further details. Under the agreement, trading profits earned are shared between Genesis and the Company, 5% and 95% respectively. The agreement continues on a monthly basis unless terminated with 30 days' notice by either party or terminated for cause by Genesis. The \$70,919 was repaid in full in July 2019.
- (b) In the prior year, a performance fee of \$4,553,773 was paid in advance to JBL in respect of a JBTH transaction. For further information refer to Note 5. In August 2018, \$4,500,000 of the prepaid fees were repaid by the establishment of a \$4,500,000 loan agreement with JBL. At 30 June 2019 \$53,773 (2018: \$4,553,773) was receivable of which \$53,773 (2018 \$nil) was impaired at 30 June 2019.

The Takeovers Panel found this to act as a lock-up device and issued Orders 02 (TP19/08) requiring repayment in full.

At 30 June 2019, the loan had been repaid in full, in accordance with Takeover Panel Refer Orders 02 (TP19/08) refer to 12(c) Related Party Loans and Receivables below or Note 23(b), for further information.

- (c) Related party loans and advances measured at amortised cost

	JBL Loan	JBL Loan	Genesis Loan	JBFG Loan	Genesis Advance	JBFG Advance	Total
	\$	\$	\$	\$	\$	\$	\$
Opening loan	-	-	-	-	-	-	-
New loan/advance	1,134,154	4,500,000	800,000	-	500,000	-	6,934,154
Interest charged	111,249	242,918	57,995	12,032	-	-	424,194
Loan & interest repaid	(183,492)	(4,742,918)	-	-	-	-	(4,926,410)
Loan reassigned	-	-	(857,995)	857,995	(500,000)	500,000	-
ECL provision	(1,061,911)	-	-	(870,027)	-	-	(1,931,938)
Closing loan	-	-	-	-	-	500,000	500,000

JBL Loans

- (i) \$1,134,154 JBL loan

On 2 August 2018 the Company made a loan of \$1,134,154 to the JBL for an initial term of one year at 11.5% per annum interest. On 16 October 2018 the term of the loan was extended to 8 February 2020.

For the year ended 30 June 2019 \$111,249 (2018: \$nil) of interest has been recognised, of which \$57,291 (2018 \$nil) was receivable at 30 June 2019. No interest repayments have been received since December 2018 and as a result the loan is in default. An impairment provision of \$1,061,911 (2018: \$nil) has been recognised in the current year.

- (ii) \$4,500,000 JBL loan

In August 2018, the Company entered into a \$4,500,000 loan agreement with JBL for a term of 18 months at 11.5% p.a. interest. The loan was applied to the repayment of the prepaid performance fees \$4,500,000 receivable from the Investment Manager.

For the year ended 30 June 2019 \$242,918 (2018: \$nil) of interest has been recognised.

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The Takeover Panel Refer Orders 02 (TP19/08) dated 8 February 2019 require the repayment of this loan as it “diminished the value of important assets of BHD” (TP19/04). For further information refer to 23(b) for further details. The loan and interest were repaid in full during the year as required by the Takeover Panel Orders.

JBFG Loan (previously Genesis loan)

In July 2018, the Company entered into a short term loan agreement with Genesis for \$800,000 at 9% per annum repayable in October 2018.

On 24 December 2018, the Company extended the loan agreement with Genesis to a maturity date of 31 October 2019.

On 7 May 2019, the loan plus interest totalling \$857,995 was assigned from Genesis to JBFG.

For the year ended 30 June 2019 \$70,027 (2018: \$nil) of interest has been recognised. \$57,995 of this interest was charged before the assignment of the loan from Genesis to JBFG. An impairment provision of \$870,027 (2018: \$nil) has been recognised in the current year as repayment of the loan plus interest has not been made on 31 October 2019 thus being in default.

JBFG Advances (previously Genesis Advance)

On 29 May 2019, the Company paid Genesis \$500,000 which was subsequently assigned to JBFG.

No interest has been accrued or paid on this loan.

Genesis repaid the \$500,000 on 4 July 2019 on behalf of JBFG.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the expected credit loss (ECL) method. The Company calculated the provisions for ECL based on a three stage approach. ECL are a probability- weighted estimate of the cash shortfalls expecting to result from defaults over the relevant timeframe under AASB 9. They are determined by revaluation a range of possible outcomes and taking into account the time value of money, past event, current conditions and forecast economic conditions. The model uses three main components to determine the ECL including:

-) Probability of default (PD) the probability that the counterparty will default
-) Loss given default (LGD) the loss that is expected form the default event
-) Exposure to default (EAD) the estimated outstanding amount of credit exposure at the time of default.

The three ECL stages are:

1. 12 months ECL performing
For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months ECL is recognised.
2. Lifetime ECL performing
For financial assets where there is a significant increase in credit risk since origination but the assets is still performing a provision for lifetime ECL is recognised.
3. Lifetime ECL non-performing
For financial assets where there is a significant increase in credit risk since origination but the assets is not performing due a default a provision for lifetime ECL is recognised.

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	JBL Loan	JBL Loan	Genesis Loan	JBFG Loan	Genesis Advance	JBFG Receivable	Total
	\$	\$	\$	\$	\$	\$	\$
Net loan and interest	1,061,911	4,742,918	-	870,027	-	500,000	7,174,856
Performing Stage 1	-	-	-	-	-	-	-
Performing Stage 2	-	-	-	-	-	-	-
Non-Performing Stage 3	1,061,911	-	-	870,027	-	-	1,931,938
Total provision for ECL	(1,061,911)	-	-	(870,027)	-	-	(1,931,938)
Balance Stage 3	-	-	-	-	-	-	-

Note 13. Derivative financial liabilities

	2019 \$	2018 \$
Derivative financial instruments	-	49,986

Refer to note 17 for further information on financial instruments.

Refer to note 18 for further information on fair value measurement.

Note 14. Trade and other payables - Current

	2019 \$	2018 \$
Trade payables	127,409	190,197
	<u>127,409</u>	<u>190,197</u>

Refer to note 17 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	<u>24,155,241</u>	<u>24,155,241</u>	<u>23,528,129</u>	<u>23,528,129</u>

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There has been no movements in share capital during the period. The movements in share capital during the prior period:

Details	Date	Shares	Issue price	\$
Balance	30-Jun-17	20,001,000		19,460,479
Listed options exercised	Jan-18	469,000	\$1.00	469,000
Listed options exercised	Feb-18	2,856,144	\$1.00	2,856,144
Dividend Reinvestment Plan shares issued	Mar-18	829,097	\$0.90	742,506
Balance	30-Jun-18	24,155,241		23,528,129

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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.

