

BENJAMIN
HORNIGOLD
LIMITED

ACN 614 854 045



ANNUAL REPORT
30 JUNE 2020

“veritas et aequitas”

Benjamin Hornigold Ltd
Corporate Directory
30 June 2020

Directors

Mr Michael Glennon Non-Executive Director and Chairman

Mr Sulieman Ravell Non-Executive Director

Mr Gary Miller Non-Executive Director

Company Secretary

Mr Michael Glennon

Registered Office

Suite 1
Level 17
25 Bligh Street
Sydney NSW 2000

Auditor

Pitcher Partners
Level 38
345 Queen Street
Brisbane QLD 4000

Stock Exchange Listing

Australian Securities Exchange code: BHD

Share Registry

Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000

Website address

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Benjamin Hornigold Ltd
Directors Report
For the year ended 30 June 2020

Introduction

The directors present their report, of Benjamin Hornigold Limited (referred to hereafter as the 'Company' or 'BHD') for the year ended 30 June 2020 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	-
Sulieman Ravell	12 Jun 2019	-

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.
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:	Indirect interest at 30 June 2020: 221,531 ordinary shares held by Glennon Glennon Small Companies Limited (ASX code: GC1), of which Mr Glennon is a director and shareholder.
Interests in options:	Nil

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:	Glennon Small Companies Ltd (ASX code: GC1) from 9 June 2020.
Former listed directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Indirect Interest in 79,176 ordinary shares at 30 June 2020:

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Directors Report
For the year ended 30 June 2020

	<ul style="list-style-type: none">) 1 ordinary share held by Wealth Focus Pty Ltd. Wealth Focus Holdings Pty Ltd is the sole shareholder of Wealth Focus Pty Ltd. A shareholder of Wealth Focus Holdings is S4 Family Services Pty Ltd ATF S4 Family Trust of which Mr Ravell is a beneficiary; and) 79,175 ordinary shares held by R4 Trading Pty Ltd a company owned by S4 Family Services Pty Ltd ATF S4 Family Trust of which Mr Ravell is a beneficiary.
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Interests in options: Nil

Name:	Gary Miller
Title:	Non-Executive Director, appointed 12 June 2019
Qualifications:	Diploma of Financial Advising
Experience and expertise:	Gary has a Diploma of Financial Advising and 30 years broad experience in financial markets. Director (2011 to April 2020) 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. Also experienced in commercial property investment, development finance and property development.

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 at 30 June 2020: 56,699 ordinary shares via GM Enterprises Australia Pty Limited ACN 066 912 427 ATF GTM Super Fund of which Mr Miller is a beneficiary.

Interests in options: Nil

Company Secretary

Michael Glennon has held the role of Company Secretary since 12 June 2019. Michael's 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 2020, and the number of meetings attended by each director were:

	Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
M Glennon	7	7	2	2
G Miller	7	7	2	2
S Ravell	7	7	2	2

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.

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Directors Report
For the year ended 30 June 2020

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 Committee is Gary Miller from 12 June 2019.

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.

The Board have stated in a recent ASX release that their intentions are to manage the investments in house and return to trading, initially commencing relatively conservatively, but as litigation progresses and the company's funding requirements decrease the company will move to a less conservative strategy.

Review of operations

The loss incurred by the Company after providing for income tax amounted to \$750,237 (2019: \$9,821,543) and return on average capital employed is (17.83%) (2019: 63.59%).

The \$9,071,306 decrease in losses is primarily due to lower net trading losses on financial instruments by \$2,776,521, lower impairments of receivables \$2,001,737 and no current year investment brokerage fees. The major changes are set out below:

	2020 \$	2019 \$	Decrease/(increase) in losses	
			\$ variance	% of variance
Net trading (loss)/gains on financial instruments⁽¹⁾	(254,710)	(3,031,231)	2,776,521	92%
Other revenue	477,811	639,119	(161,308)	(25%)
Interest received	606,034	639,448	(33,414)	(5%)
Impairment of receivables⁽²⁾	(55,606)	(2,057,343)	2,001,737	97%
Fees paid to investment brokers⁽³⁾	-	(2,196,522)	2,196,522	100%
Management and performance fee expenses⁽³⁾	(64,936)	(405,634)	340,698	84%
Other fees incurred in respect of investment transactions	-	(217,529)	217,529	100%
Legal fees⁽⁴⁾	(928,976)	(988,737)	59,761	6%
Directors fees	(301,125)	(125,180)	(175,945)	(141%)
Income tax (expense)/ benefit⁽⁵⁾	-	(1,624,382)	1,624,382	100%
Other expenses	(228,729)	(453,552)	224,823	50%
Total losses	(750,237)	(9,821,543)	9,071,306	92%

Notes:

(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 \$254,710 (2019: \$2,517,578), refer to Note 9 for further details.
-) Other losses \$nil (2019: \$513,653).

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Directors Report
For the year ended 30 June 2020

(2) Impairment of receivables:

-) Loss on JBL related party loan and interest of \$123,306, offset by repayment received in the period of \$149,548 (2019: \$1,061,911).
 -) Loss on JBFG related party loan and interest of \$81,848 (2019: \$870,027).
 -) Loss on other receivables \$nil (2019: \$125,405).
- Refer to Note 10 for further details.

(3) Management fee and brokerage

The investment managers terminated their contract 19 December 2019 resulting in a significant decrease in management fees and brokerage.

