

Annual Report 2021

Korean Community
Financial Services Limited

Community Bank
Strathfield

ABN 52 099 137 541



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Chairman's report

For year ending 30 June 2021



Particularly we supported many low-income families and many of the most vulnerable people within our society who are struggling to meet the costs of living, even if they receive government assistance. This has been and will continue to be a good opportunity for us to lift our brand awareness in the community.

It is my pleasure to be able to deliver my message to the 19th Annual General Meeting of Korean Community Financial Services Limited whose trading name is Community Bank Strathfield.

I want to also welcome shareholders joining us today and am very pleased we are holding our Annual General Meeting in this challenging time.

In financial year 2020/21, we continued to work hard to provide the best service to our customers and community. We have \$227 million in total business largely including lending and deposits and recorded \$234,000 in net profit before tax. And we have 5,200 customers and 6,200 accounts. Overall, under a more challenging environment for the banking industry, we were able to achieve the net profit budget while tightly managing and controlling expenses.

The financial results and improvements in our bank's performance are the outcome of consistent customer service focused on customer satisfaction; more importantly, timely actions to meet customer's needs in the community.

In financial year 2020/21 we returned \$90,000 to many individuals and organisations in the local and Korean community in the form of sponsors, donations and grants. Particularly we supported many low-income families and many of the most vulnerable people within our society who are struggling to meet the costs of living, even if they receive government assistance. This has been and will continue to be a good opportunity for us to lift our brand awareness in the community.

In order to support the Korean community more efficiently and minimise our tax, we have had a partnership with AIM Incorporation which has been registered as DGR (deductible gift recipients) and can receive donations that are tax deductible. With this financial support, our commitment to Korean community clearly goes beyond our normal operations, but we are very confident that the Korean community is a place to do business now and in the long-term.

Our continued ability to grow in a sustainable way depends on our ability to balance the competing demands of shareholders, staff, customers and the community. We need to balance risk and return and what we have to do is ensure that we have the right strategies and robust risk management systems in place to monitor and minimise risk.

Our competition is mainly coming from the big four banks who, due to their size, provide the customers with competitive products and services through their many branches and networks. Under these unfavourable circumstances we have seen that our bank performed reasonably well in financial year 2020/21 and our continued performance leads our shareholders to receive a fully franked dividend of 7 cents or 7.0% per share.

The growth in lending assets see a corresponding growth in net margin income that represents more than 80% of total income. However, that increase was partly offset by reduced interest margins.

This pressure on profit shows how important it is that we keep improving productivity. By keeping cost growth below income growth will be to provide real growth in profits and remain competitive and sustainable in the long run.

The key measure of our productivity is our cost to income ratio. This year it was 75%, up 4% from last year. This was a result of reduction in margin income despite the cost control and management under the budget.

Chairman's report (continued)

Over the last 13 years, dividend of between 4.0% and 7.0% has been paid per year. And this year we paid a fully franked dividend of 7.0%. This is the thirteenth successive year we have paid dividends.

Now in order to increase our shareholder's value our net equity will have to continue to increase as business continues to grow along with productivity improvement. Last year we achieved a full recovery of paid-up capital of \$897,300 and so are able to maintain the strength of our capital position by increasing retained earnings.

A pleasing aspect of this year's result has been few bad debts and non-performing assets despite the difficult economic environment by COVID-19.

On-going efforts will focus on reducing the lending portfolio and operations risk. In order to ensure our operations are compliant with regulations and policies, quarterly internal audits from Bendigo and Adelaide Bank Limited are conducted and the results are reported directly to the Board. The bank oversees the formulation and implementation of the bank's risk management policies and procedures, including credit risk and operational risk.

Our staff are the most important resource in continuing to grow our business as they make extra efforts to help our customer and community, particularly during this extraordinary time. We have a strong commitment to the health, safety and wellbeing of our staff which we focus on with help of Bendigo and Adelaide Bank Limited. We believe the program to protect our staff and customers will provide a safer, more secure environment for staff and customers, especially during COVID-19.

We believe our close tie and cooperation with Community Bank Eastwood will certainly give us the new momentum in the better service to customers. This will gradually be reflected in the growth of our business and profitability in the years ahead.

In financial year 2021/22 as part of our efforts to save our costs and inject new energy to our business growth we plan to downsize the current branch and at the same time we will continue to push ahead with the expansion plan in Lidcombe. We expected to expand our business in Lidcombe in the second half of this year, but this plan has been delayed temporarily due to the uncertain market condition brought upon by COVID-19.

Our Board is made up of one Executive Director and eight Non-Executive Directors who come from the various business industries, including banking and professional. The Board are all passionate about supporting our bank and make a positive impact in the community. I want to thank them for their significant contributions and voluntary service to our bank.

Community Bank Strathfield is celebrating our 20th anniversary in June 2022. It has been an incredible journey and we would not be where we are today without the support of our shareholders, valued customers, staff and business partner over the last two decades.

We will continue to focus on productivity improvement by efficient operation in order to thrive in a changing market environment with a rapid uptake of digital services and a low interest margin.