Options on issue

At the 30 June 2019, 16,674,856 (2018: 16,674,856) options are on issue. During the year nil (2018: 3,325,144) options have been exercised at an exercise price of \$1 per option.

Grant date	Expiry date	Exercise price	Number under option
4 May 2017	28 April 2020	\$1.00	16,674,856

Share buy-back

On 22 May 2018, the Company announced an on-market buy-back of up to 10% of its fully paid ordinary shares between 8 June 2018 and 10 June 2019. The Board has authorised management to determine the timing and manner of implementation of the buy-back. The maximum number of shares permitted to be purchased under the buy-back is 2,000,100. As at the date of this report the Company has not bought back any shares under the buy-back.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2017 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 16. Dividends

Dividends

Dividends paid during the financial year were as follows:

	2019 \$	2018 \$
A special dividend of nil per qualifying ordinary share (2018: 12 cents per qualifying ordinary share paid on 9 March 2018 by cash and by allotment of shares under the Company's Dividend Reinvestment Plan).	-	2,799,137

Franking credits

	2019 \$	2018 \$
Amount of franking credits available to shareholders of Benjamin Hornigold Limited for subsequent financial years	162,808	78,039

Franking credits available for subsequent financial years based on a tax rate of 30%

162,808	78,039
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Dividend Reinvestment Plan

The Company introduced a Dividend Reinvestment Plan ("DRP") on 16 January 2018. Under the DRP, in respect of the dividend paid on 9 March 2018, shareholders were able to elect to reinvest their dividend entitlement in shares in the company at a 7.5% discount to the volume weighted average price at which the shares traded over the 10 day trading period commencing on the second day after the 9 February record date for the dividend. Shares were issued at \$0.89556 per share under the DRP.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 17. Financial instruments

Financial risk management objectives

This note presents information about the Company's objectives, policies and processes for measuring and managing risk.

The Company's operational investing activities are exposed to a variety of financial risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

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The Investment Manager has been given the discretionary authority to manage and undertake investments in line with the Company's investment objective, and investment strategy.

The Investment Manager is required to act in accordance with the Management Services Agreement and to report to the Board regularly on the portfolio's performance. The Investment Manager is also responsible for designing and implementing day to day risk management and internal control systems which identify material risks in relation to investments in its role as Investment Manager for the Company.

The oversight and management of the Company's risk management program has been conferred upon the Board of Directors. The Board is responsible for reviewing that the Company maintains effective risk management and internal control systems and processes.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads.

The Company is predominantly exposed to market risk from its investment activities. The exposure arises from investing in derivatives on regulated future exchanges. The Company seeks to reduce the risk through a number of measures including diversifying across different futures markets, investing in a mixture of long and short positions and controlling the futures positions in each market to reflect the Company's assessment of volatility risk. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

Foreign currency risk

The Company is predominantly invested in foreign currency banknotes. Consequently, the Company is exposed to the movements in exchange rates that may have an adverse effect on the fair value of future cash flows of the Company's financial assets or financial liabilities denominated in currencies other than Australian dollars.

The Company did not hold any derivative instruments to manage its exposure to currency risk at the reporting date.

The following table summarises the Company's net currency exposure from its financial assets and financial liabilities, monetary and non-monetary, at the reporting date:

	2019	2018
	\$	\$
United States Dollar	2,011,771	2,641,180
Euro	867,836	883,845
Great Britain Pound	570,269	644,023
New Zealand Dollar	638,819	570,851
Indonesian Rupiah	408,505	482,314
Thailand Baht	260,590	433,941
Japanese Yen	992,025	351,831
Singapore Dollar	200,887	277,375
Vietnamese Dong	136,554	237,854
Canadian Dollar	178,476	208,500
Fiji Dollar	117,083	194,831
Hong Kong Dollar	150,080	(459,607)
Other	803,342	914,521
Net foreign exchange exposure	<u>7,336,237</u>	<u>7,381,459</u>

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Currency risk sensitivity analysis

The following table sets out the impact on the Company's profit and net assets (equity) from possible currency movements increase (decrease):

	Sensitivity rates	2019 AUD Stronger	2019 AUD Weaker
	%	\$	\$
United States Dollar	3	(60,353)	60,353
Euro	3	(26,035)	26,035
Great Britain Pound	3	(17,108)	17,108
New Zealand Dollar	3	(19,165)	19,165
Indonesian Rupiah	3	(12,255)	12,255
Thailand Baht	3	(7,818)	7,818
Japanese Yen	3	(29,761)	29,761
Singapore Dollar	3	(6,027)	6,027
Vietnamese Dong	3	(4,097)	4,097
Canadian Dollar	3	(5,354)	5,354
Fiji Dollar	3	(3,512)	3,512
Hong Kong Dollar	3	(4,502)	4,502
Other	3	(24,100)	24,100
		<u>(220,087)</u>	<u>220,087</u>

	Sensitivity rates	2018 AUD Stronger	2018 AUD Weaker
	%	\$	\$
United States Dollar	3	(79,235)	79,235
Euro	3	(26,515)	26,515
Great Britain Pound	3	(19,321)	19,321
New Zealand Dollar	3	(17,126)	17,126
Indonesian Rupiah	3	(14,469)	14,469
Thailand Baht	3	(13,018)	13,018
Japanese Yen	3	(10,555)	10,555
Singapore Dollar	3	(8,321)	8,321
Vietnamese Dong	3	(7,136)	7,136
Canadian Dollar	3	(6,255)	6,255
Fiji Dollar	3	(5,845)	5,845
Hong Kong Dollar	3	13,788	(13,788)
Other	3	(27,436)	27,436
		<u>(221,444)</u>	<u>221,444</u>

The sensitivity analysis is based on the assumption that the Australian dollar strengthened or weakened by the sensitivity rates against the other currencies. The sensitivity rates represent the Investment Manager's estimate of a reasonably possible movement in foreign currency exchange rates given the current exchange rates and the historic volatility and assumes all other variables remain constant.

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Price risk

Market prices fluctuate due to a range of factors specific to the individual investments or factors affecting the market in general. Price risk exposure arises from the Company's open derivative positions.

The Investment Manager's investment decision process is fundamental to the management of price risk. The Investment Manager undertakes extensive assessment of market dynamics, considers the impact of key events, changes in leading indicators as well as market extremes before investing, investing further capital or exiting investments.

Price risk sensitivity analysis

As at 30 June 2019 an increase of 2% (2018: 2%) in market prices applicable at the reporting date would have increased the Company's profit and net assets by \$nil (2018: \$87,000). A decrease of 2% in market prices would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

The sensitivity level demonstrated each year depends on the specific derivative contract open positions held at the balance date. The level is based on the initial margin percentage required to buy the derivative positions. The initial margin percentage requirement is considered to be a fair indicator of the perceived volatility of the derivative.

