KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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DIRECTORS' REPORT

Your directors present their report on Korean Community Financial Service Limited, the company for the year ended 30 June 2015.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Sook Jin Lee Kwak
Moon Ki Kim
Sun Do Kim
Joon Young Lee
Chang Soo Yoon
Paul Soon Jae Kwon
Jong Wook Lee (Appointed on 23/02/15)
Yoon Sin Lee (Resigned on 30/09/14)
Young Soo Gong (Resigned on 07/05/15)
Hong Heo (Resigned on 07/05/15)
Kenneth Park (Resigned on 30/09/14)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchise of Bendigo Bank Limited.

No significant change in the nature of these activities occurred during the year.

Dividends Paid or Recommended

Dividend of $0.04 per ordinary share has been declared during the financial year. Dividend of $43,989 was paid during the year which relates to dividend declared in the previous and current financial years. As at the balance date, $18,417 is still payable to the shareholders in respect of dividend previously declared.

Review of Operations

The profit for the financial year after providing for income tax amounted to $74,015 (2014: $63,875). Despite increased costs incurred by the franchisor which has been passed on to the company, it was offsetted by increased sales and other overhead costs savings. The profit result was considered satisfactory given the current ever-intensifying competitive environment in both Strathfield and the financial market.

Financial Review

The net assets have been increased by 10.6% from 2014 to 2015 financial year. This is largely due to increase in cash balances and fixed assets. The company will maintain strong financial position including healthy working capital ratio.

DIRECTORS' REPORT (CONT'D)

Significant Changes in State of Affairs

During the financial year there have been no significant changes in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Events Subsequent to Reporting Date

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Environmental Issues

The company's operations are not regulated by any significant Commonwealth or State environmental legislation. The nature of the company's business does not give rise to any significant environmental issues.

Information on Directors

Chang Soo Yoon

Executive Director and Chairman

Age: 67

Experience: Chairman of Korean Community Financial Services Limited with 38 years of experience in banking industry

Interest in shares: 20,000 ordinary shares of Korean Community Financial Services Limited

Joon Young Lee

Non-Executive Director and Company Secretary

Age: 41

Experience: Managing Director of GongJu Holding Pty Ltd

Interest in shares: 35,000 ordinary shares of Korean Community Financial Services Limited

Sook Jin Lee Kwak

Non-Executive Director and Marketing & Sponsorship Committee Member

Age: 53

Experience: Managing Director of Jae My Holdings Pty Limited

Interest in shares: 30,000 ordinary shares of Korean Community Financial Services Limited

Information on Directors (CONT'D)

Sun Do Kim
Non-Executive Director and Marketing & Sponsorship Committee Member
Age: 56
Experience: Managing Director of Sun Do Motors
Interest in shares: 48,000 ordinary shares of Korean Community Financial Services Limited

Moon Ki Kim
Non-Executive Director and Human Resources Committee Member
Age: 61
Experience: Managing Director of New-Tech C & C Pty Limited
Interest in shares: 5,000 ordinary shares of Korean Community Financial Services Limited

Paul Soon Jae Kwon
Non-Executive Director and Governance Committee Member
Age: 54
Experience: PSK legal lawyers
Interest in shares: 10,000 ordinary shares of Korean Community Financial services Limited

Jong Wook Lee
Non-Executive Director and Treasurer
Age: 43
Experience: Accounting

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which the Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

DIRECTORS' REPORT (CONT'D)

Directors Meetings

The numbers of Directors' meeting attended by each of the Directors of the company during the year were:

Number of Meetings Held: **12**

Number of Meetings Attended:	No. of Meetings Eligible Attend	No. of Meetings Attended
Chang Soo Yoon	12	12
Moon Ki Kim	12	3
Sun Do Kim	12	7
Sook Jin Lee Kwak	12	5
Joon Young Lee	12	10
Paul Soon Jae Kwon	12	9
Jong Wook Lee	4	4
Yoon Sin Lee	3	0
Young Soo Gong	10	0
Hong Heo	10	2
Kenneth Park	3	0

Share Options

No options were granted nor shares issued as a result of the exercise of options during the financial year or since the end of the financial year. No unissued shares are subject to options as at the date of this report.

Indemnification of Officer or Auditor

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs of expenses to defend legal proceedings; with the exception of the following matter:

During the year the company paid a premium to insure the directors listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of directors of the company. The terms of the policy prohibit disclosure of the premium paid.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT (CONT'D)

Company Secretary

The following person held the position of company secretary at the end of the financial year: Joon Young Lee - Managing director of GongJu Holding Pty Ltd.

