

Annual Report 2023

Korean Community
Financial Services Limited

Community Bank
Strathfield

ABN 52 099 137 541



Contents

Chairman's report	2
Manager's report	4
Financial highlights	6
Bendigo and Adelaide Bank report	9
Directors' report	10
Auditor's independence declaration	16
Financial statements	17
Notes to the financial statements	21
Directors' declaration	33
Independent audit report	34

Chairman's report

For year ending 30 June 2023



Our new structure is expected to future-proof our Community Bank Branch by feeding energy and dynamics into our business and operation. Since the relocation of the branch on 30 November 2022, an increasing number of new customers have come to our branch to open an account which bodes very favourable for the future.

It is with great pleasure that I am able to present the 21st annual report of Korean Community Financial Services Limited that provides an overview of our financials and activities during the past financial year.

Business in the previous financial year was challenging but saw handsome growth in our profit. Our total business showed a decrease of \$27.1million or down 10.5% over the previous financial year to \$228.4million. This was largely due to the cooling and slowing housing market arising from continued interest rate hikes from May 2022 to curb the high level of inflation and the strong competition in the housing market.

Our profit before tax, however, saw an increase of \$383,100 on the same period of the previous year to \$857,205 as a result of rising margin income and cost management despite the branch restructure costs of about \$70,000. Our customer numbers remain steady at around five thousand. One thousand new accounts were opened, but 994 accounts were also closed in the past financial year. The new customers are attracted by our quality products, competitive customer service and advanced digital banking. These will be important elements for ensuring sustainable growth in the future.

Since the purchase of our property in July 2022 and subsequent relocation of our branch on 30 November 2022, an annual occupancy cost savings of about \$240,000 including outgoings can be made. With this saving in operating cost and cash-in from improved operating profit, we could reduce our commercial loan to \$500,000 from \$1.26 million relating to the purchase of property, and the outstanding balance of the loan is expected to be fully paid off in the next few months.

It is pleasing to report continued trading profit since 2007. With that, our total equity was increased by \$556,000 this year to \$2.03 million, including issued capital of \$897,300 which will have a positive effect on our share value in the long run. We declared a fully franked dividend of 10% or 10 cents per share, up 0.30 cents from the previous year. We have continued to pay dividends between 4.0% to 7.0% since we paid the first dividend in 2007 when we first made a profit.

The highlight of the past financial year is the implementation of a new branch structure in keeping with the rapidly-changing banking industry in the digital era. During this time Myunghee Park/the former BM and Emily/CSO left the bank as their roles were made redundant, and we recruited Jimmy Diep/Mobile Relations Manager whose role is to bring and write new loans, and Jini Choi/Branch Operation Manager, to replace the former Branch Manager role.

Shortly after the completion of our branch restructuring, Ms Sonia Park/Customer Relations Officer left the bank for personal reasons and therefore Laura Yang/Customer Service Officer has been promoted to Customer Relations Officer to replace Sonia. One full-time and one part-time Customer Service Officers have been recruited to make up for Sonia and Emily's departure. I take this opportunity to thank three staff members, Myung-Hee, Emily and Sonia for the contributions they made to our Community Bank branch during their tenure with us.

Chairman's report (continued)

Our new structure is expected to future-proof our Community Bank Branch by feeding energy and dynamics into our business and operation. Since the relocation of the branch on 30 November 2022, an increasing number of new customers have come to our branch to open an account which bodes very favourable for the future.

In order to have a competitive edge and to grow our Community Bank branch in the long-term, our business strategy must focus on attracting the younger generation in the digital era who heavily rely on online banking.

We would also like to take this opportunity to acknowledge our former Directors, Ms Sook Jin Lee and Mr Young Soo Gong who retired from our Board in January and March 2023 respectively as part of our company's Board succession plan. They have made a great contribution to our Community Bank during their office of Director. On behalf of our staff and Board I would like to thank them for their hard work, service and dedication during their time on the Board.

On 25 June this year, Bendigo Bank's unique Community Bank model celebrated 25 years of community-owned and operated banking in Australia.

The Community Bank model has collectively contributed \$320 million to their communities over the last 25 years and our Community Bank branch has played a part of all collective contributions as we have returned \$1 million to our community since our company was established in June 2002.

With our 21st anniversary in mind, I would like to express my gratitude for the initiative of the pioneers and shareholders, who laid the cornerstone to set up the Community Bank in the Korean community. Their vision was to not only provide banking service to Koreans, but also improve the economic outlook for the Korean community.