Notable in financial year 2021/22 is that the costs associated with the downsizing of our premises and business expansion in Lidcombe will have a negative impact to our short-term profitability when the opportunity arises as planned.

Finally, I would like to thank shareholders, Directors, staff and business partners for their unsparing support in the last financial year. The challenges of this year still allowed for reasonable profits in spite of the circumstances and we owe this to all of those people that have partnered with us. We look forward to further improvement in the future and greatly appreciate the same anticipated support this financial year.

Thank you and God bless



Chang Soo (CS) Yoon
Chairman of the Board

Manager's report

For year ending 30 June 2021



Understandably, while both our customers and staff have faced various challenges and have needed more assistance this year. Our community support continues and our business operations have evolved as required to enable our continued success within the community.



Meet Susan, your local Customer Relationship Manager

I am delighted to share the 2021 Annual Report for Korean Community Financial Services Limited with you. Despite the impact of the COVID-19 pandemic, which has affected a lot of business and personal lives, Community Bank Strathfield has managed well in the 2020/21 financial year.

We have achieved total lending growth by \$2.915 million which consists of branch loans of \$2.18 million and business banking loans \$734,000. Additionally with government support for small business, we were able to provide assistance to 20 business customers to finance their equipment purchases of \$1.077 million.

While our lending grew, our deposit volume declined by \$6.6 million – mainly our term deposits which were used to purchase our customers' owner-occupied properties. On a more positive side, at call deposits grew by \$12.7 million, and while we lost \$19 million in term deposits, these accounts provide less margin to us.

We have increased bank guarantees by \$325,000 and superannuation by \$919,000 this year. We have protected our customers with 88 insurance policies sold, and gross written premiums was \$93,549.

Understandably, while both our customers and staff have faced various challenges and have needed more assistance this year. Our community support continues and our business operations have evolved as required to enable our continued success within the community.

I would like to thank our Board of Directors for their efforts in supporting our team through their time and encouraging words. I also would like to extend a huge thank you to our wonderful branch staff for their dedication in the face of these unprecedented challenges and allowing us to continue to open the branch and help our customers. I also would like to acknowledge the great support from the Bendigo Bank team which enable us to continue to be successful.

As you would already know, we offer a full range of banking services. If you already enjoy our products and services, thank you very much. If you haven't had a chance to yet, I'd love to invite you to come see us about how we can help you, and to join our big picture for community.