Auditor's Independence Declaration

The auditor's independence declaration under Section 307C of the Corporations Act 2001 forms part of this Directors Report and is attached on page 7.

Signed in accordance with a resolution of the Board of Directors:

Chang Soo Yoon

Chairman

Dated at Sydney this 26th day of October 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of Korean Community Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

Frank Vrachas
Partner

Rothsay Chartered Accountants

Sydney, 26 October 2015

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
Revenue	2	1,051,169	961,893
Cost of sales	3 (a)	(208,586)	(186,837)
Gross profit		842,583	775,056
Borrowing costs expense	3 (b)	-	(320)
Employee benefits expense		(389,673)	(374,058)
Occupancy costs expense		(173,419)	(154,884)
Administration expenses		(163,324)	(142,338)
Profit before income tax		116,167	103,456
Income tax expense	4	(42,152)	(39,581)
Net profit after income tax		74,015	63,875
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		74,015	63,875
Profit attributable to members		74,015	63,875
Total comprehensive income attributable to members		74,015	63,875

The accompanying notes form part of these financial statements.

KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	5	266,221	220,284
Trade and other receivable	6	93,179	95,610
TOTAL CURRENT ASSETS		359,400	315,894
NON-CURRENT ASSETS			
Other assets	7	39,891	39,891
Plant and equipment	8	141,336	115,101
Intangible assets	9	24,346	36,520
Deferred tax assets	10	12,270	12,667
TOTAL NON-CURRENT ASSETS		217,843	204,179
TOTAL ASSETS		577,243	520,073
CURRENT LIABILITIES			
Trade and other payables	11	53,690	57,641
Current tax payable		14,098	24,281
Interest bearing liabilities	12	17,803	17,000
Provisions	13	28,049	23,378
TOTAL CURRENT LIABILITIES		113,640	122,300
NON CURRENT LIABILITIES			
Interest bearing liabilities	12	53,655	20,342
Provisions	13	11,754	17,360
TOTAL NON CURRENT LIABILITIES		65,409	37,702
TOTAL LIABILITIES		179,049	160,002
NET ASSETS		398,194	360,071
EQUITY			
Issued capital	14	897,300	897,300
Accumulated losses		(499,106)	(537,229)
TOTAL EQUITY		398,194	360,071

The accompanying notes form part of these financial statements.

KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Share Capital $	Accumulated Losses $	Total $
Balance at 1 July 2014	897,300	(537,229)	360,071
Profit / (Losses) for the year	-	74,015	74,015
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	897,300	(463,214)	434,086
Transaction with owners in their capacity as owners			
Dividend declared during the year	-	(35,892)	(35,892)
Balance at 30 June 2015	897,300	(499,106)	398,194

	Share Capital $	Accumulated Losses $	Total $
Balance at 1 July 2013	897,300	(565,211)	332,089
Profit / (Losses) for the year	-	63,875	63,875
Other comprehensive income for the year	-	-	-
Total Comprehensive income for the year	897,300	(501,336)	395,964
Transaction with owners in their capacity as owners			
Dividend declared during the year	-	(35,893)	(35,893)
Balance at 30 June 2014	897,300	(537,229)	360,071

The accompanying notes form part of these financial statements.

KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and franchisor		1,029,642	916,034
Interest received		7,490	9,334
Other income received		13,410	-
Payments to suppliers and employees		(893,419)	(868,674)
Interest paid		(2,638)	(3,601)
Income tax paid		(51,938)	(20,692)
Net cash provided by operating activities	15(b)	102,547	32,401
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(60,374)	-
Proceeds from sale of plant and equipment		13,636	-
Net cash used in investing activities		(46,738)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(43,989)	(29,920)
Proceeds of borrowings		60,500	-
Repayments of borrowings		(26,383)	(16,314)
Net cash used in financing activities		(9,872)	(46,234)
Net increase/(decrease) in cash held		45,937	(13,833)
Cash at beginning of financial year		220,284	234,117
Cash at end of financial year	15(a)	266,221	220,284

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Korean Community Financial Services Limited.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report except for The statement of cash flows has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on the 26th October 2015 by the directors of Korean Community Financial Services Ltd.

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on the taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis or fair value less where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Furniture & Equipment	5%-11%	Diminishing Value

(c) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(d) Cash and Cash Equivalent

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than 14 days and net of bank overdrafts.