Interest rate risk

The Company is not exposed to any significant interest rate risk in respect of liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

Cash and balances held with brokers are held with highly rated Australian retail banks (AA-) and trading activities are conducted through A rated stockbrokers. Receivables are from the Australian Taxation Office, JBL or entities which are controlled entities of JBL for purposes of the accounting standards. The financial assets are categorised as follows:

Risk Rating	2019	2018
	\$	\$
AAA	47,434	42,493
AA-	150,355	549,237
A	-	217,666
Unrated	8,010,882	15,007,083
	<u>8,208,671</u>	<u>15,816,479</u>

The maximum exposure to credit risk for derivatives is any unrealised profit and margins paid on the positions that the Company held at the reporting date. The credit risk exposure for cash and deposit holdings is the carrying amount at the reporting date.

At 30 June 2019 and 30 June 2018, receivables were neither past due nor impaired, unless stated so in this report.

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The following table summarises the contractual maturity of the Company's financial liabilities at the reporting date:

	Carrying amount \$	Contractual cash flow \$	At call \$	6 months or less \$
2019				
Financial liabilities				
Payables	127,409	127,409	-	127,409
	<u>127,409</u>	<u>127,409</u>	<u>-</u>	<u>127,409</u>
	Carrying amount \$	Contractual cash flow \$	At call \$	6 months or less \$
2018				
Financial liabilities				
Open derivative positions	49,986	49,986	49,986	-
Current tax payable	162,808	162,808	-	162,808
Payables	190,196	190,196	-	190,196
	<u>402,990</u>	<u>402,990</u>	<u>49,986</u>	<u>353,004</u>

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019				
Assets				
Listed ordinary shares in an inactive market (a)	-	-	-	-
Convertible loan (b)	-	-	-	-
Foreign currency banknotes (c)	-	7,116,745	-	7,116,745
Total assets	-	7,116,745	-	7,116,745
Liabilities				
Derivative financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

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	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2018				
Assets				
Listed ordinary shares in an inactive market (a)	-	-	795,364	795,364
Listed share options in an inactive market (a)	-	-	23,073	23,073
Convertible loan (b)	-	-	2,305,278	2,305,278
Foreign currency banknotes (c)	-	7,567,612	-	7,567,612
Total assets	-	7,567,612	3,123,715	10,691,327
Liabilities				
Derivative financial liabilities	49,986	-	-	49,986
Total liabilities	49,986	-	-	49,986

There were no transfers between levels during the financial year.

(a) Listed Securities

	Listed ordinary shares		Listed share options	
	\$	Number	\$	Number
Balance at 1 July 2018	795,364	579,585	23,073	536,585
Securities bought back by JBL 3 August 2018	(1,099,999)	(536,585)	-	(536,585)
Net realised gain/(loss) on investment activities	363,545	-	(23,073)	-
Net unrealised loss on investments	(58,910)	-	-	-
Balance 30 June 2019	-	43,000	-	-
Balance 1 July 2017	-	-	-	-
Securities acquired	1,189,199	579,585	-	536,585
Net realised loss on investment activities	(9,375)	-	-	-
Net unrealised (loss)/gain on investment activities	(384,460)	-	23,073	-
Balance 30 June 2018	795,364	579,585	23,073	536,585

Includes listed option without active market trading activity.

During the prior year the Company has purchased 579,585 shares in JBL, including 536,585 shares in JBL at \$2.05 per share acquired on 23 November 2017, with an attached option per share. The options may be exercised at any time until the maturity term of two years. During previous years the options were valued using a Black Scholes pricing model was utilised in valuing these options. Due to the lack of market activity for the listed options, at 30 June 2019, the options were valued at \$nil (2018: \$23,073). The inputs into the model to value the options were:

	2019	2018
Exercise price per share	-	\$2.05
Underlying price per share	-	\$1.37
Expected volatility (weighted average)	-	34.35%
Risk-free rate	-	2.5%
Time to maturity	-	511 days

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In August 2018, 536,585 shares held by the Company in JBL were bought back by JBL at \$2.05 for each share with its one attached option. The sale on 3 August 2018 had the effect of cancelling the acquisition of these shares (and attached options) which were purchased at that same price on 17 November 2017. Total cash received by the Company on disposal was \$1,099,999. At the date of disposal, the carrying amount of the shares and options disposed was \$759,428. The net gain on the disposal of these securities was \$340,545. After the buy-back the Company holds 43,000 shares and nil options in JBL.

The shares currently trade in a market with limited liquidity, the last traded share occurred on 24 December 2018 for \$0.60 per share and JBL has been suspended from its NSX listing since 10 April 2019 therefore fair value of the ordinary shares held has been determined at \$nil (prior year a market revenue multiple valuation was used to determine the fair value of the ordinary shares held; the inputs into the valuation included a revenue forecast for the next 12 months multiplied by a market indicative multiple).

(b) Convertible loan

On the 11 September 2017, the Company entered into a \$2,200,000 convertible loan agreement with JBFG. The loan contains embedded derivatives which represent the Company's ability to convert any outstanding amount owing on the loan at any time to maturity into shares in JBFG or Genesis at a fixed price per share. Both JBFG and Genesis have unquoted equity instruments. The Company has assessed the current share price of both JBFG and Genesis in comparison to the strike price attached to the convertible loan and has determined that the value of the shares in JBFG and Genesis is less than the current conversion price, as a result the embedded derivative is valued at \$nil.

The host contract was previously valued at amortised cost using a discounted cash flow model for expected repayments. No interest has been paid on this loan and as a result the loan is in default. The Company has designated the whole instrument at fair value through profit or loss and determined the fair value of the convertible loan to be \$nil (2018: \$ 2,305,278).

(c) Foreign currency banknotes

The carrying amounts of cash and cash equivalents, balances held with brokers and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial year are set out below.