Thank you,



Myung Hee Park
Branch Manager

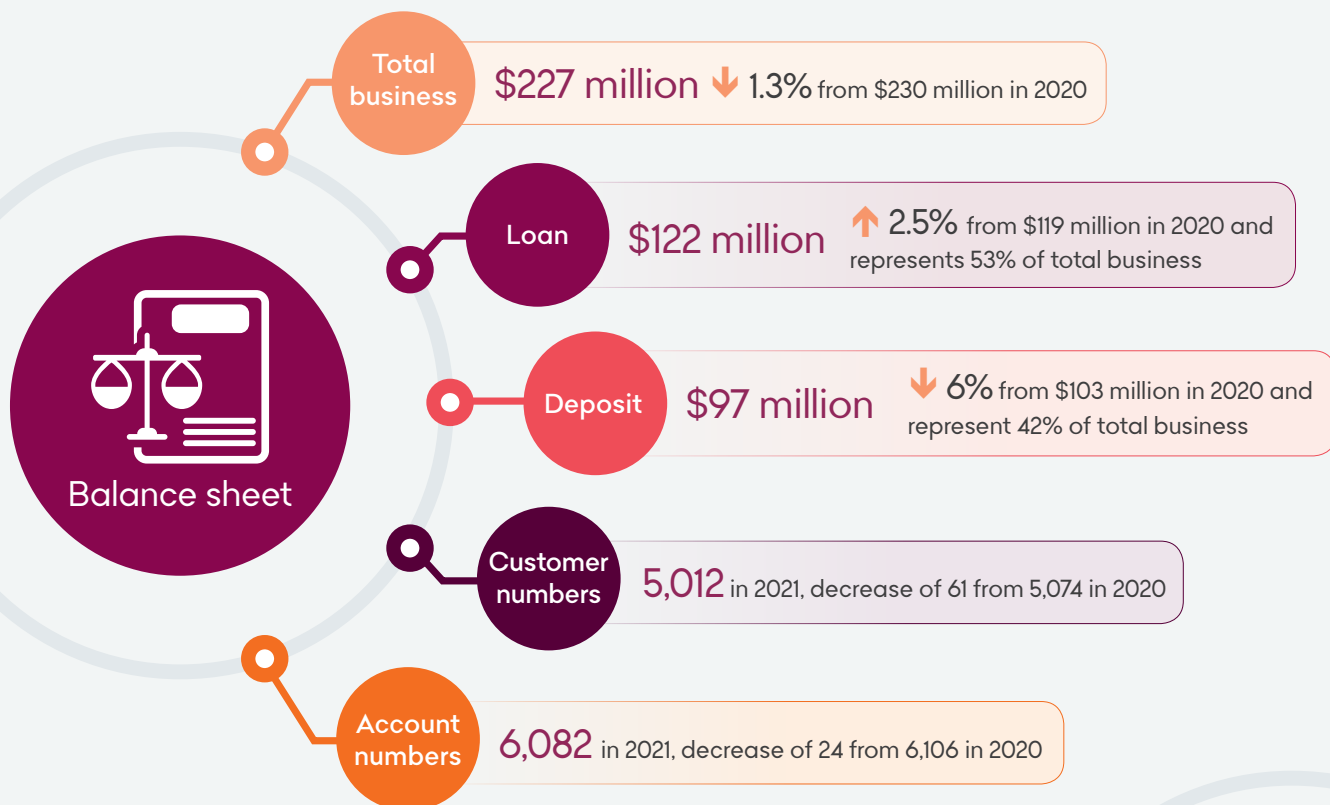


Meet Emily, your local Customer Service Officer



Meet Laura, your local Customer Service Officer

Financial highlights



\$1.450 million ↓ 4.16% from \$1,513 million in 2020

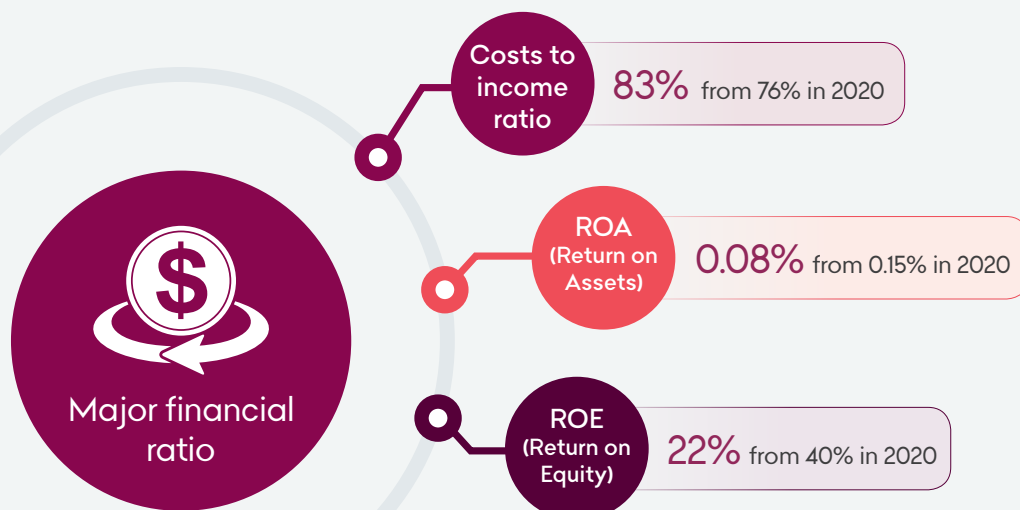
Total revenue

\$234,000 ↓ 35.2% from \$361,000 in 2020

Net profit before tax



Profit & Loss



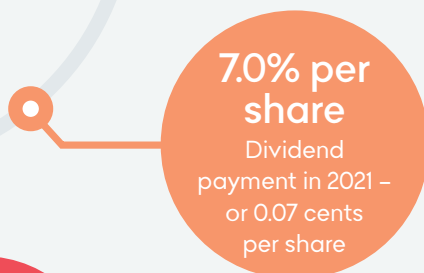
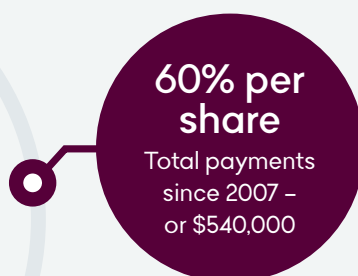
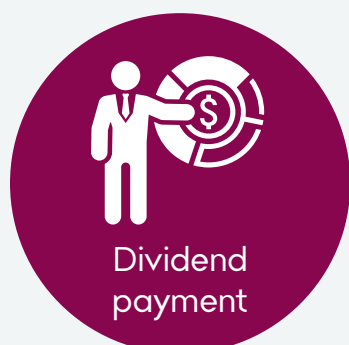
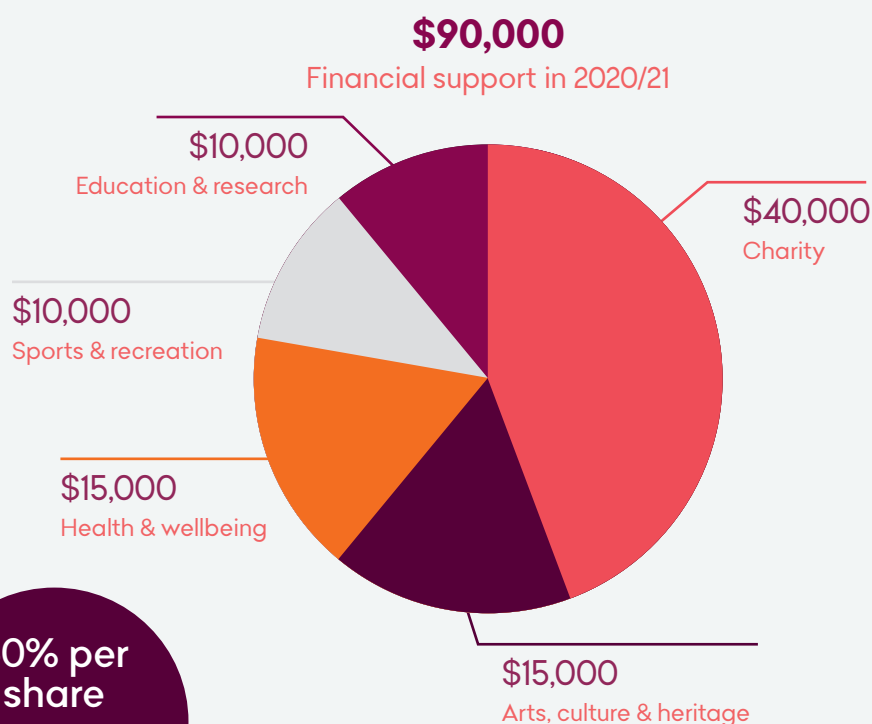
Community contributions