(4) Legal fees

During the year the Company incurred \$928,976 of legal fees on the following matters:

-) Takeover panel and Kings Currency Notes \$422,075;
-) Proceedings regarding 2019 Notice of Meeting \$94,611;
-) Access to books and records \$34,491;
-) Regulatory correspondence \$63,773;
-) Recovery of JBFG and JBL loans and MSA issues \$123,568; and
-) Other matters \$190,458.

Legal fees incurred in the prior year amounted to \$988,737 and related primarily to takeover bid costs of \$563,753.

(5) Income tax

During the prior year the Company impaired a number of assets resulting in the derecognition of deferred tax assets.

Corporate events

On 19 December 2019 the Company entered into a loan receivable facility agreement (“Kings agreement”) to recover the foreign currency banknotes of \$7,272,731 (including foreign currency gains of \$155,986,) together with \$323,306 for the 9% banknote trading return and the trading fee receivables of \$56,470 from the prior year. The Kings agreement provided first ranking security over Kings Currency Exchange Pty Ltd and the facility provided a fixed rate of return of 15% per annum. During the year the loan was repaid in full including interest of \$130,279.

The Company was reinstated to official quotation on the ASX on 25 June 2020.

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

-) The Company announced on 17 July 2020 that John Bridgeman Ltd (JBL) has paid the Company \$132,000 (including GST) in respect of Takeover Panel cost following orders made by the Supreme Court of Queensland.
-) The Board does not believe the COVID-19 pandemic will have any impact on the Company’s ability to continue as a going concern.

No other matter or circumstance, other than the following, has arisen since 30 June 2020 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.

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.

Benjamin Hornigold Ltd
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Environmental regulation

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

Shares under option

There are no unissued ordinary shares of the Company under option at the date of this report.

Outstanding shares under option from the prior year expired on 28 April 2020.

During and since the year ended 30 June 2020, no shares were issued (2019: nil) pursuant to the exercise of options.

Indemnifying officers

The Company entered into an agreement to indemnify any person who is or has been an officer of the Company.

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 17 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 17 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 (including Independence Standards) 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.

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.

Benjamin Hornigold Ltd
Directors Report
For the year ended 30 June 2020

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 2020. 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 2020 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 99.69% 'yes' poll votes on the adoption of the Remuneration Report for the year ended 30 June 2019.

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.

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.

Benjamin Hornigold Ltd
Directors Report
For the year ended 30 June 2020

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.

	30 June 2020	30 June 2019	30 June 2018	30 June 2017
	\$	\$	\$	\$
Loss attributable to owners of the Company	(750,237)	(9,821,543)	(2,993,948)	130,505
Dividends paid per share	-	-	0.12	-
Share price	0.21	0.71 ⁽¹⁾	0.71	0.99
NTA before tax	0.30	0.33	1.15	1.00

(1) The Company was suspended by the ASX on 30 July 2018 at which time the share price was \$0.71.

Employment details of members of KMP

Remuneration and other terms of employment for KMP 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:	1 July 2019
Term of agreement:	No fixed term
	Non-executive fee \$50,000 pa Chairman fee \$25,000 pa Superannuation guarantee at 9.5%
Details:	Director's fees are 100% of remuneration
Name/ title:	Sulieyman Ravell – Non-Executive Director
Agreement commenced:	1 July 2019
Term of agreement:	No fixed term
	Non-executive fee \$50,000 pa Additional fees payable until default loans and advances recovered \$50,000 Superannuation guarantee at 9.5%
Details:	Director's fees are 100% of remuneration
Name/ title:	Gary Miller – Non-Executive Director
Agreement commenced:	1 July 2019
Term of agreement:	No fixed term
	Non-executive fee \$50,000 pa Additional fees payable until default loans and advances recovered \$50,000 Superannuation guarantee at 9.5%
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.

Benjamin Hornigold Ltd
Directors Report
For the year ended 30 June 2020

Table of benefits and payments for the year ended 30 June 2020

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share-based payments	Total
	Cash salary and fees ⁽¹⁾	Cash Bonus	Non-Monetary	Superannuation ⁽¹⁾	Long Service leave	Equity settled	
2020							
M Glennon	81,250	-	-	7,719	-	-	88,969
G Miller	108,333	-	-	10,292	-	-	118,625
S Ravell	108,333	-	-	10,292	-	-	118,625
Total KMP	297,916	-	-	28,303	-	-	326,219

(1) At 30 June 2020, \$25,094 of directors' fees are prepaid including \$2,178 of superannuation.

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

	Short-term benefits			Post-Employment benefits	Long Term benefits	Share-based payments	Total
	Cash salary and fees	Cash Bonus	Non-Monetary	Superannuation	Long Service leave	Equity settled	
2019							
M Glennon	-	-	-	-	-	-	-
G Miller	-	-	-	-	-	-	-
S Ravell	-	-	-	-	-	-	-
D Markisic	-	-	-	-	-	-	-
V Gunner	-	-	-	-	-	-	-
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 2019 fees paid during the current financial year, that were not accrued at 30 June 2019.