	Convertible loan	Listed shares in inactive market	Listed share options in inactive market	Total
	\$	\$	\$	\$
Balance at 30 June 2018	2,305,278	795,364	23,073	3,123,715
Buy-back	-	(1,099,999)	-	(1,099,999)
Net gain/(loss) on investment activities	(2,517,578)	304,635	(23,073)	(2,236,016)
Accrued interest on convertible loan	212,300	-	-	212,300
Balance at 30 June 2019	-	-	-	-
Prior year:				
Balance at 30 June 2017	-	-	-	-
Additions	2,200,000	1,189,199	23,073	3,412,272
Net gain/(loss) on investment activities	-	(393,835)	-	(393,835)
Accrued interest on convertible loan	105,278	-	-	105,278
Balance at 30 June 2018	2,305,278	795,364	23,073	3,123,715

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The valuation techniques, unobservable inputs and sensitivity are as follows:

Description	Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Convertible loan designated at fair value through profit or loss	Loan (host contract): the fair value of the loan was estimated using a present value cash flow technique calculated using a period end discount rate of nil (2018: 2.18%) derived from a quoted bank bill swap rate with similar maturity.)	Discount rate applied to future cash flows	The estimated fair value would increase/(decrease) if the discount rate applied was lower or (higher)
Convertible loan designated at fair value through profit or loss	Embedded derivative: a Black-Scholes pricing model	Expected volatility applied to the Black-Scholes option pricing model	The estimated fair value would increase/(decrease) if the volatility rate applied was lower or (higher)
Listed shares in an inactive market	Revenue multiple	<ul style="list-style-type: none"> - Forecast earnings - Market multiple 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the forecast earnings were higher (lower); or - The market multiple was higher (lower).
Listed options in an inactive market	Black-Scholes pricing model	Discount rate applied to the Black-Scholes option pricing model	The estimated fair value would increase/(decrease) if the discount rate applied was lower or (higher)
Foreign currency banknotes	The fair value is determined using quoted spot exchange rates at the reporting date in the respective currencies	Not applicable	Not applicable

Convertible Loan

The prior year valuation of the embedded derivative element of the convertible loan includes significant inputs that are subject to change and may have a material impact on the fair value of the convertible loan, which includes estimates on the EBITDA and estimates on the multiple used to determine the enterprise value of the underlying shares attached to the convertible note.

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Prior year valuations determined that if the forecast EBITDA for JBFG was to increase/decrease by 5% the fair value of the convertible loan note is not expected to be materially impacted. Likewise, if the earnings multiple used to determine the Genesis enterprise value was to increase/decrease by 5% the fair value of the convertible loan note is not expected to be materially impacted.

Listed Shares

The valuation of the listed shares includes significant inputs that are subject to change and may have a material impact on the fair value of the share price, which includes security liquidity, recent share trades, recent JBL NSX releases and where available estimates on the future revenue forecasts of JBL and estimates on the multiple used to determine the enterprise value. In the current year, JBL shares have not traded since December 2018.

Prior year valuations determined that if the forecast revenue of JBL was to increase/decrease by 5% the fair value of the shares would increase/decrease by \$3,000. If the revenue multiple used to determine the JBL enterprise value was to increase/decrease by 15% the fair value of the shares would increase/decrease \$9,000.

Listed Options

The prior year valuation of the listed share options includes significant inputs that are subject to change and may have a material impact on the fair value of the option value, which includes an estimate of the risk free market rate of return. In the current year, JBL shares have not traded since December 2018.

Prior year valuations determined that if the risk free rate of return of JBL was to increase/decrease by 5% the impact on the fair value of the options is not expected to be material.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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Note 19. Key management personnel disclosures

Directors

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a legal obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Refer to the remuneration report contained in Note 23 for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the period ended 30 June 2019.

The total remuneration paid to KMP of the Company during the period is as follows:

	2019	2018
	\$	\$
Short term employee benefits and fees	125,180	184,676

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners (2018: KPMG), the auditor of the Company:

	2019	2018
	\$	\$
Audit services -Pitcher Partners		
Audit of the Company's annual financial statements	35,000	-
Review of the Company's half year's financial statements	32,535	-
	67,535	-
Audit services – KPMG		
Audit or review of the financial statements	-	71,000
Audit or review of the financial statements total	67,535	71,000
Non-assurance services		
Tax compliance fees	24,500	-
Total	92,035	71,000

Note 21. Earnings per share

	2019	2018
	\$	\$
Profit/(loss) after income tax attributable to the owners of Benjamin Hornigold Ltd	(9,821,543)	(2,993,948)
	2019	2018
	Cents	Cents
Basic earnings per share	(40.66)	(13.85)
Diluted earnings per share	(40.66)	(13.85)

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In the calculation of diluted earnings per share, only options with an exercise price lower than the average market price of ordinary shares of the Company during the period are considered when calculating the effect of the options. In the case of a loss, the options are anti-dilutive and consequently the diluted and the basic earnings per share are the same.

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	24,155,241	21,620,676
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>24,155,241</u>	<u>21,620,676</u>

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Benjamin Hornigold Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 22. Contingent liabilities

The Company has no contingent liabilities at 30 June 2019 or 30 June 2018.

Note 23. Related party transactions

(a) Transactions with related parties include:

- A. The compensation arrangements with the Directors';
Key management personnel
Disclosures relating to key management personnel are set out in Note 19 and the remuneration report included in the Directors' report.
- B. The interest in the Company held directly and indirectly by the Directors.
Disclosures relating to key management personnel interest in shares and options are set out in the remuneration report included in the Directors' report
- C. Transactions with the Investment Manager and entities controlled by the Investment Manager for the purposes of the accounting standards:
 - (i) Management and performance fee paid to the Investment Manager.
 - (ii) Other costs recovered by the Investment Manager.
 - (iii) Brokerage fees paid to JB Markets Pty Ltd ('JBM') for investment broking services to the Company.

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(iv) Proprietary trading sharing arrangement with Genesis.

(v) Provision of foreign currency banknotes to JBFX on a fee basis for trading purposes.

(vi) The Company holds shares in JBL.

Related party disclosures in accordance with the Accounting Standards are provided on the basis that the Investment Manager has significant economic influence over investments performance and variable returns to the Investment Manager. The Investment Manager, JBL is considered to be a related party of the Company and does exercise control over the financial and operating policies of the Company as a result of common directors in the current and prior year:

JBL Directors' name⁽¹⁾	Common director of JBL and BHD	Period a director of BHD
J McAuliffe	No	n/a
R Patane	Yes	10 Jun 2019 to 12 Jun 2019
S McAuliffe (Managing Director)	Yes	28 Sep 2016 to 12 Jun 2019
V Gordon (3 Oct 2017 to 10 Jul 18)	Yes	14 Feb 2017 to 27 Jul 2018
S Richardson (3 Oct 2017 to 10 Jul 18)	Yes	14 Mar 2017 to 31 Jul 2018

(1) Director of JBL for the two financial years ending 30 June 2019 as per NSX releases unless stated otherwise.