(e) Revenue and Other Income

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments Input additional text here.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

(g) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets:

* acquired principally for the purpose of selling in the near future
* designated by the entity to be carried at fair value through profit or loss upon initial recognition or
* which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

Purchases and sales of available-for-sale investments are recognised on settlement date.

The investment is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(k) Financial Liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(l) Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(m) Financial Assets at Amortised Cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Available-for-sale Financial Assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(o) Impairment of Non-Financial Assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(p) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of cash-generating unit to which the asset belongs.

(s) Intangibles

Franchise fees paid for the right to use the brand name and operating systems of the franchisor are recognised as an intangible asset. The asset is recognised initially at cost and amortised over a period of 5 years representing the term of the franchise agreement.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(u) Payment Terms

Receivables and payables are non-interest bearing and generally have payment terms between 30 and 90 days. Receivables are recognised and carried at original invoice less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

(v) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on short-term and long-term borrowings.

(w) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company's option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership that are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease Incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(y) Going Concern

The financial report has been prepared on a going concern basis, which assumes that the company will be able to pay its debts as and when they fall due. The directors have based this assessment on the following:

- The franchisor Bendigo Bank Ltd agreed to continue to financially support Korean Community Financial Services Ltd over 2014/2015 financial year by way of appropriate working capital and/or term debt facilities.
- For the year ended 30 June 2015, the company has realised a profit after income tax of $74,015 and net assets of $398,194.

(z) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The company does not believe that those future requirements and their impact on the company will be significant. Further assessments will be made each year. The company's assessment of new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

Standard Name	*Application date*	*Impact*	*Expected impact*
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6 / AASB 2013-9 / AASB 2014-1 / AASB 2014-7 / AASB 2014-8	1 January 2018	Significant revisions to the classification and measurement requirements for financial assets including removal of impairment testing of assets measured at fair value. New rules relating to impairment of assets.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 15 Revenue from contracts with customers AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	AASB 15 introduced a five step process revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.	The change in revenue may cause changes to the timing and amount of revenue recorded in the financial reports. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures may be needed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) New Accounting Standards for Application in Future Periods (CONT'D)

Standard Name	*Application date*	*Impact*	*Expected impact*
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	This standard amends AASB 116 and AASB 138 relate to recognition of revenue based method to depreciate and amortise tangible and intangible assets.	Since the entity does not use revenue based method to depreciate or amortise their assets, the adoption of these standards will not have any impact.

(ab) Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.8 The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

	2015	2014
	$	$
NOTE 2: REVENUE		
Operating activities		
- Service fees	1,028,061	952,559
- Interest	23,108	9,334
	1,051,169	961,893

NOTE 3: PROFIT FOR THE YEAR

Profit / (losses) from ordinary activities before income tax expenses (income tax revenue) has been determined after

	2015	2014
Expenses:		
(a) Cost of sales:		
- Share of fixed overhead costs of franchisor	208,586	186,837
(b) Borrowing costs:		
- Other persons	-	320
(c) Depreciation and amortisation of non-current assets		
- Furniture and equipment	10,925	12,846
- Motor vehicle	11,785	10,561
- Franchise fees	12,173	12,173
	34,883	35,580
(d) Rental expense on operating leases	121,906	117,013
(e) Wages and salaries	328,543	330,869

	2015	2014
	$	$
NOTE 4: INCOME TAX EXPENSE		
A. The components of tax expense comprise:		
- Current tax expense	41,755	41,255
- Deferred tax expense/(benefit)	397	(1,674)
	42,152	39,581
B. The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit from ordinary activities before income tax at 30%	34,850	31,037
Add:		
Tax effect of:		
- Other non-allowable items	6,857	7,594
- Under provision for income tax in prior years	445	950
Income tax expense attributable to entity	42,152	39,581
C. Deferred income tax (Refer to Note 10)		
Deferred income tax at 30 June 2015 as follows:		
Closing balance of current and non-current provisions	12,270	12,221
Non-deductible motor vehicle depreciation	-	446
Deferred Income tax asset	12,270	12,667
D. Balance of franking credits	96,889	60,449

NOTE 5: CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and in hand	266,221	220,284
	266,221	220,284

NOTE 6: RECEIVABLES

	2015 $	2014 $
CURRENT		
Trade debtors	93,179	94,686
Other receivables	-	924
	93,179	95,610

Trade receivables are non-interest bearing receivables and the terms are generally within 30 days. Trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No provision was required at the end of 30 June 2015.