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:

2020	Balance at	Granted as	Issued on	Acquired on-market	On	Balance at
	1 July 2019	during the period	exercise of options during the period		appointment or (resignation)	
M Glennon⁽¹⁾	-	-	-	221,531	-	221,531
G Miller⁽²⁾	56,699	-	-	-	-	56,699
S Ravell⁽³⁾	1	-	-	79,175	-	79,176
Total Shares	56,700	-	-	300,706	-	357,406

Benjamin Hornigold Ltd
Directors Report
For the year ended 30 June 2020

- (1) Mr Glennon holds 221,531 ordinary shares indirectly via Glennon Small Companies Limited (ASX code: GC1), of which Mr Glennon is a director and shareholder. Since 30 June 2020, Glennon Small Companies Limited has acquired an additional 1,753,416 shares on market.
- (2) Mr Miller holds 56,699 ordinary shares via GM Enterprises Australia Pty Limited ATF GTM Super Fund of which Mr Miller is a beneficiary. Since 30 June 2020, GM Enterprises Australia Pty Limited has acquired an additional 1,030,264 shares on market.
- (3) 79,196 ordinary shares held indirectly by Mr Ravell:
- o 1 ordinary share held by Wealth Focus Pty Ltd. Wealth Focus Holdings Pty Ltd is the sole shareholder of Wealth Focus Pty Ltd. A shareholder of Wealth Focus Holdings is S4 Family Services Pty Ltd ATF S4 Family Trust of which Mr Ravell is a beneficiary; and
 - o 79,175 ordinary shares held by R4 Trading Pty Ltd a company owned by S4 Family Services Pty Ltd ATF S4 Family Trust of which Mr Ravell is a beneficiary;
- Since 30 June 2020, Mr Ravell has acquired 855,000 shares on market. 200,000 shares are held by R4 Trading and 655,000 are held by S4 Super Pty Ltd.

2019	Balance at 1 July 2018	Granted as remuneration 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

(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 that were converted into JBL shares.

(3) Mr Patane held 5,000 shares on the date of his appointment that were converted into JBL shares.

(4) Mr Aardoom's holding includes nil (2019: 40,000) shares previously held on trust for another. Ceased acting as trustee for the beneficial owner of the shares and options.

Options

2020	Balance at 1 July 2019	Granted as remuneration during the period	Expired during the period	Other changes during the period	On appointment or (resignation)	Balance at 30 June 2020
M Glennon	-	-	-	-	-	-
G Miller	50,000	-	(50,000)	-	-	-
S Ravell	-	-	-	-	-	-
Total Options	50,000	-	(50,000)	-	-	-

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Directors Report
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2019	Balance at 1 July 2018	Granted as remuneration 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	-	-	-	-	-	-
B Cook	7,000	-	-	-	(7,000)	-
V Gordon	-	-	-	-	-	-
S Richardson	-	-	-	-	-	-
Total Options	931,338	-	-	(10,100)	(871,238)	50,000

(1) Includes 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 that were converted into JBL shares.

(3) Mr Patane held 5,000 options on the date of his appointment that were converted into JBL shares.

(4) Mr Aardoom holding includes nil 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 20 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

27 August 2020

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Brisbane, QLD 4000

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p. +61 7 3222 8444

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 2020, 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 (including Independence Standards)*.

PITCHER PARTNERS


WARWICK FACE
Partner

Brisbane, Queensland
27 August 2020

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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Benjamin Hornigold Ltd

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Benjamin Hornigold Ltd
Statement of profit or loss and other comprehensive income
For the year 30 June 2020

	Note	2020 \$	2019 \$
Revenue from investment portfolio			
Net losses on financial instruments measured at fair value through profit or loss	5	(254,710)	(3,031,231)
Net income from investment portfolio		<u>(254,710)</u>	<u>(3,031,231)</u>
Other revenue	5	477,811	639,119
Other income	5	19,395	-
Interest revenue calculated using the effective interest method		606,034	639,448
Total revenue		<u>848,530</u>	<u>(1,752,664)</u>
Expenses			
Management and performance fees	6	(64,936)	(405,634)
Brokerage fees		-	(2,196,522)
Impairment of receivables	10	(55,606)	(2,057,343)
Directors' fees		(301,125)	(125,180)
Professional fees		(1,090,904)	(1,429,423)
Other expenses		(86,196)	(226,209)
Finance costs		-	(4,186)
Total expenses		<u>(1,598,767)</u>	<u>(6,444,497)</u>
Loss before income tax		(750,237)	(8,197,161)
Income tax expense	7	-	(1,624,382)
Loss after income tax for the year attributable to the owners of Benjamin Hornigold Ltd		(750,237)	(9,821,543)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Benjamin Hornigold Ltd		<u>(750,237)</u>	<u>(9,821,543)</u>
		Cents	Cents
Basic earnings per share	18	(3.11)	(40.66)
Diluted earnings per share	18	(3.11)	(40.66)

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 2020

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	8	7,541,101	369,846
Investments at fair value through profit or loss	9	-	7,116,745
Other receivables	10	210	674,824
Prepayments		<u>25,094</u>	<u>10,000</u>
Total assets		<u>7,566,405</u>	<u>8,171,415</u>
Liabilities			
Trade and other payables	11	272,636	127,409
Current tax payable	7	<u>-</u>	<u>-</u>
Total liabilities		<u>272,636</u>	<u>127,409</u>
Net assets		<u>7,293,769</u>	<u>8,044,006</u>
Equity			
Issued capital	12	23,528,129	23,528,129
Accumulated losses		<u>(16,234,360)</u>	<u>(15,484,123)</u>
Total equity		<u>7,293,769</u>	<u>8,044,006</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 2020