\$14.4 million

Economic contributions to Korean and local community by operating expenses since 2002.



Financial support including sponsor, donation and grants that benefit many individuals, 40 community organisations and 5 local organisations each year.



Shareholder distributions

\$540,000

+

Community contributions

\$900,000

+

Local employment and other contributions

\$13 million

=

\$14.4 million

FY20/21 we entered into an agreement for Community Fund Management with AIM Heart Incorporation which has been registered as DGR (deductible gift recipients) and can receive donations that are tax deductible



Top and above: West Harbour Rugby Union Football Team by our sponsor.
Left: The Korean Sports Ten Pin Bowling game by our sponsor.
Below: Homebush Boy Oztog Team tournament in May 2021 by our sponsor.





Providing homeless with food and daily necessities in May 2020 by AIM Heart Incorp. by our sponsor.



Pro-Am Golf Tournament at Strathfield Golf Club in Oct. 2020 by our main sponsor



Above left: Promotion of products at Lidcombe Shopping Centre in December 2020 with staff. Above right: 18th AGM at Strathfield Golf Club - function centre in 2020. Below: Bendigo Cup Golf Tournament for customers in Nov. 2019 at Strathfield Golf Club



Community Bank events



Directors' report

For the financial year ended 30 June 2021

Your directors present their report on Korean Community Financial Service Limited ("the Company") for the year ended 30 June 2021.

Directors

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

Sook Jin Lee
Moon Ki Kim
Joon Young Lee
Chang Soo Yoon
Jong Wook Lee
Oh Jun Kim
Young Soo Gong
Paul CS Yu
Keith Kwon

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

A dividend of \$0.07 per ordinary share has been declared during the financial year. Dividends of \$62,811 was paid during the year which relates to dividend declared for the current financial year. As at the balance date, \$7,022 is still payable to the shareholders in respect of dividends previously declared.

Review of Operations

The profit for the financial year after providing for income tax amounted to \$178,547 (2020: \$262,335). The sales decreased during the year, however, it was offset by the decreased overhead costs incurred. The profit result was considered satisfactory given the current COVID-19 difficult environment in the financial market.

Financial Review

The net assets have increased by 11% from 2020 to 2021 financial year. This is largely due to increase in cash balances. The Company intend to maintain a strong financial position including a healthy working capital ratio.

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.

Directors' report (continued)

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

- Born on 16 Jan. 1949
- Appointed on 1 October 2012

Occupation: Director of Korean Community Financial Services Ltd

Experience & Qualification:

- 50 years' banking career: retail banking and wholesale banking including Corporate Banking, International Trade Finance and Project Financing;
 - 1) Worked in Korean Choheung (currently Shinhan) Bank for 15 years as Manager role including a Representative of Korean Choheung Bank in Manila Philippines for 5 years
 - 2) Worked in ANZ Korea as Manager and Senior Manage position in Corporate Banking and Marketing & Credit for 15 years and also Deputy General Manager who controls and manages the Branch Operation in ANZ Korea.
 - 3) Worked in Strathfield Community Bank as the first Branch Manager for 10 years
- Justice of Peace (NSW) from 2006
- Bachelor of Science in Business Administration and Graduate diploma of International Finance in Post-Graduate School, and Graduate certificate of Business Financial Management

Interest in share: 10,000 ordinary



Joon Young Lee

Non-Executive Director and Company Secretary

- Born on 3 April 1974
- Appointed on 23 April 2012
- Member of Marketing & Sponsorship Committee, Budget & Business Development Committee

Occupation: Managing Director of Maldini's Wholesale Pty Ltd

Experience & Qualification:

- 18 years of experience in customer service as a dealer principal of Vodafone Select Partner Network (1998 ~ 2016)
- 13 years of experience in hospitality as an owner of cafes and restaurants (2007 ~ current)
- 5 years of experience in wholesale business, supplying coffee beans and associated products to local cafes and overseas (2015 ~ current)
- Bachelor of Arts majoring in language & culture (Japanese & French) at UNSW

Interest in share: 20,000 ordinary

Directors' report (continued)