Other receivables related to costs reimbursable to the company from outside parties.

There are no balances within trade and other receivables that contain assets that are past due and not impaired. It is expected these balances will be received when due.

NOTE 7: OTHER ASSETS

	2015 $	2014 $
NON-CURRENT		
Deposits paid	8,266	8,266
Bank guarantee	31,625	31,625
	39,891	39,891

NOTE 8: PLANT AND EQUIPMENT

	2015 $	2014 $
(a) Plant and equipment		
At cost	316,260	316,260
Less accumulated depreciation	(243,727)	(232,802)
	72,533	83,458
(b) Motor vehicle		
At cost	89,859	93,767
Less accumulated depreciation	(21,056)	(62,124)
	68,803	31,643
Total plant and equipment	141,336	115,101

NOTE 8: PLANT AND EQUIPMENT (CONT'D)

(c) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Plant & Equipment	Motor Vehicle	Total
	$	$	$
2015			
Balance at the beginning of the year	83,458	31,643	115,101
Additions	-	60,374	60,374
Disposals	-	(11,429)	(11,429)
Depreciation expense	(10,925)	(11,785)	(22,710)
Carrying amount at end of year	72,533	68,803	141,336

	2015	2014
	$	$
NOTE 9: INTANGIBLE ASSETS		
NON-CURRENT		
Franchise fees at cost	60,865	60,866
Less accumulated amortisation	(36,519)	(24,346)
	24,346	36,520
NOTE 10: DEFERRED TAX ASSETS		
Deferred tax assets (refer to Note 4(c))	12,270	12,667
	12,270	12,667
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	18,601	13,592
Other payables	110	269
GST and payroll deduction liabilities	16,562	17,266
Dividend payable	18,417	26,514
	53,690	57,641

	2015 $	2014 $
NOTE 12: INTEREST BEARING LIABILITIES		
CURRENT		
Lease liability	17,803	17,000
NON-CURRENT		
Lease liability	53,655	20,342
	71,458	37,342
NOTE 13: PROVISIONS		
CURRENT		
Employee entitlements	28,049	23,378
NON-CURRENT		
Employee entitlements	11,754	17,360
(a) Aggregate employee benefits liability	39,803	40,738
(b) Number of employees at year-end	6	7
NOTE 14: CONTRIBUTED EQUITY		
Fully paid ordinary shares – refer to 14(a)	897,300	897,300
	897,300	897,300
(a) Issued Capital		
Ordinary shares	897,300	897,300
	897,300	897,300

NOTE 14: CONTRIBUTED EQUITY (CONT'D)

(b) Fully Paid Ordinary Shares

Ordinary Shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called otherwise each shareholder has one vote on a show of hands.

	2015 $	2014 $
(c) Unpaid Ordinary Shares		
Unpaid ordinary shares are not entitled to a vote when a poll is called.		
(d) Dividend Paid		
Fully franked dividend declared and/or paid during the year	35,892	35,892

(e) Capital Management

Management controls the capital of the company in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

NOTE 15: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2015 $	2014 $
Cash at hand	266,221	220,284
	266,221	220,284

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

	2015 $	2014 $
Profit from ordinary activities after income tax	74,015	63,875
Non-cash flows in profit from ordinary activities		
Depreciation	22,710	23,407
Amortisation	12,173	12,173
Gain on sale of plant and equipment	(2,208)	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	1,507	(11,736)
(Increase) / decrease in deferred tax assets	397	(1,674)
Increase / (decrease) in payables	(5,112)	(61,882)
Increase / (decrease) in provisions	(935)	8,238
Cash flows from operations	102,547	32,401

NOTE 16: CAPITAL & LEASING COMMITMENTS

(a) Operating lease

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2015 $	2014 $
Payable:		
- not later than 1 year	136,810	130,295
- later than 1 year but not later than 5 years	201,390	338,199
	338,200	468,494

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require minimum lease payments shall be increased by 3% in years 2, 4 and 5 and 5% in year 3.

However, the above annual rent increment is subject to negotiation with the lessor.

NOTE 16: CAPITAL & LEASING COMMITMENTS (CONT'D)

	2015	2014
	$	$
(b) Finance lease		
Payable:		
- not later than 1 year	17,803	17,000
- later than 1 year but not later than 5 years	53,655	20,342
Minimum lease payments	71,458	37,342
Less : future finance charge	(9,095)	(2,984)
Present value of minimum lease payments	62,363	34,358

The finance lease relates to motor vehicles purchased on 15 October 2012 and 11 February 2015.