	Issued capital	Accumulated	Total equity
	\$	losses	\$
Balance at 1 July 2018	23,528,129	(5,662,580)	17,865,549
Loss after income tax benefit 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	-	-	-
Balance at 30 June 2019	<u>23,528,129</u>	<u>(15,484,123)</u>	<u>8,044,006</u>
	Issued capital	Accumulated	Total equity
	\$	losses	\$
Balance at 1 July 2019	23,528,129	(15,484,123)	8,044,006
Loss after income tax for the year	-	(750,237)	(750,237)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(750,237)	(750,237)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of share capital	-	-	-
Balance at 30 June 2020	<u>23,528,129</u>	<u>(16,234,360)</u>	<u>7,293,769</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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts / (payments) of trading activities		70,919	(708,327)
Management and performance fees paid		-	(405,634)
Brokerage fees paid		-	(2,196,522)
Payments for operating and administrative expenses		(1,367,282)	(1,785,787)
Interest received		146,168	364,391
Income tax paid		-	(162,808)
Net proceeds from sale of/(payment for) investments		-	1,099,999
Proceeds from sale of foreign currency bank notes	22(b)	-	9,498,015
Payments for foreign currency bank notes	22(b)	-	(8,909,988)
Receipts from Government Grants		19,395	389,414
Net cash used in operating activities	22(a)	<u>(1,130,800)</u>	<u>(2,817,247)</u>
Cash flows from investing activities			
Proceeds from repayment of loans	22(b)	7,652,507	-
Loans to related parties		-	(2,434,154)
Repayment received from previously-related party loans	10	649,548	4,500,000
Net cash from investing activities		<u>8,302,055</u>	<u>2,065,846</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		7,171,255	(751,401)
Cash and cash equivalents at the beginning of the financial year		<u>369,846</u>	<u>1,121,247</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>7,541,101</u></u>	<u><u>369,846</u></u>

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 2020

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 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 using 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 27 August 2020.

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 16 Leases came into effect 1 July 2019. The new standard eliminates the operating and finance lease classifications for lessees previously required under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet by recognising a lease liability and a right of use asset in its balance sheet. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. There was no significant impact of the adoption of this new standard on the reported balances and transactions of the Company.

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 2020. 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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

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.

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

At the end of each reporting period, an assessment is made as to the extent of any expected credit losses (ECLs) impacting on the estimated future cash flows of the financial asset. Expected credit losses may arise where there are indications that the counterparty is experiencing significant financial difficulty or might enter insolvency proceedings or other financial reorganisation, where there has been a default or delinquency in interest or principal payments, or where changes in economic conditions have occurred impacting on the likelihood of defaults.

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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

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

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 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.

Refer to Note 9 for further information.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

Impact of COVID-19 pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the operations of the Company and its financial position and results. During the financial year there has been no significant impact upon the financial results and position of the Company reported on in these financial statements as a result of the COVID-19 pandemic.

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

	2020	2019
	\$	\$
<i>Net income from investment portfolio</i>		
Net realised losses on trading activities	-	(795,215)
Net realised gain on investment activities (a)	-	340,472
Net unrealised loss on investment activities (a)	(254,710)	(2,576,488)
	(254,710)	(3,031,231)
<i>Other revenue</i>		
Foreign exchange gains on foreign currency banknotes receivable (a)	155,986	130,371
Trading fee on foreign currency banknotes receivable (a)	323,307	274,803
Foreign exchange gains / (losses) on other foreign currency	(1,482)	119,354
GST refund in respect of prior years (b)	-	114,591
	477,811	639,119
<i>Other income</i>		
Government Grants	19,935	-
	19,935	-

(a) Refer to Note 10 for further detail.

(b) During the prior period the Company received a refund of GST previously paid in respect of reduced input tax credit amounts available following an earlier review of GST payments made during the 2017 and 2018 financial years.

Accounting policy for revenue recognition

Revenue is recognised at the transaction price specified in the contract and excludes any taxes collected on behalf of third parties.

Net gains / (losses) 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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

Government grants

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Trading fee on foreign currency banknotes

Refer to Note 9(c) for further information.

Foreign currency gains / (losses)

Foreign currency transactions are translated into Australia dollars using the exchange rates at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 6. Management and performance fees

The Management Services Agreement became operative on 11 May 2017 and was terminated by the Investment Manager, JBL, on 4 December 2019. Under the Management Services Agreement, the Investment Manager, JBL was entitled to 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.

The terms of the performance fee were 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 was 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 \$64,936 (2019: \$405,634) and performance fees of \$nil (2019: \$ nil) including GST during the period.

In the prior years, \$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 prior year, the Company entered into a loan agreement with JBL for the amount of \$4,500,000 which included the prepaid performance fee. The loan was repaid in March 2019. For further information refer to Note 10.

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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

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.

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.

	2020	2019
	\$	\$
(a) Components of Income tax Expense		
<i>Income tax expense/(benefit)</i>		
Current tax	-	-
Deferred tax	(126,313)	(1,030,602)
Adjustment for deferred tax assets for prior periods	-	135,368
Derecognised deferred tax asset	126,313	2,519,616
Under/(over) provision in prior years	-	-
Aggregate income tax expense/(benefit)	-	1,624,382
 (b) Prima facie tax payable		
Profit/(loss) before income tax (expense)/benefit	(750,237)	(8,197,161)
Tax at the statutory tax rate of 27.5% (2019: 27.5%)	(206,315)	(2,254,219)

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

	2020 \$	2019 \$
Add/(loss) tax effect of:		
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment on receivables	15,291	531,283
Impairment on convertible loan	70,045	692,334
Government grants	(5,334)	-
Tax losses not taken into account	126,313	-
DTA arising from prior year timing differences	-	135,368
Derecognised deferred tax asset	-	2,519,616
Income tax expense/(benefit)	-	1,624,382

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, and as a result derecognises the previously recognised deferred tax asset of \$nil (2019: \$2,519,616).