I take this opportunity to thank our Board members, present and past, for their commitment, volunteering their time, and for their continued efforts. The success of our Community Bank branch is a testament to their passion and desire for the success of our community.

Finally, on behalf of our staff and Board, I would like to thank all of our shareholders for their support throughout the year and I would also like to acknowledge the hard work and dedication of our staff and Board working tirelessly at our Community Bank branch.

I look forward to working together to ensure the continued success of our Community Bank branch and bring a strong sense of community to those we serve.

Thank you.



C S Yoon
Chairman

Manager's report

For year ending 30 June 2023



We are doing our very best to protect our customers from the uncertain financial environment and take our branch which has been well established over the last 21 years to the next level in the near future. And also, we will enhance our reputation as the best bank in our community through providing better service which differentiate ourselves from our competitors.

Greetings to all! My name is Jini Choi, the new appointed Branch Operations Manager of the Community Bank Strathfield branch. It is my absolute pleasure to present the Manager's report for Korean Community Financial Services Limited.

First of all, I would like to briefly introduce myself. I first began my career in the banking industry in my early 20s back in Korea, working for one of the banks there for about four years. I then moved to Australia to expand my horizons in the bigger world and to explore into the unknown as you do in your younger days. After many different experiences in Australia, I was employed by the Community Bank Strathfield branch in 2005 as a customer service officer. I recall feeling very happy to provide banking services to both the Korean and local community and all the better, providing financial support to different community groups from our profits which I always take pride in.

Unfortunately, in 2008 I had to stop working to fulfil my role as a mother and take care of the house work and eventually started my own business which gave me more flexibility. After running my own businesses for a long time, I had the opportunity to work again at another Community Bank branch in Eastwood for a short period in 2021, and shortly after, I worked at Community Bank Bexley branch for one and half year before I came back to Strathfield branch in June 2023 to take on the new role.

Although the branch was relocated and many of my former colleagues have left the bank, I don't feel like a stranger in our branch because most of our customers are whom I met in my previous role at the branch. It's a huge advantage in fulfilling my new role and helped me immensely settling into this role.

We continue to help the Korean and local community with their banking needs and we treat them like our family. It is rewarding to hear our customers being satisfied with our service and our presence to serve them in the community despite operating in an ever-intensifying competitive market in Strathfield.

I would like to take this opportunity to express my deepest appreciation to the Directors who encouraged and helped me settle into my new role and all our staff who believe in me and work together to achieve our common goals. And my special thanks go out to staff at Bendigo and Adelaide Bank, NSW/ACT staff and Head office staff who support us to help our customers and help me grow as a leader in the branch.



Susan Lee
Customer Relations
Manager



Laura Yang
Customer Relations
Officer



Christine Wong
Customer Service
Officer



Jaemo An
Customer Service
Officer



Jimmy Diep
Mobile Relations
Manager

Manager's report (continued)

It is expected that our business may encounter many difficulties this year due to the uncertain market condition stemming from continued interest rate hikes, but I have every confidence to say that we can overcome any challenges and difficulties to grow our business if our Directors and staff work together even under most dire circumstances.

We are doing our very best to protect our customers from the uncertain financial environment and take our branch which has been well established over the last 21 years to the next level in the near future. And also, we will enhance our reputation as the best bank in our community through providing better service which differentiate ourselves from our competitors.