Information on Directors (continued)



Young Soo Gong

Non-Executive Director and Treasurer

- Born on 20 Jan. 1952
- Appointed on 2 November 2016
- Member of Marketing & Sponsorship Committee, Governance & Audit Committee, Budget & Business Development Committee

Occupation: Managing Director / IMT Australia Pty Ltd

Experience & Qualifications:

- 18 years of banking experience in Retail Banking, Corporate Banking, International Trade Finance at;
 - 1) Seoul Bank (currently Hana KEB) in Korea for 4 and half years,
 - 2) BCCI Seoul Branch for 6 and half years,
 - 3) Bank of New Zealand in New Zealand for 2 and half years,
 - 4) Kookmin Bank New Zealand Branch for 4 and half years.
- 8 years of International Money Transfer Business
- Bachelor of Economics specialising in International Trade

Interest in share: 10,000 ordinary



Sook Jin Lee

Non-Executive Director

- Born on 14 July 1961
- Appointed on 24 December 2001
- Member of Marketing & Sponsorship Committee, Public Relations Committee

Occupation: Managing Director of Jae My Holdings Pty Ltd, Publisher of Top Media Group

Experience & Qualification:

- Master of Theology at Charles Sturt University
- Marriage celebrant
- Adjunct Associate Professor at University of Queensland

Interest in share: 48,500 ordinary



Moon Ki Kim

Non-Executive Director

- Born on 6 February 1955
- Appointed on 28 April 2003
- Member of Human Resources Committee

Occupation: Managing Director of New-Tech C & C Pty Ltd

Experience & Qualification:

- Non-Executive Director of RCG (Rodger Consulting Group) – Global Asset – Commercial
- Completion of Ph.D course in Social welfare at Daegu University
- Adjunct Professor of social welfare at Daegu University

Interest in share: 5,000 ordinary plus 45,000 in his family trust name

Directors' report (continued)

Information on Directors (continued)



Paul CS Yu

Non-Executive Director

- Born on 5 December 1955
- Appointed on 25 October 2017
- Member of Human Resources Committee, Budget and Business Development Committee

Occupation: Managing Director of SP Strathfield Plaza Florist Ltd

Experience & Qualification:

- 25 years' florist in Strathfield in NSW
- 5 years' CEO of OneLim Engineering Ltd (vehicle parts manufacturing)
- Patent holder for vehicle parts and components licensed by Korea and USA.
- Member of Strathfield Korean Business Association (Advisory)
- Completion of Business Start-up course at Soongsil University Business School

Interest in share: 5,000 ordinary



Jong Wook Lee

Non-Executive Director

- Born on 8 January 1973
- Appointed on 23 February 2015
- Member of Budget & Business Development Committee, Governance & Audit Committee

Occupation: Principal Director of Hansol Accounting Partners Pty Ltd

Experience & Qualification:

- Fellow member of institute of public accountants (FIPA 17 years)
- Registered Tax Agent (15 years)
- Strathfield Korean Business Association (Advisory)
- Justice of Peace (NSW)
- Bachelor of BIO Medical Science in University of Newcastle
- Graduate diploma of Accounting in University of New England.

Interest in share: Nil



Oh Jun Kim

Non- Executive Director

- Born on 8 April 1966
- Appointed on 2 November 2016
- Member of Marketing & Sponsorship Committee

Occupation: Managing Director / E-PLANET Pty Ltd, Chairman of Agape International Mission Organization

Experience & Qualification:

- Marketing Manager of JHC CO. in Korea for 4 and half years
- Marketing Manager of KOREAN SYSMAX CO. in Korea 4 years
- Managing Director of OJ WORLD Co. in Korea 8 years
- Bachelor of Industrial Engineering

Interest in share: 10,000 ordinary

Directors' report (continued)

Information on Directors (continued)



Keith Kwon

Non-Executive Director

- Born on 16 April 1962
- Appointed on 19 April 2018
- Member of Governance & Audit Committee & Marketing & Sponsorship Committee

Occupation: Solicitor

Experience & Qualification:

- Practicing law for more than 29 years.
- Extensive knowledge in small to medium business law and banking law.
- Served the Strathfield local community as a councillor from 2004 to 2012 and was Mayor of Strathfield municipal council in 2008 and 2009
- Served as a director of KCFS from 2002 to 2012
- A degree in law and arts

Interest in shares: 10,000 ordinary

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 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.

Directors Meetings

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

Number of Meetings Held: 13

Number of Meetings Attended:	No. of Meetings Eligible to Attend	No. of Meetings Attended
Chang Soo Yoon	13	13
Joon Young Lee	13	10
Jong Wook Lee	13	8
Moon Ki Kim	13	3
Sook Jin Lee	13	12
Oh Jun Kim	13	12
Young Soo Gong	13	11
Paul CS Yu	13	13
Keith Kwon	13	12

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.

Directors' report (continued)

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:

- 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 ensure 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.

Company Secretary

The following person held the position of company secretary at the end of the financial year: Joon Young Lee - Managing director of Maldini's Wholesale Pty Limited.

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 15.