The following transactions occurred with the Investment Manager, JBL and entities controlled by the Investment Manager for the purposes of the accounting standards:

	2019	2018
	\$	\$
Revenue (Note 5)		
Foreign currency gain / (loss) on bank notes traded through JBFX and Kings ⁽²⁾	130,371	168,534
Trading fee earned on foreign currency bank notes traded through JBFX and Kings ⁽²⁾	274,803	610,103
Realised profit on proprietary trading with Genesis ⁽³⁾	-	70,919
Interest earned on related party convertible loan and loans	636,494	176,021
JBL securities gains / (losses) ⁽¹⁾	281,562	(393,835)
Total related party revenue	<u>1,323,230</u>	<u>631,742</u>
Expenses:		
Investment Manager's management and performance fees	405,634	1,168,830
Brokerage fees including GST charged by JBM	1,658,439	2,064,097
Commission paid to JBM	109,334	163,889
Recharge by the Investment Manager of additional time costs in relation to audit and reports	167,785	85,692
Consulting fees paid to Ashdale of which Mr Cook is Managing Director	92,800	-
Total related party expenses	<u>2,453,992</u>	<u>3,482,777</u>
Other transactions:		
Shares acquired and bought back in JBL ⁽¹⁾	<u>(1,099,999)</u>	<u>1,099,999</u>

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The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019 \$	2018 \$
Other financial assets (Note 10)		
JBL Options ⁽¹⁾	-	23,073
Other receivables (Note 12)		
Receivable from Kings for fees on foreign currency banknotes ⁽²⁾	56,471	68,271
Receivable from Genesis ⁽³⁾	70,919	70,919
Advance from JBFG ⁽⁴⁾	500,000	-
JBL loan ⁽⁵⁾⁽⁷⁾	-	-
JBFG loan ⁽⁶⁾	-	-
Overpayment of performance fees to JBL ⁽⁷⁾	-	4,553,773
Interest receivable from JBFG in respect of convertible note ⁽⁸⁾	-	105,278
Financial assets fair value through profit and loss (Note 11)		
Listed shares in JBL ⁽¹⁾	-	795,364
Foreign currency banknotes deposited with JBFX and Kings ⁽²⁾	7,116,745	7,567,612
Convertible loan to JBFG ⁽⁸⁾	-	2,305,278
Total loans, advances and other receivables	7,744,135	15,489,568

(1) The Company acquired 579,585 shares and 536,585 options in JBL in the prior year. In accordance with ASX listing rules, 536,585 ordinary shares and the same number of options over ordinary shares were bought back by JBL in the current year for \$1,099,999, being the amount paid for the securities. The value of securities held at a fair value prior to disposal was \$818,438).

(2) Foreign currency banknotes totalling \$7,116,745 (2018: \$7,567,612) are held in the custody of:

- Kings \$7,116,745 (2018: \$3,207,985); and
- JBFX \$nil (2018: \$4,359,627).

The foreign currency banknotes are traded and managed by Kings on behalf of the Company under services agreements which provide for a minimum return to the Company of 5% (2018: 9%) per annum (9.65% from 1st June 2019) on the Australian dollar value of the foreign currency banknotes. Returns over 9% per annum on the foreign currency banknotes were retained by Kings as a fee for trading the foreign currency banknotes on behalf of the Company. As owner of the foreign currency banknotes, any foreign exchange movement in the value of the foreign currency banknotes accrues to the Company.

The Company earned \$274,803 (2018: \$610,103) trading fee and a foreign exchange gain of \$130,371 (2018: \$168,534) on the foreign currency banknotes during the year. \$56,471 (2018: \$68,271) of the fee remained collectable at 30 June 2019. In addition, JBFX owe \$71,632 of fees for foreign currency banknotes held during the year, a loss allowance has been recognised (refer Note 12). On 26 September 2019 Takeover Panel Orders 05, 06, and 07 (TP19/57) require that Kings return the \$7,116,745 of foreign currency banknotes to the Company, within 10 days, refer to Note 23(b) for further details.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

- (3) On 16 October 2017, the Company entered into a trading facilitation arrangement with Genesis, a wholly owned subsidiary of JBFG, a controlled entity of the Investment Manager JBL. Under the agreement, trading profits earned, by traders of the Investment Manager using Genesis funding and trading platform are shared between Genesis and the Company, 5% and 95% respectively. The agreement continues on a monthly basis unless terminated with 30 days' notice by either party.

As at 30 June 2019, the share in realised trading profit of \$nil (2018: \$70,919). The \$70,919 was repaid in full in July 2019.

- (4) On 29 May 2019, the Company paid Genesis \$500,000 which was subsequently assigned to JBFG. Genesis repaid the \$500,000 on 4 July 2019 on behalf of JBFG. No interest has been accrued or paid on this loan.
- (5) In August 2018 the Company made a loan of \$1,134,000 to the JBL for a term of one year at 11.5% pa interest. On 16 October 2018 the term of the loan was extended to 8 February 2020. For the year ended 30 June 2019 \$111,249 (2018: \$nil) of interest has been recognised, of which \$57,290 (2018 \$nil) was receivable (including capitalised interest) and impaired leaving a \$nil balance at 30 June 2019. In December 2018 \$129,534 of the loan and \$53,958 of the interest was repaid. No further interest repayments have been received and as a result the loan is in default, at 30 June 2019 there is a provision for impairment of \$1,061,911.
- (6) On 24 December 2018, the Company entered into a loan agreement with Genesis for \$800,000 at 9% per annum interest rate. The maturity date of the loan is 31 October 2019. On the 7 May 2019, a deed of assignment and novation was signed and the loan plus unpaid interest totalling \$857,995 was assigned to JBFG. The principle plus interest was repayable on 31st October 2019, no payments have been received and as a result the loan is in default, at 30 June 2019 there is a fair value loss of \$870,027.
- (7) On 17 September 2018, the Company entered into a \$4,500,000 loan agreement with JBL for a term of 18 months at 11.5% per annum interest. The loan was applied towards the repayment of prior year prepaid performance fees totalling \$4,553,773 receivable from the Investment Manager, JBL. For the year ended 30 June 2019 \$242,918 (2018: \$nil) of interest has been recognised. The loan and interest were repaid in full during the year following Takeover Panel Order 02. Refer to Note 5, 11 and 23(b) for further details.
- (8) On 11 September 2017, the Company entered into a convertible loan agreement with JBFG a controlled entity of the Investment Manager JBL for \$2,200,000 at a rate of 9.65% pa, for a period of 1 year, secured over 100% of the shares in Genesis, a wholly-owned subsidiary of JBFG. The agreement had a maturity of one year and a 9.65% annual interest rate applies. At the Company's election and at any time until maturity, the outstanding amount could be settled in: cash, or, shares in JBFG at a fixed rate of \$6.14 per share, or, shares in Genesis at \$9.98 per share.