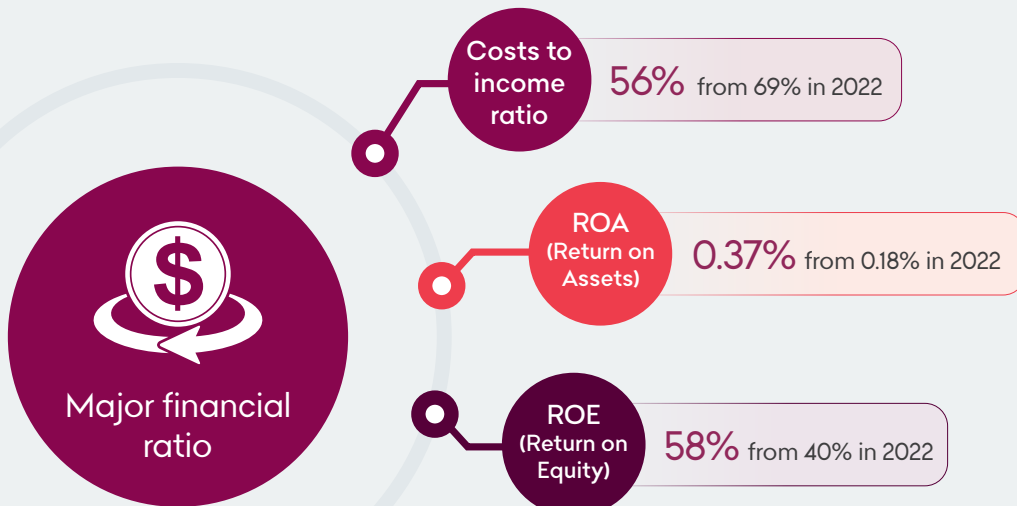
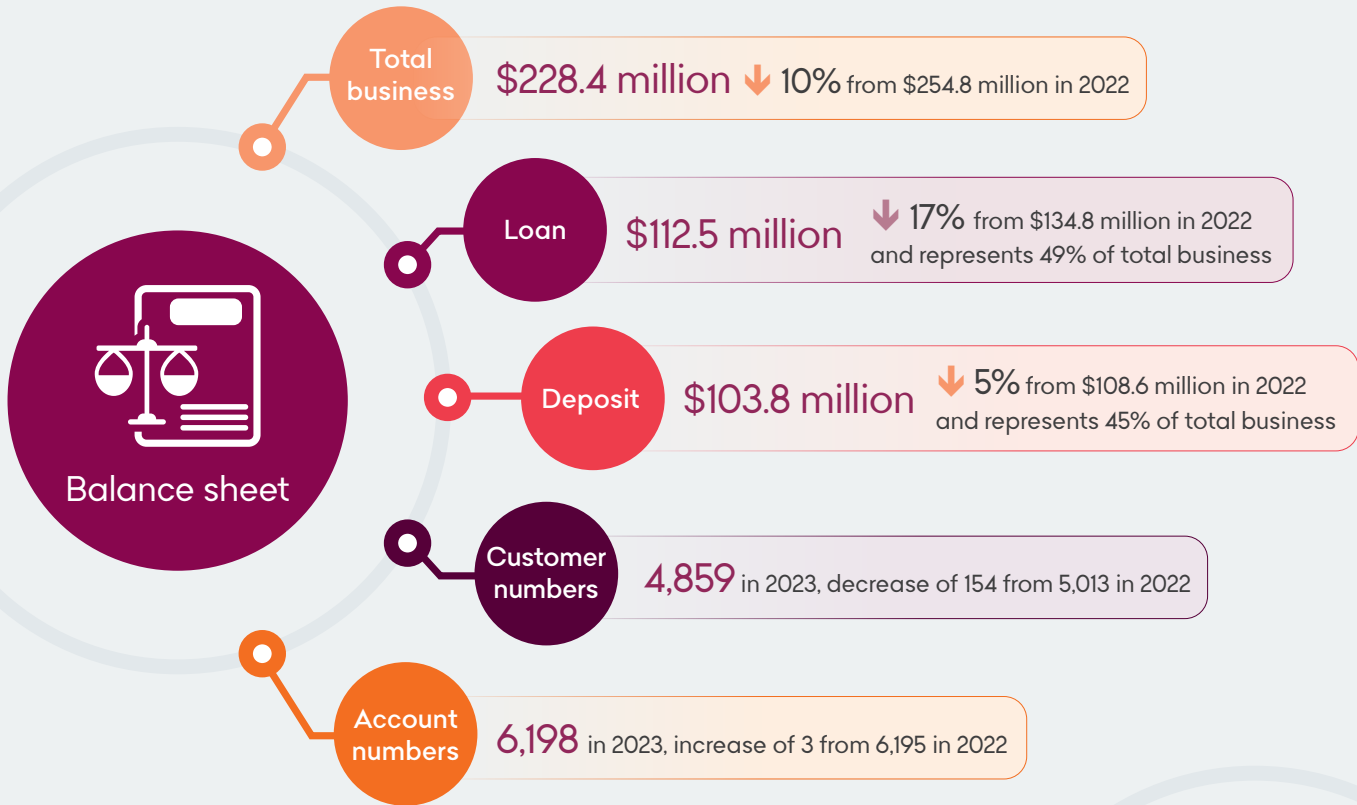
In closing, our shareholders are the key to the continued growth of our Community Bank branch and I encourage you all to continue bringing and referring businesses to our branch. And also, I strongly encourage you to contact our friendly staff whenever you would like to discuss your own banking needs and your loved ones.

I look forward to the continued support and help from our Directors and staff in order to achieve our goals in this financial year.