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



Chang Soo Yoon
Chairman

Dated at Sydney this 10 day of October 2021

Auditor's independence declaration



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

To the members of Korean Community Financial Services Limited,

As lead auditor for the audit of Korean Community Financial Services Limited for the year ended 30 June 2021, 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.

Rothsay Chartered Accountants

A handwritten signature in black ink, appearing to read "Dalla".

Daniel Dalla

Partner

Sydney, 18 October 2021

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	2	1,450,100	1,513,040
Cost of sales	3(a)	(126,196)	(210,766)
Gross profit		1,323,904	1,302,274
Employee benefits expense		(565,349)	(461,766)
Occupancy costs expense		(79,624)	(58,534)
Administration expenses		(444,527)	(420,278)
Profit before income tax		234,404	361,696
Income tax expense	4(a)	(55,857)	(99,361)
Net profit after income tax		178,547	262,335
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		178,547	262,335

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,098,916	1,005,086
Trade and other receivable	6	124,659	138,363
Current tax refundable		10,358	-
TOTAL CURRENT ASSETS		1,233,933	1,143,449
NON CURRENT ASSETS			
Other assets	7	46,366	46,366
Plant and equipment	8	89,357	112,727
Right-of-use assets	9	150,636	290,743
Intangible asset	10	12,311	24,623
Deferred tax assets	11	68,524	103,226
TOTAL NON CURRENT ASSETS		367,194	577,685
TOTAL ASSETS		1,601,127	1,721,134
CURRENT LIABILITIES			
Trade and other payables	12	61,464	61,725
Current tax payable		-	48,053
Interest bearing liabilities	13	176,741	152,630
Employee entitlements	14	58,298	37,472
TOTAL CURRENT LIABILITIES		296,503	299,880
NON-CURRENT LIABILITIES			
Trade and other payables	12	38,100	50,411
Interest bearing liabilities	13	34,164	200,377
Employee entitlements	14	10,169	19,651
Deferred tax liabilities	15	42,366	86,726
TOTAL NON-CURRENT LIABILITIES		124,799	357,165
TOTAL LIABILITIES		421,302	657,045
NET ASSETS		1,179,825	1,064,089
EQUITY			
Issued capital	16	897,300	897,300
Retained earnings		282,525	166,789
TOTAL EQUITY		1,179,825	1,064,089

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2021

	Share capital \$	Accumulated profits \$	Total \$
Balance at 1 July 2020	897,300	166,789	1,064,089
Profit for the year		178,547	178,547
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	178,547	178,547
Transaction with owners in their capacity as owners			
Dividend declared during the year	-	(62,811)	(62,811)
Balance at 30 June 2021	897,300	282,525	1,179,825
Balance at 1 July 2019	897,300	(32,735)	864,565
Profit for the year		262,335	262,335
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	262,335	262,335
Transaction with owners in their capacity as owners			
Dividend declared during the year	-	(62,811)	(62,811)
Balance at 30 June 2020	897,300	166,789	1,064,089

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and franchisor		1,457,362	1,499,332
Payments to suppliers and employees		(1,016,159)	(975,005)
Interest received		6,441	12,422
Interest paid		(15,259)	(22,721)
Income tax paid		(123,926)	(112,322)
Net cash provided by operating activities	17	308,459	401,706
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant & equipment		-	(58,493)
Proceeds from disposal of plant & equipment		-	9,091
Net cash used in investing activities		-	(49,402)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(61,999)	(70,247)
Proceeds from borrowings		-	54,500
Repayments of borrowings		(152,630)	(138,402)
Net cash used in financing activities		(214,629)	(154,149)
Net increase in cash held		93,830	198,155
Cash at beginning of financial year		1,005,086	806,931
Cash at end of financial year	5	1,098,916	1,005,086

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1: Statement of significant accounting policies

This financial report includes the financial statements and notes of Korean Community Financial Services Limited ("the Company").

Basis of Preparation

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The Company is a public company incorporated and domiciled in Australia.

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 ("IFRS"). 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 for the year ended 30 June 2021 (including comparative information) were authorised for issue on the 2021 by the directors of the Company.

(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 substantively 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 profit and loss 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.

(b) Plant and Equipment

Plant and equipment

Classes of plant and equipment are measured using the cost model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

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.

Notes to the financial statements (continued)

Note 1: Statement of significant accounting policies (continued)

(b) Plant and Equipment (continued)

Depreciation (continued)

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

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment and motor vehicles	7.5%-60%	Diminishing Value (per FAR)
Right of Use	33%	Prime-cost

(c) Employee Entitlements

Employee benefits

A liability is recognised by the Company for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(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 and investments in money market instruments maturing within less than 14 days.

(e) Revenue and Other Income

Revenue arises from fees, commission and interest. Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue, as noted below, has been satisfied. All revenue is stated net of the amount of goods and services tax (GST).

Fees and commissions

Facility fees are primarily earned for the provision of credit and other facilities to customers and are recognised as the services are provided. Transaction fees are earned for facilitating transactions and are recognised once the transaction is executed. Other non-risk fee income includes advisory and underwriting fees which are recognised when the related service is provided.

