

# World Taekwondo

Financial statements  
For the years ended December 31, 2021 and 2020  
(With independent auditors' report thereon)



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## **Independent Auditors' Report**

(Based on a report originally issued in Korean)

**To the President of  
World Taekwondo**

### **Opinion**

We have audited the accompanying financial statements of World Taekwondo (formally "World Taekwondo Federation", the "Federation"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRSs").

### **Basis for Opinion**

We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Federation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with KIFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Federation'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 management either intends to liquidate the Federation or to cease operations.

Those charged with governance are responsible for overseeing the Federation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 KSAs 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 these financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Federation'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 statements 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 Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

March 31, 2022

*Nexia Samduk*

Seoul, Korea

This audit report is effective as at March 31, 2022, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditors' report to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

# **World Taekwondo**

Financial statements  
For the years ended December 31, 2021 and 2020

“The accompanying financial statements, including all footnotes and disclosures, have been prepared by,  
and are the responsibility of, the Federation”

Chungwon Choue  
President  
World Taekwondo

**World Taekwondo**  
**Statements of financial position**  
**As at December 31, 2021 and 2020**

	Notes	December 31, 2021		December 31, 2020	
		Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	4,5,20	₩ 12,603,887	\$ 10,631,706	₩ 1,963,148	\$ 1,655,966
Short-term financial instruments	4,5,20	5,789,313	4,883,436	6,966,000	5,876,001
Other current financial assets	4,5,20	26,360	22,235	204,104	172,167
Other current assets		2,623	2,213	9,344	7,882
Total current assets		18,422,183	15,539,590	9,142,596	7,712,016
<b>Non-current assets:</b>					
Long-term financial instruments	4,5,20	139,974	118,072	184,009	155,216
Property and equipment, net	7	279,623	235,869	394,363	332,655
Right-of-use assets	21	675,311	569,642	1,181,795	996,875
Intangible assets, net	8	74,593	62,921	124,630	105,129
Other non-current financial assets	5,6,20	700,557	590,938	908,557	766,391
Deferred tax assets	18	61,896	52,211	70,193	59,210
Total non-current assets		1,931,954	1,629,653	2,863,547	2,415,476
<b>Total assets</b>		<b>₩ 20,354,137</b>	<b>\$ 17,169,243</b>	<b>₩ 12,006,143</b>	<b>\$ 10,127,492</b>
<b>Liabilities and net assets</b>					
<b>Current liabilities:</b>					
Short-term financial liabilities	5,9,20	₩ 153,400	\$ 129,397	₩ 329,771	\$ 278,170
Other current liabilities	10	327,519	276,271	565,580	477,081
Advance received from IOC Fund	11	12,258,420	10,340,295	-	-
Short-term borrowing	5,12	-	-	3,672,000	3,097,427
Lease liabilities	5,21	588,745	496,622	577,215	486,896
Income tax payable		1,376	1,161	4,727	3,987
Total current liabilities		13,329,460	11,243,746	5,149,293	4,343,561
<b>Non-current liabilities:</b>					
Severance and retirement benefits	13	399,425	336,925	315,701	266,302
Lease liabilities	5,21	232,351	195,994	751,848	634,203
Total non-current liabilities		631,776	532,919	1,067,549	900,505
<b>Total liabilities</b>		<b>13,961,236</b>	<b>11,776,665</b>	<b>6,216,842</b>	<b>5,244,066</b>
<b>Net assets</b>					
Net assets with no restriction: 14					
Allowance for non-profit segment		-	-	337,000	284,268
Unappropriated retained earning		6,390,901	5,390,891	5,450,301	4,597,471
		6,390,901	5,390,891	5,787,301	4,881,739
Net assets with permanent restriction	14	2,000	1,687	2,000	1,687
<b>Total net assets</b>		<b>6,392,901</b>	<b>5,392,578</b>	<b>5,789,301</b>	<b>4,883,426</b>
<b>Total liabilities and net assets</b>		<b>₩ 20,354,137</b>	<b>\$ 17,169,243</b>	<b>₩ 12,006,143</b>	<b>\$ 10,127,492</b>