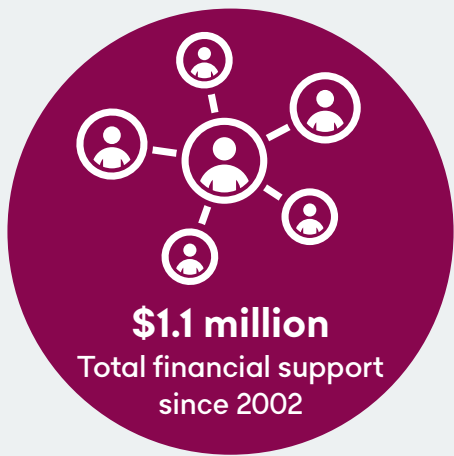
Thank you.

Jini Choi
Branch Operations Manager

Financial highlights



Community contributions

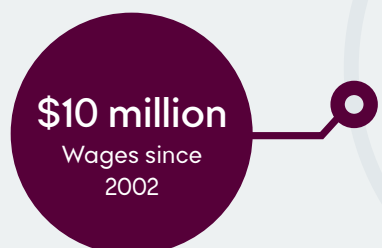
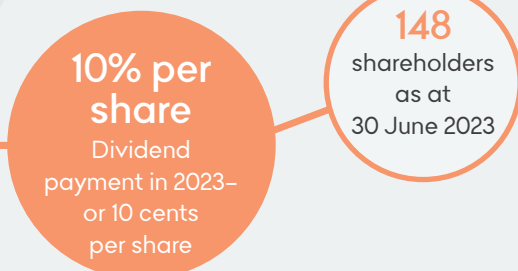
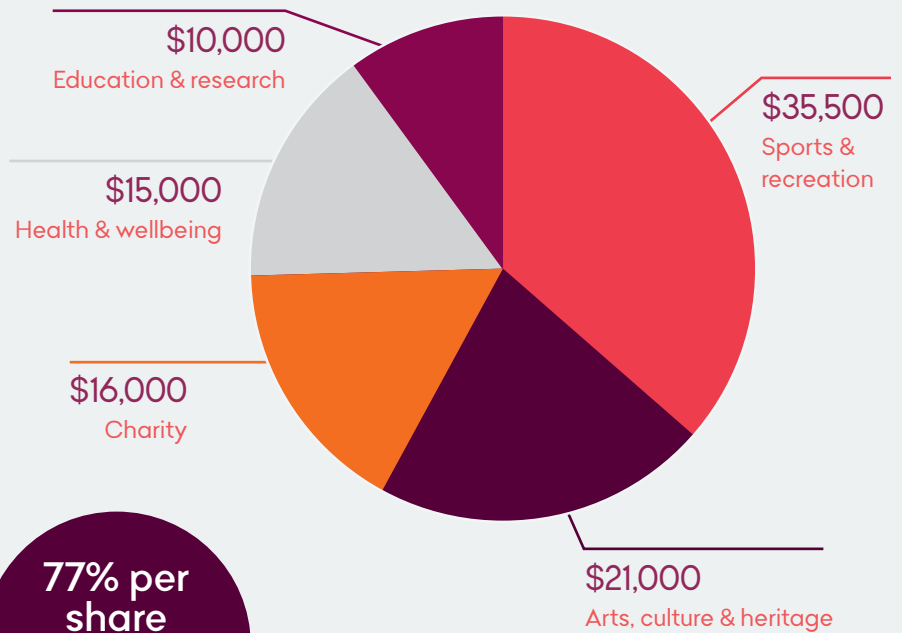


Financial support including sponsor, donation and grants that benefit many individuals (5 in 2022-23), community organisations and local organisations (35 in 2022-23) each year.

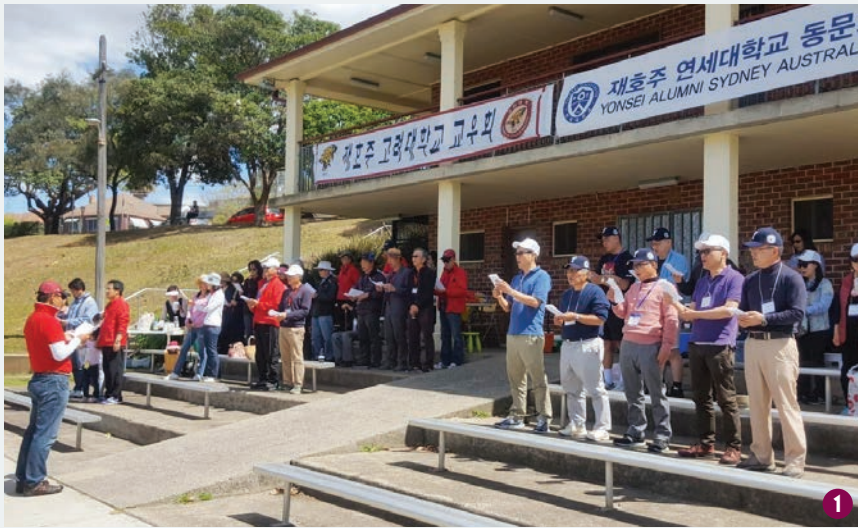
\$18 million

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

\$97,500
Financial support in 2022/23



Shareholder distributions
\$700,000
+
Community contributions
\$1.1 million
+
Local employment and other contributions
\$18 million
=
\$19.8 million