Note 8. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	7,541,091	150,355
Cash held with investment brokers - unrestricted	10	219,491
	<u>7,541,101</u>	<u>369,846</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents include 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.

Note 9. Financial Assets at fair value through profit or loss

	2020 \$	2019 \$
Convertible loan - designated at fair value through profit or loss (a)	-	-
Listed shares - designated at fair value through profit or loss (b)	-	-
Foreign currency banknotes - designated at fair value through profit or loss (c)	-	7,116,745
	<u>-</u>	<u>7,116,745</u>

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

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 2019	-	-	7,116,745	7,116,745
Foreign exchange gain/(loss)	-	-	155,986	155,986
Transfer to Other Receivables (Secured Kings Agreement Facility)	-	-	(7,272,731)	(7,272,731)
Net unrealised gain/(loss) on investment activities	(254,711)	-	-	(254,711)
Accrued interest on convertible loan	254,711	-	-	254,711
Fair value at 30 June 2020	-	-	-	-
<i>Prior year:</i>				
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	-	-	7,116,745	7,116,745

Refer to note 15 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 (2019: 43,000) shares in JBL, a company listed on the NSX. During the prior 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 2020, due to the illiquidity of the JBL shares the asset has been valued at nil.
- (c) On 19 December 2019 the Company entered into a loan receivable facility agreement ("Kings agreement") to recover the foreign currency banknotes valued at \$7,272,731 (including foreign currency gains of \$155,986) together with \$323,306 for the 9% banknote trading return and trading fee receivables of \$56,470 from the prior year.

Prior to the foreign currency banknotes being transferred to Other Receivables, the foreign currency banknotes were 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 19 December 2019 and 30 June 2019 on the Australian dollar value of the foreign currency banknotes. The actual return ('Returns') amounted to:

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

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

Returns over 9.65% (30 June 2019: 9.65%) 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 \$323,307 (2019: \$274,803) for the year and foreign exchange gain was \$155,986 (2019: \$130,371).

Note 10. Other receivables

	2020	2019
	\$	\$
Secured Kings Agreement Facility (a)	-	-
Trading fee receivable on Kings foreign currency banknotes (a)	-	56,471
Trading fee receivable on JBFX foreign currency banknotes	71,632	71,632
Overpaid performance fees (c)	53,773	53,773
Proprietary trading receivable (b)	-	70,919
Less allowance for expected credit losses	(125,405)	(125,405)
	-	127,390
<i>Loans and advances to previously related parties measured at amortised cost</i>		
JBL loan (d)	1,035,669	1,061,911
JBFG loan (d)	951,875	870,027
Less allowance for expected credit losses (d)	(1,987,544)	(1,931,938)
JBFG advance (d)	-	500,000
GST receivable	210	47,434
	210	547,434
 Total other receivables	 210	 674,824
 <u>Loss allowance:</u>		
Opening balance	2,057,343	-
Trading fee receivable on foreign currency banknotes JBFX	-	71,632
Overpaid management and performance fees (b)	-	53,773
Loss allowances recognised (d)	55,606	1,931,938
Closing balance	2,112,949	2,057,343

- (a) On 19 December 2019 the Company entered into a loan receivable facility agreement (“Kings agreement”) to recover the value of the foreign currency banknotes of \$7,272,731 (including foreign exchange of \$155,986) together with \$323,306 for the 9% banknote trading return and trade fee receivables of \$56,470 from the prior year. The Kings agreement provided first ranking security facility over Kings Currency Exchange Pty Ltd and the facility provided a fixed rate of return of 15% per annum. During the year the loan was repaid in full on 5 February 2020 including interest of \$130,279 (2019: \$nil).
- (b) 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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

(c) In the prior years, 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 2020 \$53,773 (2019: \$53,773) was receivable of which \$53,773 (2019: \$53,773) was impaired at 30 June 2020.

The Takeovers Panel found this to act as a lock-up device and issued Orders O2 (TP19/08) requiring repayment in full. At 30 June 2020, the loan had been repaid in full, in accordance with Takeover Panel Refer Orders O2 (TP19/08) refer to 10(d) Loans and Receivables below, for further information.

(d) Loans and advances (prior year related party loans and advances) measured at amortised cost.

2020	JBL Loan A	JBL Loan B	Genesis Loan	JBFG Loan	Genesis Advance	JBFG Advance	Total
	\$	\$	\$	\$	\$	\$	\$
Opening loan	-	-	-	-	-	500,000	500,000
Interest charged	123,306	-	-	81,848	-	-	205,154
Loan repaid	(149,548)	-	-	-	-	(500,000)	(649,548)
ECL provision	26,242	-	-	(81,848)	-	-	(55,606)
Closing loan	-	-	-	-	-	-	-

2019	JBL Loan A	JBL Loan B	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) JBL loan A

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 2020 \$123,306 (2019: \$111,249) of interest has been recognised, of which all (2019 \$57,291) was receivable at 30 June 2020. On 12 February 2020 \$149,548 of the JBL loan was repaid by JBL complying with orders made in the Supreme Court of Queensland on 4 February 2020. No interest repayments have been received since December 2018 and as a result the loan is in default. A write-back of the impairment provision of \$26,241 (2019: impairment \$1,061,911) has been recognised in the current year.

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(ii) JBL loan B

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 2020 \$nil (2019: \$242,918) of interest has been recognised.