Interest income

Interest income and expenses are reported on an accrual basis using the effective interest method.

(f) Financial Instruments

Financial instruments are recognised initially on the date that the 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 of the Company comprise of loans and receivables;

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

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 allowance 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.

Notes to the financial statements (continued)

Note 1: Statement of significant accounting policies (continued)

(f) Financial Instruments (continued)

Loans and Receivables (continued)

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 allowances 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 allowance.

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.

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 profit and loss 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.

(g) Impairment of Non-Financial Assets

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

Where this indicator exists 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.

(h) Comparative Amounts

Comparative amounts are consistent with the prior years unless otherwise stated.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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.

(j) 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.

(k) 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 Statement of Financial Position are shown inclusive of GST.

(l) 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.

Notes to the financial statements (continued)

Note 1: Statement of significant accounting policies (continued)

(m) Share Capital

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

(n) Leases

At the lease commencement, the Company recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the 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.

(p) New and amended standards adopted by the Company

The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2020.

None of the amendments have had a significant impact on the Company.

	2021 \$	2020 \$
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Note 2: Revenue

Operating activities		
- Service fees	1,398,712	1,475,469
- Other income	51,388	37,571
	1,450,100	1,513,040

Note 3: Profit for the year

The results for the year include the following specific expense items:

(a) Cost of sales:

Share of fixed overhead costs of franchisor	126,196	210,766
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Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 3: Profit for the year (continued)

(b) Depreciation and amortisation of non current assets

- Furniture and equipment	4,483	5,169
- Motor vehicle	18,887	15,446
- Right of Use	150,635	145,372
- Franchise fees	12,312	12,312
	186,317	178,299

(c) Wages and salaries

439,495 **388,825**

Note 4: Income tax expense

(a) The components of tax expense comprise:

- Current tax expense	65,514	113,273
- Deferred tax benefit	(9,657)	(13,912)
	55,857	99,361

(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 26%	60,945	99,466
Add:		
Tax effect of:		
- Other non-allowable items	6,598	6,261
- Other non-assessable items	(11,686)	(6,366)
Income tax expense attributable to entity	55,857	99,361

(c) Deferred income tax (Refer to Note 11 and 15)

Deferred income tax at 30 June 2021 as follows:

Closing balance of current and non-current provisions	(26,158)	(16,500)
Deferred Income tax asset	68,524	103,226
Deferred Income tax liability	(42,366)	(86,726)
	(26,158)	(16,500)

(d) Balance of franking credits

445,401 **343,530**

Note 5: Cash and cash equivalents

Cash at bank and on hand	1,098,916	1,005,086
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Note 6: Receivables

CURRENT		
Trade debtors	124,659	138,363
	124,659	138,363

Notes to the financial statements (continued)

Note 6: Receivables (continued)

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. An allowance for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No allowance was required at the end of 30 June 2021.

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.

	2021 \$	2020 \$
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Note 7: Other assets

NON-CURRENT		
Deposits paid	8,266	8,266
Bank guarantee	38,100	38,100
	46,366	46,366

Note 8: Plant and equipment

	2021 \$	2020 \$
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(a) Plant and equipment

At cost	316,260	316,260
Less accumulated depreciation	(283,566)	(279,083)
	32,694	37,177

(b) Motor vehicle

At cost	104,631	104,631
Less accumulated depreciation	(47,968)	(29,081)
	56,663	75,550

Total plant and equipment	89,357	112,727
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(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 \$
2021			
Balance at the beginning of the year	37,177	75,550	112,727
Addition	-	-	-
Disposal	-	-	-
Depreciation expense	(4,483)	(18,887)	(23,370)
Carrying amount at end of year	32,694	56,663	89,357
2020			
Balance at the beginning of the year	42,346	46,976	89,322
Addition	-	58,495	58,495
Disposal	-	(14,475)	(14,475)
Depreciation expense	(5,169)	(15,446)	(20,615)
Carrying amount at end of year	37,177	75,550	112,727

Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 9: Right-of-use assets

NON-CURRENT		
Right of Use – Office	446,643	436,115
Less accumulated depreciation	(296,007)	(145,372)
	150,636	290,743

Note 10: Intangible assets

NON-CURRENT		
Franchise fees at cost	61,557	61,557
Less accumulated amortisation	(49,246)	(36,934)
	12,311	24,623

Note 11: Deferred assets

Deferred tax assets (refer to Note 4(c))	68,524	103,226
	68,524	103,226

Note 12: Trade and other payables

CURRENT		
Trade creditors	20,119	32,296
Other payables	1,031	1,031
GST and payroll deduction liabilities	33,292	41,071
Superannuation payables	-	(18,883)
Dividend payable	7,022	6,210
	61,464	61,725
NON-CURRENT		
Make Good Provision	38,100	38,100
Other payables	-	12,311
	38,100	50,411
	99,564	112,136

Note 13: Interest bearing liabilities

CURRENT		
Lease liability	176,741	152,630
NON-CURRENT		
Lease liability	34,164	200,377
	210,905	353,007

Notes to the financial statements (continued)

	2021 \$	2020 \$
Note 14: Employee entitlements		
CURRENT		
Employee entitlements	58,298	37,472
NON-CURRENT		
Employee entitlements	10,169	19,651
(a) Aggregate employee benefits liability	68,467	57,123
(b) Number of employees at year-end	6	5

Note 15: Deferred liabilities

Deferred tax liabilities (refer to Note 4(c))	42,366	86,726
	42,366	86,726

Note 16: Contributed equity

Fully paid ordinary shares – refer to 16(a)	897,300	897,300
	897,300	897,300
(a) Issued Capital		
Ordinary shares	897,300	897,300
	897,300	897,300

(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.