1. Annual Korea and Yonsei University Alumni Sports event in Australia. 2. Junior golfer champion - Tirezah Eun Cho. 3. Annual bowling tournament for Bendigo Bank Cup. 4. Catering service for homeless in CBD Sydney - organized by AIM Heart Incorp. 5. The 103rd National Sports Event in Korea - Tennis tournament champion. 6. Korean senior outing event - organized by Sydney Saesoon Presbyterian church



Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.



Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2023

Your directors present their report on Korean Community Financial Services Limited ("the Company") for the year ended 30 June 2023.

Directors

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

Chang Soo Yoon	Joon Young Lee
Young Soo Gong (resigned 31 January 2023)	Sook Jin Lee (resigned 29 March 2023)
Moon Ki Kim	Paul CS Yu
Jong Wook Lee	Oh Jun Kim
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 to provide 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, \$1,148 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 \$625,839 (2022: \$353,717). The sales increased during the year. The profit result was considered satisfactory given the interest rate hikes from May 2022 to curb the high level of inflation.

Financial Review

The net assets have increased by 38% from 2022 to 2023 financial year. This is largely due to the purchase of the new property for \$1.98 million in July 2022.

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 the Reporting Date

There are no matters or circumstances have arisen since the end of the financial year which 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.

Directors' report (continued)

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:

- 52 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
- Bachelor of Science in Business Administration
- Graduate diploma of International Finance in Postgraduate School
- 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)



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



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

Directors' report (continued)



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



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 29years.
- 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

The Director's Remuneration Framework was introduced during the FY2021 AGM, coinciding with our 20th anniversary. This framework was introduced for the first time since our establishment in June 2002. Its primary objective was to ensure that our Directors fulfill their roles with greater accountability and diligence, thereby continuing to help the Bank meet the strategic challenges ahead. Directors became eligible for incentives starting from FY 2021/22, contingent upon meeting the following criteria:

- Achieving a profit budget surplus of more than 20%.
- Attending more than two-thirds of all board meetings.
- Actively serving as ambassadors of our Community Bank, fostering business referrals to our institution.
- The total incentive fund must not exceed \$30,000 annually.
- Director's remuneration will be transparently reported in the Annual Report.

Directors' report (continued)

According to the FY2022 AGM, all payment conditions have been met. However, due to a temporary cash-flow constraint resulting from a property purchase, the incentives were disbursed in March 2023 when the cash flow situation had improved. The payment breakdown is as follows:

Name	Position	Incentive	Super (10.5%)	Total payment
Chang Soo Yoon	Chairman	\$3,000	\$315	\$3,315
Joon Young Lee	Secretary	\$4,000	\$420	\$4,420
Young Soo Gong	Treasurer	\$3,000	\$0	\$3,000
Sook Jin Lee	Director	\$3,000	\$315	\$3,315
Paul CS Yu	Director	\$3,000	\$315	\$3,315
Moon Ki Kim	Director	\$3,000	\$315	\$3,315
Keith Kwon	Director	\$3,000	\$315	\$3,315
Oh Jun Kim	Director	\$3,000	\$315	\$3,315
Jong Wook Lee	Director	\$3,000	\$315	\$3,315
Total	Director	\$28,000	\$2,625	\$30,625

Directors Meetings

The number of Directors' meetings 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 to Attend	No. of Meetings Attended
Chang Soo Yoon	12	12
Joon Young Lee	12	7
Jong Wook Lee	12	10
Moon Ki Kim	12	7
Sook Jin Lee	12	6
Oh Jun Kim	12	11
Young Soo Gong	12	5
Paul CS Yu	12	12
Keith Kwon	12	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.

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.

Directors' report (continued)

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 Director's Report and is attached on page 16.