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 prior 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 2020 \$81,848 (2019: \$70,027) of interest has been recognised. In the prior year, \$57,995 of this interest was charged before the assignment of the loan from Genesis to JBFG. An impairment provision of \$81,847 (2019: \$870,027) 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 from 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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2020	JBL Loan A	JBL Loan B	Genesis Loan	JBFG Loan	Genesis Advance	JBFG Receivable	Total
	\$	\$	\$	\$	\$	\$	\$
Net loan and interest	1,035,669	-	-	951,875	-	-	1,987,544
Performing Stage 1	-	-	-	-	-	-	-
Performing Stage 2	-	-	-	-	-	-	-
Non-Performing Stage 3	1,035,669	-	-	951,875	-	-	1,987,544
Total provision for ECL	(1,035,669)	-	-	(951,875)	-	-	(1,987,544)
Balance Stage 3	-	-	-	-	-	-	-

2019	JBL Loan A	JBL Loan B	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 11. Trade and other payables

	2020	2019
	\$	\$
Trade payables	<u>272,636</u>	<u>127,409</u>

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.

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Note 12. Issued capital

	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	24,155,241	24,155,241	23,528,129	23,528,129

There have been no movements in share capital during the period.

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 30 June 2020, nil (2019: 16,674,856) options are on issue. During the year nil (2019: nil) options have been exercised at an exercise price of \$1 per option.

On 28 April 2020 the following options expired:

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

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.

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 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.

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Note 13. Dividends

Dividends

There were no dividends paid during the financial year (2019: \$nil).

Franking credits

	2020	2019
	\$	\$
Amount of franking credits available to shareholders of Benjamin Hornigold Limited for subsequent financial years	<u>162,808</u>	<u>162,808</u>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u><u>162,808</u></u>	<u><u>162,808</u></u>

Accounting policy for dividends

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

Note 14. 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.

Until the Investment Manager's resignation, they had 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.

Foreign currency risk

Until December 2019, the Company was predominantly invested in foreign currency banknotes. Consequently, the Company was exposed to the movements in exchange rates that may have had 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.

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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:

	2020 \$	2019 \$
United States Dollar	-	2,011,771
Euro	-	867,836
Great Britain Pound	-	570,269
New Zealand Dollar	-	638,819
Indonesian Rupiah	-	408,505
Thailand Baht	-	260,590
Japanese Yen	-	992,025
Singapore Dollar	-	200,887
Vietnamese Dong	-	136,554
Canadian Dollar	-	178,476
Fiji Dollar	-	117,083
Hong Kong Dollar	-	150,080
Other	-	803,342
Net foreign exchange exposure	-	7,336,237

Currency risk sensitivity analysis

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

Prior year	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
		(220,087)	220,087

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 arose 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 2020 an increase of 2% (2019: 2%) in market prices applicable at the reporting date would have increased the Company's profit and net assets by \$nil (2019: \$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 (AAA) 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	2020	2019
	\$	\$
AAA	7,541,101	47,434
AA-	-	150,355
Unrated	-	8,010,882
	<u>7,541,101</u>	<u>8,208,671</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 2020 and 30 June 2019, 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 \$
2020				
Financial liabilities				
Payables	272,636	272,636	-	272,636
	272,636	272,636	-	272,636
2019				
Financial liabilities				
Payables	127,409	127,409	-	127,409
	127,409	127,409	-	127,409

Fair value of financial instruments

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

Note 15. 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 \$
2020				
Assets				
Listed ordinary shares in an inactive market (a)	-	-	-	-
Convertible loan (b)	-	-	-	-
Foreign currency banknotes (c)	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivative financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

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2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
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	-	-	-	-

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 2019	-	43,000	-	-
Net unrealised loss on investments	-	-	-	-
Balance 30 June 2020	-	43,000	-	-
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	-	-

Includes listed option without active market trading activity.

On 23 November 2017 the Company has purchased 579,585 shares in JBL, including 536,585 shares in JBL at \$2.05 per share acquired, with an attached option per share. The options expired during the year. 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 2020, the options were valued at \$nil (2019: \$nil).

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.

JBL was suspended from its NSX listing on 10 April 2019. Historically the shares trade in a market with limited liquidity, the last traded share occurred on 24 December 2018 for \$0.60 per share. The fair value of the ordinary shares held has been determined at \$nil (2019: \$nil).

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(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 (2019: \$nil).

(c) Foreign currency banknotes

The carrying amounts of cash and cash equivalents, prior year 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 2019	-	-	-	-
Net gain/(loss) on investment activities	(254,711)	-	-	(254,711)
Accrued interest on convertible loan	254,711	-	-	254,711
Balance at 30 June 2020	-	-	-	-
Prior year:				
Balance at 30 June 2018	2,305,278	795,364	23,073	3,123,715
Additions	-	(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	-	-	-	-

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.

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Note 16. 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 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 2020.

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

	2020	2019
	\$	\$
Short term employee benefits	297,916	125,180
Post-employment benefits	28,303	-
	<u>326,219</u>	<u>125,180</u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners (2019: Pitcher Partners), the auditor of the Company:

	2020	2019
	\$	\$
Audit services - Pitcher Partners		
Audit or review of the financial statements	57,750	67,535
Non-assurance services		
Tax compliance fees	20,215	24,500
Total	<u>77,965</u>	<u>92,035</u>

Note 18. Earnings per share

	2020	2019
	\$	\$
Profit/(loss) after income tax attributable to the owners of Benjamin Hornigold Ltd	<u>(750,237)</u>	<u>(9,821,543)</u>
	2020	2019
	Cents	Cents
Basic earnings per share	(3.11)	(40.66)
Diluted earnings per share	(3.11)	(40.66)

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.