(c) Dividend Paid

	2021 \$	2020 \$
Fully franked dividend declared and/or paid during the year	62,811	62,811

(d) 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 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.

Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 17: Cash flow information

Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	178,547	262,335
Non cash flows in profit after tax		
Depreciation	174,005	165,987
Amortisation	12,312	12,312
Loss on Sale of Assets	-	5,383
Changes in assets and liabilities		
(Increase) / decrease in receivables	13,703	(1,287)
Increase / (decrease) in income taxes	(68,068)	(13,912)
Increase / (decrease) in payables	(13,383)	(39,888)
Increase / (decrease) in employee entitlements	11,343	10,776
Cash flows from operations	308,459	401,706

Note 18: Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statements of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2021 \$	2020 \$
Interest expense on lease liabilities	15,221	22,712
Depreciation of right-of-use assets	150,636	145,372
Occupancy costs	-	-
	165,857	168,084

Statement of Cash Flows

Cash outflows on lease liabilities	146,857	138,545
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Lease Liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 to 5 years	> 5 years	Lease liabilities included in this Statement of Financial Position
2021				
Lease liabilities	176,741	34,164	-	210,905

Note 19: Financial risk management

a. Financial Risk Management Policies

The Company's financial instruments consist mainly of cash and trade and other receivables and trade and other payables and interest bearing liabilities.

The main purpose of non-derivative financial instruments is to raise finance for the Company's operation.

The Company does not have any derivative instruments at 30 June 2021.

Notes to the financial statements (continued)

Note 19: Financial risk management (continued)

a. Financial Risk Management Policies (continued)

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 follows:

	Weighted Average Effective Interest Rate %	Non-Interest Bearing \$	Fixed Interest Rate \$	Floating Interest Rate \$	Total \$
30 June 2021					
Cash		22,875	-	1,076,041	1,098,916
Receivables		132,925	38,100	-	171,025
Total Financial Assets		155,800	38,100	1,076,041	1,269,941
Financial Liabilities					
Trade creditors and other payables		99,564	-	-	99,564
Lease liabilities	5.62%	-	210,905	-	210,905
Employee entitlements		68,467	-	-	68,467
Total Financial Liabilities		168,031	210,905	-	378,936
Net Financial Assets/ (Liabilities)		(12,231)	(172,805)	1,076,041	891,005
30 June 2020					
Cash		54,853	-	950,233	1,005,086
Receivables		146,328	38,100	-	184,428
Total Financial Assets		201,181	38,100	950,233	1,189,514
Financial Liabilities					
Trade creditors and other payables		112,136	-	-	112,136
Lease liabilities	5.62%	-	353,007	-	353,007
Employee entitlements		57,123	-	-	57,123
Total Financial Liabilities		169,259	353,007	-	522,266
Net Financial Assets/ (Liabilities)		31,922	(314,907)	950,233	667,248

Notes to the financial statements (continued)

Note 19: Financial risk management (continued)

a. Financial Risk Management Policies (continued)

Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The Company manages liquidity risk by the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount of the financial assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There is no material amounts of collateral held as security at 30 June 2021.

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.

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 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.

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.

Any reasonably possible change in interest rates would not have a material impact on the Company.

Note 20: Related party disclosures

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

Sook Jin Lee
Moon Ki Kim
Joon Young Lee
Chang Soo Yoon
Jong Wook Lee
Oh Jun Kim
Young Soo Gong
Paul CS Yu
Keith Kwon

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.

Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 21: Key management personnel compensation

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

Short-term employee benefits	60,125	57,125
Other long-term benefits	24,996	24,996
Total KMP compensation	85,121	82,121

Note 22: 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 23: Contingencies liabilities and contingent assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (2020: None).

Note 24: Company details

The registered office of the Company is:

Korean Community Financial Services Limited
44 The Boulevard
Strathfield NSW

Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 33 are in accordance with the *Corporations Act 2001* and:
 - (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 2021 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 18 day of October 2021

Independent audit report



KOREAN COMMUNITY FINANCIAL SERVICES LIMITED INDEPENDENT AUDITOR'S REPORT

To the members of Korean Community Financial Services Limited

Opinion

We have audited the financial report of Korean Community Financial Services Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the 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 2021 and of its performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 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.

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KOREAN COMMUNITY FINANCIAL SERVICES LIMITED INDEPENDENT AUDITOR'S REPORT (continued)

Responsibility of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)

- 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.

Rothsay Chartered Accountants

Daniel Dalla
Partner

Sydney, 18 October 2021

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