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



Chang Soo Yoon
Chairman

Dated at Sydney this 4th day of September 2023

Auditor's independence declaration



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

To the directors of Korean Community Financial Services Limited

As lead auditor for the audit of Korean Community Financial Services Limited for the year ended 30 June 2023, 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, 4 October 2023

A Level 1, 6-10 O'Connell Street
Sydney, NSW 2000
GPO Box 542,
Sydney NSW 2001

E info@rothsay.com.au
W www.rothsay.com.au

ABN 59 087 479 410

Liability limited by a scheme approved under Professional Standards Legislation



Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	2	1,961,582	1,537,235
Cost of sales	3(a)	(72,162)	(52,791)
Gross profit		1,889,420	1,484,444
Employee benefits expense		(614,122)	(557,027)
Occupancy costs expense		28,227	(51,863)
Administration expenses		(446,320)	(401,449)
Profit before income tax		857,205	474,105
Income tax expense	4	(231,366)	(120,388)
Net profit after income tax		625,839	353,717
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		625,839	353,717

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	5	219,747	1,420,857
Trade and other receivables	6	186,842	143,819
Current tax refundable	-	-	-
TOTAL CURRENT ASSETS		406,589	1,564,676
NON CURRENT ASSETS			
Other assets	7	-	67,316
Plant and equipment	8	2,420,202	71,283
ROU assets	9	-	96,767
Intangible assets	10	60,541	-
Deferred tax assets	11	10,758	55,022
TOTAL NON CURRENT ASSETS		2,491,501	290,388
TOTAL ASSETS		2,898,090	1,855,064
CURRENT LIABILITIES			
Trade and other payables	12	101,771	51,248
Current tax payable	163,105	65,060	-
Interest bearing liabilities	13	9,440	104,215
Employee entitlements	14	32,506	70,296
TOTAL CURRENT LIABILITIES		306,822	290,819
NON-CURRENT LIABILITIES			
Trade and other payables	12	42,897	38,100
Interest bearing liabilities	13	504,532	18,402
Employee entitlements	14	10,080	12,820
Deferred tax liabilities	15	-	24,192
TOTAL NON-CURRENT LIABILITIES		557,509	93,514
TOTAL LIABILITIES		864,331	384,333
NET ASSETS		2,033,759	1,470,731
EQUITY			
Issued capital	16	897,300	897,300
Retained earnings		1,136,459	573,431
TOTAL EQUITY		2,033,759	1,470,731

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2023

	Share capital \$	Accumulated Profits \$	Total \$
Balance at 1 July 2022	897,300	573,431	1,470,731
Profit for the year		625,839	625,839
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year		625,839	625,839
<i>Transaction with owners in their capacity as owners</i>			
Dividend declared during the year	-	(62,811)	(62,811)
Balance at 30 June 2023	897,300	1,136,459	2,033,759
Balance at 1 July 2021	897,300	282,525	1,179,825
Profit for the year		353,717	353,717
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	353,717	353,717
<i>Transaction with owners in their capacity as owners</i>			
Dividend declared during the year	-	(62,811)	(62,811)
Balance at 30 June 2022	897,300	573,431	1,470,731

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and franchisor		1,901,649	1,513,630
Interest received		16,909	4,445
Payments to suppliers and employees		(980,518)	(874,149)
Interest paid		(60,593)	(9,894)
Income tax paid		(113,249)	(49,642)
Net cash provided by operating activities	17	764,198	584,390
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property plant & equipment		(2,401,700)	(20,950)
Payments for intangible assets		(32,736)	-
Proceeds from other non-current assets		56,100	-
Net cash used in investing activities		(2,378,336)	(20,950)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(69,567)	(61,929)
Proceeds from borrowings		1,260,000	(61,929)
Repayments of borrowings		(777,405)	(179,570)
Net cash provided by financing activities		413,028	(241,499)
Net increase/(decrease) in cash held		(1,201,110)	321,941
Cash at beginning of financial year		1,420,857	1,098,916
Cash at end of financial year	5	219,747	1,420,857

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2023

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 2023 (including comparative information) were authorised for issue on the 2023 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 is 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:

Notes to the financial statements (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Plant and Equipment (continued)

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.

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.

Notes to the financial statements (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial Instruments (continued)

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 asset 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.

(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.

Notes to the financial statements (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

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 2022.