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	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	24,155,241	24,155,241
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	24,155,241	24,155,241

The 16,674,856 options granted on 4 May 2017 which expired on 28 April 2020 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2020 and 30 June 2019.

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 19. Contingent liabilities

The Company has no contingent liabilities at 30 June 2020 or 30 June 2019.

Note 20. Related party transactions

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 16 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:
Current year
None

Prior year
 - (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.
 - (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.

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Related party disclosures in accordance with the Accounting Standards are provided on the basis that the Investment Manager had significant economic influence over investments performance and variable returns to the Investment Manager. The Investment Manager, JBL, was until they resigned, 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 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:

	2020 \$	2019 \$
Revenue (Note 5)		
Foreign currency gain / (loss) on bank notes traded through JBFX and Kings ⁽²⁾	-	130,371
Trading fee earned on foreign currency bank notes traded through JBFX and Kings ⁽²⁾	-	274,803
Interest earned on related party convertible loan and loans	-	636,494
JBL securities gains / (losses) ⁽¹⁾	-	281,562
Total related party revenue	-	1,323,230
Expenses:		
Investment Manager's management and performance fees	-	405,634
Brokerage fees including GST charged by JBM	-	1,658,439
Brokerage paid to JBM	-	109,334
Recharge by the Investment Manager of additional time costs in relation to audit and reports	-	167,785
Consulting fees paid to Ashdale of which Mr Cook is Managing Director	-	92,800
Total related party expenses	-	2,453,992
Other transactions:		
Shares acquired and bought back in JBL ⁽¹⁾	-	(1,099,999)

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

	2020	2019
	\$	\$
Other financial assets (Note 9)		
JBL Options ⁽¹⁾	-	-
Other receivables (Note 10)		
Receivable from Kings for fees on foreign currency banknotes ⁽²⁾	-	56,471
Receivable from Genesis ⁽³⁾	-	70,919
Advance from JBFG ⁽⁴⁾	-	500,000
JBL loan ⁽⁵⁾⁽⁷⁾	-	-
JBFG loan ⁽⁶⁾	-	-
Financial assets fair value through profit and loss (Note 9)		
Listed shares in JBL ⁽¹⁾	-	-
Foreign currency banknotes deposited with JBFX and Kings ⁽²⁾	-	7,116,745
Convertible loan to JBFG ⁽⁸⁾	-	-
Total loans, advances and other receivables	-	7,744,135

(1) The Company acquired 579,585 shares and 536,585 options in JBL in the year ended 30 June 2018. 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 \$nil (2019: \$7,116,745) are held in the custody of Kings.

Prior year

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% 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.

In the prior year the Company earned \$274,803 trading fee and a foreign exchange gain of \$130,371 on the foreign currency banknotes during the year. \$56,470 of the fee remained collectable at 30 June 2019. In addition, JBFX owe \$71,632 of fees for foreign currency banknotes held during the prior year, a loss allowance has been recognised (refer Note 9).

(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. 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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

- (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. In the prior year \$111,249 of interest has been recognised, of which \$57,290 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. In the prior year \$242,918 of interest has been recognised. The loan and interest were repaid in full during the prior year.
- (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.

No repayments have been received during the prior year, 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).

Note 21. Events after the reporting period

-) The Company announced on 17 July 2020 that JBL has paid the Company \$132,000 (including GST) in respect of Takeover Panel cost following orders made by the Supreme Court of Queensland.
-) The Board does not believe the COVID-19 pandemic will have any impact on the Company's ability to continue as a going concern.

No other matter or circumstance has arisen since 30 June 2020 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 22. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

- (a) 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.

Benjamin Hornigold Ltd
Notes to the financial statements
30 June 2020

	2020 \$	2019 \$
Profit/(loss) after income tax (expense)/benefit for the year	(750,237)	(9,821,543)
Adjustments for:		
Change in fair value of convertible notes	254,711	2,517,578
Impairment of receivables	205,154	2,057,343
(Profit)/loss on sale of investments	-	(340,472)
Change in operating assets and liabilities:		
Due from brokers	70,919	86,886
Deferred tax asset	-	1,624,381
Provisions for income tax	-	(162,808)
(Increase)/decrease in prepayments	(15,094)	(757)
(Increase)/decrease in receivables	(307,478)	(62,557)
(Increase)/decrease in investments	(734,003)	1,397,476
(Increase)/decrease in derivatives	-	(49,986)
(Increase)/decrease in payables	145,228	(62,788)
Net cash used in operating activities	<u>(1,130,800)</u>	<u>(2,817,247)</u>

(b) Non-cash investing and financing activities

During the financial year outstanding balances due from foreign currency banknotes of \$7,272,731 together with \$323,306 for the 9% banknote trading return and trading fee receivables of \$56,471 from the prior year were reclassified to other receivables resulting in a transfer of cash flows from operating activities to financing activities for the year ended 30 June 2020.

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 2020 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

27 August 2020

**Independent Auditor's Report
To the Members 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 2020, 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 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 (including Independence Standards)* "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 <i>Refer to note 11</i>	
<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 techniques applied to determine fair value of investments requires significant judgement and assumptions, particularly, where the valuation inputs to these 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 techniques 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>We note as at 30 June 2020, all financial assets have been fully impaired.</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 valuation specialists, we assessed the Company's significant judgements and assumptions in the valuations including assessing the valuation techniques applied, the integrity of the valuation models used and ensuring the accuracy of the underlying data; 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.