In September 2018, the repayment terms were extended for a further 18 months (to March 2020) and an additional conversion clause inserted to allow (at BHD's discretion) any outstanding amount to be settled in JB Trading House shares.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

At meetings held on the 7th and 12th June 2019, the former board of BHD resolved to relinquish its rights to convert Genesis shares and reduce the conversion option to JBFG shares to \$4.65 per share and extend the repayment date to September 2020. As a result, the interest rate increased to 10.5% pa.

No repayments have been received during the year or since the year end, as a result a default notice was issued on 9 October 2019, at 30 June 2019 there is a provision for impairment of \$2,517,578 (including capitalised interest).

(b) Takeover Panel Proceedings

On 10 September 2018, JBL announced its intention to make scrip off-market takeover bids to acquire all of the issued shares and options in the Company that it did not currently own (Bid). JBL declared the Bid free from conditions on 24 December 2018.

On 28 December 2018, an application was made by certain shareholders in the Company to the Takeovers Panel in respect of the Bid. At the time of the application, JBL had a relevant interest in 38.87% of the shares in the Company.

The Takeovers Panel determined to hear the application, and issued orders preventing JBL from processing acceptances received under the Bid.

On 25 January 2019, the Panel made a declaration of unacceptable circumstances in relation to the affairs of the Company, and made final orders. The effect of the final orders is that:

- on 19 February 2019, all acceptances received by JBL under the bid were cancelled;
- in order to proceed with the Bid, JBL and the Company must dispatch supplementary information to all target shareholders explaining among other things, the effect of the Panel's declaration and orders;
- within a certain period JBL must repay a loan from the Company;
- JBL must then issue either a replacement bidder's statement including certain information prescribed in the orders or a supplementary bidder's statement stating the bid is closed or has been cancelled;
- if JBL does not dispatch the replacement bidder's statement before the dates specified in the orders, and the bid remains on foot, the bid is cancelled (and if JBL does not repay the loan, its bid for the Company is cancelled); and
- if the bid is not cancelled within a certain period of JBL dispatching its replacement bidder's statement, the Company must dispatch a supplementary target's statement and supplementary independent expert's report to shareholders which specifically considers certain matters outlined in the orders.

During the prior reporting period, the Investment Manager waived \$757,000 plus GST of performance fees.

Note 24. Events after the reporting period

-) The Takeover Panel Orders 05, 06 & 07 (TP15/50) found the circumstances to be 'unacceptable'; final orders issued on 26 September 2019 required that the \$7,120,000 Kings foreign currency banknotes be returned to the Company within 10 days and costs to be paid to the Company and ASIC, in addition JBL and Kings must not make a change of control transaction in relation to BHD securities until Kings has returned the Foreign Currency Banknotes.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2019

- J The Company announced on 23 October 2019 that the following loans advances were in default, in addition Kings and JBFX interest had not been paid.
- o JBFG \$2,200,000 Convertible loan (refer to Note 11 for further details)
 - o JBL \$1,134,154 loan (refer to Note 12 for further details)
 - o Unpaid JBFG \$870,027 loan (refer to Note 12 for further details)
- J The Company announced on 29 October 2019 that receivers have been appointed by Partners For Growth ("PFG") over JBFG, a subsidiary of JBL. JBFG is the sole Kings shareholder and the Company understand that the Kings shares are also subject to a security interest held by PFG.
- J The Company announced on 29 October 2019 that Kings have not complied with the Takeover Panel Orders to repay the \$7,120,000 foreign currency banknotes to the Company. In addition, JBL have failed to comply with the Takeover Panel Order 14 to pay the Company \$120,000 plus GST for costs incurred.
- J The Company announced on 20 November 2019 that Administrators have been appointed over JBFG.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

Cash and cash equivalents include cash on hand, deposits available on-demand with banks and unrestricted cash held with brokers. Cash and cash equivalents have maturities of 3 or less months from the date of acquisition. They are measured at gross value of the outstanding balance.

	2019 \$	2018 \$
Profit/(loss) after income tax (expense)/benefit for the year	(9,821,543)	(2,993,948)
Adjustments for:		
Change in fair value of convertible notes	2,517,578	-
Impairment of receivables	2,057,343	-
(Profit)/loss on sale of investments	(340,472)	(815,217)
Change in operating assets and liabilities:		
Due from brokers	86,886	3,420,212
Deferred tax asset	1,624,381	(1,365,264)
Deferred tax liability	-	82,144
Provisions for income tax	(162,808)	(2,731)
(Increase)/decrease in repayments	(757)	(9,244)
(Increase)/decrease in receivables	(62,557)	(5,528,116)
(Increase)/decrease in investments	1,397,476	(7,996,923)
(Increase)/decrease in derivatives	(49,986)	-
(Increase)/decrease in loans to related parties	-	(2,305,278)
(Increase)/decrease in payables	(62,788)	157,771
Net cash used in operating activities	<u>(2,817,247)</u>	<u>(17,356,594)</u>

Benjamin Hornigold Ltd Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Michael Glennon
Non-Executive Chairman

11 December 2019

Independent Auditor's Report**To the Shareholders of Benjamin Hornigold Ltd****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Benjamin Hornigold Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2 in the financial report which states that the Company's continuity as a going concern is dependent on the Company's ability to recover the King's Currency Exchange Pty Ltd foreign currency bank notes totalling \$7,116,745. The matter set forth in Note 2 indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
Valuation of financial assets <ul style="list-style-type: none"> - Foreign currency bank notes (\$7,116,745) - Convertible loans (\$-) Refer to note 11	
<p>The valuation of financial assets is considered a Key Audit Matter due to:</p> <ul style="list-style-type: none"> • the judgemental nature in the application of valuation techniques used to determine the fair value, as opposed to quoted market prices; • the valuation methodologies applied to determine fair value of investments requires significant judgement and assumptions, particularly, where the valuation inputs to these valuation models were not observable in the market; • This necessitated additional audit focus on the suitability and consistency with generally accepted valuation principles; • the complexity of valuation models and methodologies applied in estimating the fair value of investments; • the determination of the fair value hierarchy due to the degree of complexity and judgement applied in the determination of the valuation of investments. <p>In assessing this Key Audit Matter, we involved senior audit team members and our valuation specialists, who understand the Company's investment profile, the businesses' of the underlying investments and the economic environment they operate in.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining an understanding of the relevant controls associated with the accurate measurement of financial assets; • working with our internal valuation specialists, we assessed the Company's significant judgements and assumptions in the valuations including assessing the valuation methodologies applied, the integrity of the valuation models used and ensuring the accuracy of the underlying inputs; • obtaining confirmation from third party custodians over the existence over foreign currency bank notes; • reading contracts, agreements and other relevant material to understand the nature, terms, conditions and recoverability of the assets; • recalculating the fair value gain or loss recognised in the profit or loss arising from the mark to market adjustments at the reporting date; • recalculating interest accrued on convertible notes and ensuring it is in accordance with the contractual terms of the note deed; • considering the recoverability of the convertible note through either the conversion of the convertible note into equity, cash or another financial asset; and • assessing the disclosure of the quantitative and qualitative considerations when determining the fair value hierarchy in the financial report of the Company in accordance with Australian Accounting Standards.