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

	2023 \$	2022 \$
--	------------	------------

NOTE 2: REVENUE

Operating activities		
- Service fees	1,939,847	1,532,790
- Other income	21,735	4,445
	1,961,582	1,537,235

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	72,162	52,791
---	--------	--------

(b) Depreciation and amortisation of non current assets

- Building	41,696	-
- Furniture and equipment	3,410	3,908
- Motor vehicle	10,624	14,165
- Right of Use	-	145,151
- Franchise fees	14,299	12,312
	70,029	175,536

Notes to the financial statements (continued)

	2023 \$	2022 \$
--	------------	------------

NOTE 3: PROFIT FOR THE YEAR (CONTINUED)

(c) Rental expense on operating leases	-	-
(d) Wages and salaries	543,480	442,726

NOTE 4: INCOME TAX EXPENSE

(a) The components of tax expense comprise:		
- Current tax expense	211,294	125,060
- Deferred tax expense / (benefit)	20,072	(4,672)
	231,366	120,388
(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 25%	216,368	118,526
Add:		
Tax effect of:		
- Other non-allowable items	14,998	1,862
- Other non-assessable items	-	-
Income tax expense attributable to entity	231,366	120,388
(c) Deferred income tax (Refer to Note 11 and 15)		
Deferred income tax at 30 June 2023 as follows:		
Closing balance of current and non-current provisions	(10,758)	(30,830)
Deferred Income tax asset	10,758	55,022
Deferred Income tax liability	-	(24,192)
	10,758	30,830
(d) Balance of franking credits	566,418	474,106

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	219,747	1,420,857
---------------------------------	----------------	------------------

NOTE 6: RECEIVABLES

<i>CURRENT</i>		
Trade debtors	186,842	143,819
	186,842	143,819

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 2023.

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.

Notes to the financial statements (continued)

	2023 \$	2022 \$
--	------------	------------

NOTE 7: OTHER ASSETS

<i>NON-CURRENT</i>		
Deposits paid	-	26,266
Legal Fee	-	2,950
Bank guarantee	-	38,100
	-	67,316

NOTE 8: PLANT AND EQUIPMENT

(a) Plant and equipment		
At cost	2,720,909	316,260
Less accumulated depreciation	(332,580)	(287,474)
	2,388,329	28,786
(b) Motor vehicle		
At cost	104,632	104,631
Less accumulated depreciation	(72,759)	(62,134)
	31,873	42,497
Total plant and equipment	2,420,202	71,283

(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 \$
2023			
Balance at the beginning of the year	28,786	42,497	71,283
Addition	2,404,649	-	2,404,649
Disposal	-	-	-
Depreciation expense	(45,106)	(10,624)	(55,730)
Carrying amount at end of year	2,388,329	31,873	2,420,202

	Plant & Equipment \$	Motor Vehicle \$	Total \$
2022			
Balance at the beginning of the year	32,694	56,663	89,357
Addition	-	-	-
Disposal	-	-	-
Depreciation expense	(3,908)	(14,166)	(18,074)
Carrying amount at end of year	28,786	42,497	71,283

Notes to the financial statements (continued)

	2023 \$	2022 \$
--	------------	------------

NOTE 9: ROU ASSETS

<i>NON-CURRENT</i>		
Right of Use – Office	-	537,925
Less accumulated depreciation	-	(441,158)
	-	96,767

NOTE 10: INTANGIBLE ASSETS

<i>NON-CURRENT</i>		
Franchise fees at cost	71,495	61,557
Less accumulated amortisation	(14,299)	(61,557)
	57,196	-
Borrowing expense at cost	4,138	-
Less accumulated amortisation	(793)	-
	3,345	-
Total intangible assets	60,541	-

NOTE 11: DEFERRED ASSETS

Deferred tax assets (refer to Note 4(c))	10,758	55,022
	10,758	55,022

NOTE 12: TRADE AND OTHER PAYABLES

<i>CURRENT</i>		
Trade creditors	18,686	7,838
Other payables	142	142
GST and payroll deduction liabilities	73,408	27,775
Superannuation payables	8,387	7,589
Dividend payable	1,148	7,904
	101,771	51,248

NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)

<i>NON-CURRENT</i>		
Make Good Provision	-	38,100
Other Long term Liabilities	42,897	-
	42,897	38,100
	151,424	89,348

NOTE 13: INTEREST-BEARING LIABILITIES

<i>CURRENT</i>		
Lease liability	9,440	104,215

Notes to the financial statements (continued)

	2023 \$	2022 \$
--	------------	------------

NOTE 13: INTEREST-BEARING LIABILITIES

<i>NON-CURRENT</i>		
Bendigo mortgage loan	497,615	-
Lease liability	6,917	18,402
	504,532	122,617

NOTE 14: EMPLOYEE ENTITLEMENTS

<i>CURRENT</i>		
Employee entitlements	32,506	70,296
<i>NON-CURRENT</i>		
Employee entitlements	10,080	12,820
(a) Aggregate employee benefits liability	42,586	83,116
(b) Number of employees at year-end	6	6

NOTE 15: DEFERRED LIABILITIES

Deferred tax liabilities (refer to Note 4(c))	-	24,192
	-	24,192
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

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)

	2023 \$	2022 \$
--	------------	------------

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

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.