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 Group's annual report for the year ended 30 June 2020, 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 Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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 Group'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 Group'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 Group'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 7 to 11 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Benjamin Hornigold Ltd, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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


PITCHER PARTNERS
WARWICK FACE
Partner

Brisbane, Queensland
27 August 2020

Benjamin Hornigold Ltd
Corporate Governance Statement
30 June 2020

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 fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 February 2019 and is effective for financial years beginning on or after 1 July 2020.

The Company’s Corporate Governance Statement for the financial year ending 30 June 2020 is dated, and was initially approved by the Board, on 18 May 2017; the latest annual review was completed on 24 September 2020. The Corporate Governance Statement is available at www.bhdlimited.com.au.

Benjamin Hornigold Ltd
Investors Supplementary information
As at 18 September 2020

The information contained below is to be read in conjunction with the annual report of Benjamin Hornigold Ltd dated 30 June 2020.

Details of ordinary share capital

24,155,241 shares held by 692 Shareholders.

Details of top 20 Shareholders

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

Rank	Name	No. of Shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,296,271	9.51
2	GM ENTERPRISES AUSTRALIA PTY LTD	1,086,963	4.50
3	MR JOHN CHARLES PLUMMER	1,013,009	4.19
4	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	952,308	3.94
5	DAWNEY & CO LTD	677,905	2.81
6	S4 SUPER PTY LTD	655,000	2.71
7	BALMORRELL PTY LTD	500,000	2.07
8	RAVENSWOOD SUPERANNUATION PTY LTD	500,000	2.07
9	KNABLIG PTY LIMITED	450,000	1.86
10	RJ & BE HUNTER SUPERANNUATION HOLDINGS PTY LTD	330,462	1.37
11	LWP INSTALLATIONS AND MAINTENANCE PTY LTD	320,278	1.33
12	GUNZ PTY LTD	300,000	1.24
13	KEARNEY HOLDINGS (QLD)PTY LTD	280,115	1.16
14	R4 TRADING PTY LTD	279,175	1.16
15	MR PETER ALEXANDER BEVERIDGE & MRS ANNE JEAN BEVERIDGE	275,000	1.14
16	MR JOHN ALFRED CLAREBROUGH	275,000	1.14
17	MOCKERIDGE SF PTY LTD	231,439	0.96
18	GOLD TIGER INVESTMENTS PTY LTD	226,798	0.94
19	COTREE PTY LTD	225,007	0.93
20	GREEN ACTIVIST RETIREMENT FUND PTY LTD	205,000	0.85
	Total	11,459,730	47.44
	Balance of register	12,695,511	52.56
	Grand total	24,155,241	100.00

Benjamin Hornigold Ltd
Investors Supplementary information
As at 18 September 2020

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 Charles Plummer	John Charles Plummer	1,013,009	
	Gold Tiger Investments Pty Ltd	226,798	
	Total	1,239,807	5.1%
Glennon Capital Pty Limited	Glennon Capital Pty Limited	1,974,957	8.2%

Distribution of shareholder numbers

Number of shares held	Number of shareholders
1 – 1,000	42
1,001, - 5,000	178
5,001 – 10,000	139
10,001 – 50,000	262
50,001 – 100,000	31
More than 100,001	40
	692

Number of shareholders with less than a marketable parcel of securities

As at 18 September 2020, there were a total of 89 shareholders with less than a marketable parcel of securities held.

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.

Listed options

There are no listed options on issue.

Unlisted options

There are no unlisted options.

On-market Buy-backs

There are no on-market buy-backs.

Securities Exchange

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

Investments at balance sheet date

At 30 June 2020, the Company held the following investments and assets:

Asset	Original value ⁽¹⁾	Net realised loss ⁽²⁾	Provision	Balance Sheet value
Cash and cash equivalents (Note 8)	\$7,541,101	-	-	\$7,541,101
Investments at fair value through profit or loss (Note 9)				
• Listed Shares in John Bridgeman Ltd	\$89,200	(\$89,200)	-	\$-
• Convertible loan agreement with JB Financial Group Pty Ltd (“JBFG”)	\$2,772,289	\$(2,772,289)	-	\$-
Loans at amortised costs (Note 10)				
• Loan to John Bridgeman Ltd	\$1,061,911	-	\$(1,061,911)	\$-
• Loan to JBFG	\$951,875	-	\$(951,875)	\$-
• JBFG advance	\$500,000	-	\$(500,000)	\$-
Total	\$12,916,376	(\$2,861,899)	(\$2,513,786)	\$7,541,101

Benjamin Hornigold Ltd
Investors Supplementary information
As at 18 September 2020

- (1) The original value of certain assets includes capitalised interest and any repayments since the acquisition of the asset.
- (2) The net realised loss and provision are since the acquisition of the asset.

Listed 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	\$-

At 30 June 2020, due JBL being suspended from its NSX listing and the historical illiquidity of the JBL shares the 43,000 remaining shares held in John Bridgeman Limited have been valued at nil.

Investment income and expenses year ended 30 June 2020

	\$
Net (losses)/gains on financial instruments measured at fair value through profit or loss (Note 5)	(254,710)
Other revenue (Note 5)	606,034
Impairment of receivables (Note 10)	(55,606)
Management and performance fee expenses (Note 6)	(64,936)