Key audit matter	How our audit addressed the matter
Management and performance fees (\$405,634) Refer to note 6	
<p>The criteria for the determination of management and performance fees expenses ("fees") are set out in the Management Services Agreement (MSA). Fees charged by the Investment Manager, John Bridgeman Limited, are considered to be a Key Audit Matter due to:</p> <ul style="list-style-type: none"> the estimation uncertainty arising from the determination of net tangible assets due to the judgements required to determine the fair value of investments (as described above). <p>This necessitated additional audit focus to assess the fees charged and paid to the Investment Manager.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> relying on the audit procedures conducted on the valuation of financial assets, recalculated the management and performance fees in accordance with the MSA; and agreeing the recalculated fees based on the criteria set out in the Management Services Agreement and comparing these to the invoices raised by the Investment Manager and payments made by the Company.
Related party transactions Refer to note 23	
<p>The Company is a Listed Investment Company, managed by John Bridgeman Limited, the Investment Manager. John Bridgeman Limited is also the parent entity of a diverse group of companies with complex cross shareholdings. There are significant transactions between the Company and entities controlled by John Bridgeman Limited.</p> <p>Related party transactions are considered a key audit matter due to:</p> <ul style="list-style-type: none"> the complex nature of the John Bridgeman Limited Group structure and the judgement required to identify related party transactions; the quantum of related party transactions relative to the Company's financial position and performance; and the complexity of the related party transactions and the judgement required to determine the appropriate accounting treatment under 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> obtaining an understanding of the relevant controls associated with the identification and recording of related party transactions; reading contracts, agreements and other relevant documentation to understand the nature, terms and conditions of the transactions; assessing the related party transactions recorded against our understanding of the arrangement and our understanding of the Company's business; evaluating the accounting treatment adopted by the Company against the requirements of Australian Accounting Standards, including the involvement of technical accounting specialists for complex related party transactions; and assessing the disclosure of related party transactions in accordance with Australian Accounting Standards.

Key audit matter
How our audit addressed the matter

Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the Operating Financial Report, Director's Report, Corporate Governance Statement and ASX Information which was obtained as at the date of our audit report, and any additional other information that will be included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Benjamin Hornigold Ltd, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
11 December 2019

Benjamin Hornigold Ltd
Investors Supplementary information
As at 25 November 2019

The information contained below is to be read in conjunction with the annual report of Benjamin Hornigold Ltd dated 30 June 2019.

Details of top 20 Shareholders

The following is a list of the top 20 Shareholders of the Company:

Rank	Name	No. of Shares	%
1	JOHN BRIDGEMAN LIMITED	3,195,969	13.23
2	BNP PARIBAS NOMINEES PTY LTD	1,557,619	6.45
3	VICTOR JOHN PLUMMER	1,013,009	4.19
4	JOHN BRIDGEMAN LIMITED	969,391	4.01
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	855,021	3.54
6	BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	2.07
7	RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	2.07
8	KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	450,000	1.86
9	LWP INSTALLATIONS AND MAINTENANCE PTY LTD <THE PANTELERIS FAMILY A/C>	320,278	1.33
10	MR PETER ALEXANDER BEVERIDGE + MRS ANNE JEAN BEVERIDGE <BEVERIDGE SUPER A/C>	275,000	1.14
11	MR JOHN ALFRED CLAREBROUGH + MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	275,000	1.14
12	MR VICTOR JOHN PLUMMER	226,798	0.94
13	RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	215,462	0.89
14	GUNZ PTY LTD <GUNZ S/F A/C>	190,000	0.79
15	MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	181,439	0.75
16	MS JENNIFER JOAN HUTSON + MR ROBERT ANDREW HUTSON <HUTSON SUPER FUND A/C>	180,000	0.75
17	C & A OAKLEY PTY LTD <C&A OAKLEY FAMILY A/C>	175,396	0.73
18	MRS HELEN BETH DAVIDGE	170,007	0.70
19	KEARNEY HOLDINGS (QLD) PTY LTD <JA KEARNEY S/F A/C>	170,000	0.70
20	MR MARK THOMAS DIAMOND	161,197	0.67
Total		11,581,586	47.95
Balance of register		12,386,491	52.05
Grand total		24,155,241	100.00

Benjamin Hornigold Ltd
Investors Supplementary information
As at 25 November 2019

Details of top 20 Listed Option Holders

The following is a list of the top 20 Option Holders of the Company:

Rank	Name	No. of Options	%
1	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,037,225	6.22
2	JOHN BRIDGEMAN LIMITED	924,338	5.54
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	832,875	4.99
4	JOHN BRIDGEMAN LIMITED	537,224	3.22
5	BALMORRELL PTY LTD <THE BALMORRELL A/C>	500,000	3.00
6	RAVENSWOOD SUPERANNUATION PTY LTD <THE GILBANK FAMILY SUPER A/C>	500,000	3.00
7	JOHN BRIDGEMAN LIMITED	493,700	2.96
8	C & A OAKLEY PTY LTD <C&A OAKLEY FAMILY A/C>	401,803	2.41
9	MR BEN KURT PIPER	326,500	1.96
10	MR MARK BUSKENS	302,139	1.81
11	MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH <WARRAWEE SUPER FUND A/C>	300,000	1.80
12	MR DAVID JOHN BULL	251,000	1.51
13	MR DAVID HEATH & MS PATRICIA JEFFERY <HEATH JEFFERY S/F A/C>	237,000	1.42
14	MR GARY DAVID BEYNON	230,477	1.38
15	MISS ELEANOR MARY CREAGH	203,570	1.22
16	MR GREGORY VINE	200,000	1.20
17	KNABLIG PTY LIMITED <THE GILBANK FAMILY A/C>	200,000	1.20
18	RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD <RJ & BE HUNTER S/F A/C>	200,000	1.20
19	MR DAVID HEATH & MS PATRICIA JEFFERY <HEATH JEFFERY S/F A/C>	188,000	1.13
20	MOCKERIDGE SF PTY LTD <MOCKERIDGE SUPER FUND A/C>	160,000	0.96
Total		8,025,851	48.13
Balance of register		8,649,005	51.87
Grand total		16,674,856	100.00

Benjamin Hornigold Ltd
Investors Supplementary information
As at 25 November 2019

Details of substantial shareholders

The following is a list of substantial shareholders of the Company and their associates:

Name of substantial shareholder	Registered holder of the shares	Number of shares held	% of total shares
John Bridgeman Limited	John Bridgeman Limited	4,110,340	17.02%

Information is based on Forms: 603, 604 and 605 lodged with the ASX,

Distribution of shareholder numbers

Number of shares held	Number of shareholders
1 – 1,000	44
1,001, - 5,000	194
5,001 – 10,000	158
10,001 – 50,000	294
50,001 – 100,000	34
More than 100,001	30
	754

Number of shareholders with less than a marketable parcel of securities

As at 25 November 2019, there were a total of 27 shareholders with less than a marketable parcel of securities held in Asset Resolution Ltd.