NOTE 17: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	625,839	353,717
Non cash flows in profit after tax		
Depreciation	152,497	163,224
Amortisation	15,093	12,312
Changes in assets and liabilities		
(Increase) / decrease in receivables	(34,757)	(19,160)
Increase / (decrease) in income taxes	20,072	49,431
Increase / (decrease) in payables	25,984	10,216
Increase / (decrease) in employee entitlements	(40,530)	14,650
Cash flows from operations	764,198	584,390

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:

Notes to the financial statements (continued)

	2023 \$	2022 \$
--	------------	------------

NOTE 18: LEASES (CONTINUED)

Interest expense on lease liabilities	1,745	9,873
Depreciation of right-of-use assets	96,767	145,151
	98,512	155,024

Lease Liabilities

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

	< 1 year \$	1-5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement of Financial Position \$
2023					
Lease liabilities	9,439	6,917	-	16,356	16,356

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 operations.

The Company does not have any derivative instruments at 30 June 2023.

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 2023					
Cash		69,197	-	150,550	219,747
Receivables		186,842	-	-	186,842
Total Financial Assets		256,039	-	150,550	406,589

Notes to the financial statements (continued)

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial Risk Management Policies (continued)

	Weighted Average Effective Interest Rate %	Non-Interest Bearing \$	Fixed Interest Rate \$	Floating Interest Rate \$	Total \$
Financial Liabilities					
Trade creditors and other payables		144,667	-	-	144,667
Lease liabilities	5.62%	-	16,356	-	16,356
Borrowings	5.42%	-	-	497,615	497,615
Employee entitlements		42,586	-	-	42,586
Total Financial Liabilities		187,253	16,356	497,615	701,224
Net Financial Assets/ (Liabilities)		68,786	(16,356)	(347,065)	(294,635)

	Weighted Average Effective Interest Rate %	Non-Interest Bearing \$	Fixed Interest Rate \$	Floating Interest Rate \$	Total \$
30 June 2022					
Cash		40,458	-	1,380,399	1,420,857
Receivables		170,085	38,100	-	208,185
Total Financial Assets		210,543	38,100	1,380,399	1,629,042
Financial Liabilities					
Trade creditors and other payables		89,348	-	-	89,348
Lease liabilities	5.62%	-	122,617	-	122,617
Employee entitlements		83,116	-	-	83,116
Total Financial Liabilities		172,464	122,617	-	295,081
Net Financial Assets/ (Liabilities)		38,079	(84,517)	1,380,399	1,333,961

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 2023.

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.

Notes to the financial statements (continued)

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial Risk Management Policies (continued)

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.

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:

Chang Soo Yoon	Joon Young Lee
Young Soo Gong (resigned 31 January 2023)	Sook Jin Lee (resigned 29 March 2023)
Moon Ki Kim	Paul CS Yu
Jong Wook Lee	Oh Jun Kim
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.

2023	2022
\$	\$

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	83,875	57,125
Post employment benefits	10,379	5,712
Total KMP compensation	94,254	62,837

NOTE 22: EVENTS SUBSEQUENT TO THE REPORTING DATE

There are no matters or circumstances have arisen since the end of the financial year which 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 2023 (2022: None).

NOTE 24: COMPANY DETAILS

The registered office of the Company is:

Korean Community Financial Services Limited 44 The Boulevard, Strathfield NSW

Directors' declaration

For the financial year ended 30 June 2023

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 32 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 2023 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 4th day of September 2023

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 2023, 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 2023 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 2023 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.

A Level 1, 6-10 O'Connell Street
Sydney, NSW 2000
GPO Box 542,
Sydney NSW 2001

E info@rothsay.com.au
W www.rothsay.com.au

ABN 59 087 479 410

Liability limited by a scheme approved under Professional Standards Legislation





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

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.

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.



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

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

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

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

Rothsay Chartered Accountants

Daniel Dalla
Partner

Sydney, 4 October 2023

Community Bank · Strathfield
Shop 140, 20-34 Albert Road, Strathfield NSW 2135
Phone: 02 9744 1433 Fax: 02 9744 1466
Email: strathfield@bendigoadelaide.com.au
Web: bendigobank.com.au/strathfield

Franchisee: Korean Community Financial Services Limited
ABN: 52 099 137 541
Shop 140, 20-34 Albert Road, Strathfield NSW 2135