NOTE 17: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The company's financial instruments consist mainly of overdraft facility with its franchisor, short-term investments, accounts receivable and payable, loans to or from franchisor, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for company operation.

The company does not have any derivative instruments at 30 June 2015.

I. Treasury Risk Management

The board of directors meet on a regular basis to analyse financial risk exposures and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

II. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follow:

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

	Weighted Average Effective Interest Rate %	Non-Interest Bearing $	Fixed Interest Rate $	Floating Interest Rate $	Total $
30 June 2015					
Cash		45,606	-	220,615	266,221
Receivables		133,070	-	-	133,070
Total Financial Assets		178,676	-	220,615	399,291
Financial Liabilities					
Trade creditors and other payables		95,445	-	-	95,445
Lease liabilities	7.50%	-	71,458	-	71,458
Employee Entitlements		39,803	-	-	39,803
Total Financial Liabilities		135,248	71,458	-	206,706
Net Financial Assets/(Liabilities)		43,428	(71,458)	220,615	192,585
30 June 2014					
Cash		25,998		194,286	220,284
Receivables		134,577	-	-	134,577
Total Financial Assets		160,575	-	194,286	354,861
Financial Liabilities					
Trade creditors and other payables		81,922	-	-	81,922
Lease liabilities	7.50%	-	37,341	-	37,341
Employee Entitlements		40,738	-	-	40,738
Total Financial Liabilities		122,660	37,341	-	160,001
Net Financial Assets/(Liabilities)		37,915	(37,341)	194,286	194,860

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The total overdraft facility is $100,000 and is unused as at 30 June 2015.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There is no material amounts of collateral held as security at 30 June 2015.

Credit risk is managed on a company basis and reviewed regularly by the board of directors. It arises from exposures to customers as well as through certain deposits with financial institutions.

The board of directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

With the exception of the franchisor, the company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk

The company is not exposed to any material commodity price risk.

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at year end.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

b. Sensitivity Analysis

Interest Rate Risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate applicable to the overdraft, with all the other variables remaining constant, would be as follow:

	2015	2014
Change in profit after tax		
--- Increase in interest rate by 2%	(1,480)	(1,278)
--- Decrease in interest rate by 2%	1,480	1,278
Change in equity		
--- Increase in interest rate by 2%	(1,480)	(1,278)
--- Decrease in interest rate by 2%	1,480	1,278

NOTE 18: RELATED PARTY DISCLOSURES

The names of Directors who have held office during the financial year are:

Sook Jin Lee Kwak
Moon Ki Kim
Sun Do Kim
Joon Young Lee
Chang Soo Yoon
Paul Soon Jae Kwon
Jong Wook Lee (Appointed on 23/02/15)
Yoon Sin Lee (Resigned on 30/09/14)
Young Soo Gong (Resigned on 07/05/15)
Hong Heo (Resigned on 07/05/15)
Kenneth Park (Resigned on 30/09/14)

The directors may from time to time hold deposit and loan accounts with the franchisor that are originated by the company. The directors are subject to the same terms and conditions as other arm's length customers.

Except for the above, no other directors or related entity entered into a material contract or transactions with the company during the year.

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

The total of remuneration of Key Management Personnel (KMP) of the company during the year are as follows:

	2015 $	2014 $
Short-term employee benefits	50,000	64,997
Other long-term benefits	15,700	6,035
Total KMP compensation	65,700	71,032

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 21: CHANGE IN ACCOUNTING POLICY

A number of accounting standards have been issued or amended during or since the end of the year which will only apply for future years. It is not expected that the amendments will impact the financial results of the company in future years.

NOTE 22: COMPANY DETAILS

The registered office of the company is:
Korean Community Financial Services Limited
44 The Boulevarde
Strathfield NSW

NOTE 23: CONTINGENCIES LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2015 (30 June 2014: None) except for bank guarantees of $31,625 (2014: $31,625) for operating leases.

KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 33 are in accordance with the Corporations Act 2001:

   (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company;

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Chang Soo Yoon
Chairman

Dated at Sydney this 26th day of October 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Korean Community Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Korean Community Financial Services Limited which comprises the statement of financial position as at 30 June 2015, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Korean Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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Opinion

In our opinion:

(a) the financial report of Korean Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Rothsay Chartered Accountants

Frank Vrachas
Partner

Sydney, 26 October 2015