Types of securities and voting rights

There is one class of ordinary shares. Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Ordinary options have no voting rights.

Listed options

There are 16,674,856 listed options on issue. The listed options had a grant date of 4 May 2017, an exercise price of \$1.00 and expire on 28 April 2020.

Unlisted options

There are no unlisted options.

On-market Buy-backs

On-market Buy-back of up to 2,000,100 fully paid ordinary Shares in the Company (representing approximately 10% of the Company's issued Shares) in the period from 8 June 2019 to 10 June 2019. At the date of this report and the 10 June 2019, nil Shares have been bought back. The On-Market Buy Back offer ended on 10 June 2019.

Securities Exchange

The Company is listed on the Australian Securities Exchange of Australia.

Benjamin Hornigold Ltd
Investors Supplementary information
As at 25 November 2019

Investments

At 30 June 2019, the Company held the following investments:

a) Investments at fair value through profit or loss

Asset: Listed Ordinary shares	NSX code	Number of shares held	Cost on date of acquisition	Fair Value
John Bridgeman Limited	JBL	43,000	\$89,200	\$-

During the year 536,585 of shares were bought back for \$1,099,999 (\$2.05 per share) cash which was the price paid for the shares on 17 November 2017. The last traded NSX price was \$0.60 on 24 December 2018. At 30 June 2019, due to the illiquidity of the JBL shares the 43,000 remaining shares held in John Bridgeman Limited have been valued at nil.

Asset: Foreign Currency Banknotes Currency held by Kings Currency Exchange Pty Ltd	CCY	Foreign Currency Amount	AUD Equivalent
UAE DIRHAM	AED	170,501	66,183
ARGENTINIAN PESOS	ARS	255,401	8,529
BRUNEI DOLLAR	BND	967	1,019
BRAZILIAN REAL	BRL	23,018	8,593
CANADIAN DOLLAR	CAD	163,877	178,476
SWISS FRANC	CHF	51,113	74,748
CHILEAN PESO	CLP	5,253,951	10,992
CHINESE RENMINBI YUAN	CNY	676,549	140,611
COLUMBIAN PESO	COP	5,580,165	2,492
CZECH REPUBLIC KORUNA	CZK	99,900	6,369
DANISH KRONER	DKK	79,636	17,295
EQYPTIAN POUND	EGP	206,016	17,632
EURO	EUR	535,368	867,836
FIJI DOLLAR	FJD	175,835	117,083
UK POUND STERLING	GBP	315,604	570,269
HONK KONG DOLLAR	HKD	821,941	150,080
HUNGARIAN FORINT	HUF	1,097,724	5,493
CROATIA KUNA	HRK	16,000	3,508
INDONESIAN REPIAH	IDR	4,037,944,422	408,505
ISRAEL SHEKEL	ILS	13,550	5,405
INDIAN RUPEE	INR	1,430,436	29,593
ICELANDIC KRONA	ISK	498,099	5,703
JORDEAN DINAR	JOD	8,121	16,360
JAPANESE YEN	JPY	74,947,483	992,025
KENYAN SCHILLING	KES	163,000	2,272
CAMBODIAN RIEL	KHR	12,400,000	4,400
SOUTH KOREAN WON	KRW	31,171,523	38,487
SRI LANKA RUPEE	LKR	2,398,267	19,383
MOROCCO DIRHAM	MAD	54,733	8,148
MAURITIUS RUPEE	MUR	33,990	1,415
MEXICAN PESO	MXN	212,180	15,773
MALAYSIAN RINGGIT	MYR	122,776	42,356

Benjamin Hornigold Ltd
Investors Supplementary information
As at 25 November 2019

Asset: Foreign Currency Banknotes Currency held by Kings Currency Exchange Pty Ltd	CCY	Foreign Currency Amount	AUD Equivalent
NORWEGIAN KRONER	NOK	95,365	15,974
NEPALESE RUPEE	NPR	293,016	3,664
NEW ZEALAND DOLLAR	NZD	668,269	638,819
OMANI RIAL	OMR	822	3,044
PAPUE NEW GUINEA KINA	PGK	30,616	13,226
PHILIPPINE PESO	PHP	1,277,453	35,561
PAKISTAN RUPEE	PKR	8,700	76
POLISH ZLOTYCH	PLN	7,001	2,670
QATAR RIYAL	QAR	1,750	682
RUSSIAN ROUBLE	RUB	163,099	3,682
SAUDI RIYAL	SAR	366	139
SOLOLON ISLAND DOLLAR	SBD	7,000	1,287
SWEDISH KRONER	SEK	75,136	11,553
SINGAPORE DOLLAR	SGD	190,662	200,887
THAILAND BAHT	THB	5,606,980	260,590
TONGAN PA ANGA	TOP	1,400	917
TURKISH LIRE NEW	TRY	37,386	9,236
TAIWAN DOLLAR	TWD	400,603	18,397
UNITED STATES DOLLAR	USD	1,256,926	1,792,280
VIETNAMESES DONG	VND	2,231,020,567	136,554
VANUATU VATU	VUV	2,288,585	29,027
SAMOAN TALA	WST	8,103	4,547
FRENCH PACIFIC ISLANDS	XPF	2,382,345	32,355
SOUTH AFRICAN RAND	ZAR	639,406	64,545
TOTAL		6,423,383,702	7,116,745

Refer to note 11 for further details.

Investment income and expenses

	\$
Net (losses)/gains on financial instruments measured at fair value through profit or loss (Note 5)	(3,031,231)
Other revenue (Note 5)	639,119
Impairment of receivables (note 12)	(2,057,343)
Commissions paid to investment brokers	(2,196,522)
Management and performance fee expenses	(405,634)