The accompanying notes are an integral part of the financial statements

World Taekwondo  
Statements of comprehensive income  
For the years ended December 31, 2021 and 2020

	Notes	2021		2020	
		Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Operating revenue</b>	15				
Non-profit segment revenue		₩ 7,991,502	\$ 6,741,039	₩ 7,300,498	\$ 6,158,159
Profit making segment revenue		711,250	599,958	1,220,528	1,029,547
Total operating revenue		8,702,752	7,340,997	8,521,026	7,187,706
<b>Operating expenses</b>	16	(8,271,486)	(6,977,213)	(8,143,621)	(6,869,356)
<b>Net operating income</b>		<b>431,266</b>	<b>363,784</b>	<b>377,405</b>	<b>318,350</b>
Non-operating revenue	17	731,840	617,326	591,179	498,675
Non-operating expenses	17	455,886	384,552	853,034	719,556
<b>Net income before income taxes</b>		<b>707,220</b>	<b>596,558</b>	<b>115,550</b>	<b>97,469</b>
Income tax expense	18	16,257	13,713	100,772	85,004
<b>Net income</b>		<b>₩ 690,963</b>	<b>\$ 582,845</b>	<b>₩ 14,778</b>	<b>\$ 12,465</b>
<b>Other comprehensive income (loss) for the year</b>					
Remeasurement income (loss) on net of defined benefit liability	13	(87,363)	(73,693)	22,805	19,237
<b>Other comprehensive income (loss) for the year</b>		<b>(87,363)</b>	<b>(73,693)</b>	<b>22,805</b>	<b>19,237</b>
<b>Total comprehensive income for the year</b>		<b>₩ 603,600</b>	<b>\$ 509,152</b>	<b>₩ 37,583</b>	<b>\$ 31,702</b>

The accompanying notes are an integral part of the financial statements



World Taekwondo  
Statements of changes in equity  
For the years ended December 31, 2021 and 2020

	Net assets with permanent constraints		Net assets without constraints		Total equity	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>As at January 1, 2020</b>	₩ 2,000	\$ 1,687	₩ 5,749,718	\$ 4,850,037	₩ 5,751,718	\$ 4,851,724
Profit for the year	-	-	14,778	12,465	14,778	12,465
Remeasurement income on net of defined benefit liabilities	-	-	22,805	19,237	22,805	19,237
<b>Total comprehensive loss</b>	-	-	<b>37,583</b>	<b>31,702</b>	<b>37,583</b>	<b>31,702</b>
<b>As at December 31, 2020</b>	<b>₩ 2,000</b>	<b>\$ 1,687</b>	<b>₩ 5,787,301</b>	<b>\$ 4,881,739</b>	<b>₩ 5,789,301</b>	<b>\$ 4,883,426</b>
<b>As at January 1, 2021</b>	₩ 2,000	\$ 1,687	₩ 5,787,301	\$ 4,881,739	₩ 5,789,301	\$ 4,883,426
Profit for the year	-	-	690,963	582,845	690,963	582,845
Remeasurement loss on net of defined benefit liabilities	-	-	(87,363)	(73,693)	(87,363)	(73,693)
<b>Total comprehensive income</b>	-	-	<b>603,600</b>	<b>509,152</b>	<b>603,600</b>	<b>509,152</b>
<b>As at December 31, 2021</b>	<b>₩ 2,000</b>	<b>\$ 1,687</b>	<b>₩ 6,390,901</b>	<b>\$ 5,390,891</b>	<b>₩ 6,392,901</b>	<b>\$ 5,392,578</b>

The accompanying notes are an integral part of the financial statements.

**World Taekwondo**  
**Statements of cash flows**  
**For the years ended December 31, 2021 and 2020**

	2021		2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Cash flows from operating activities:</b>				
Net income	₩ 690,963	\$ 582,845	₩ 14,778	\$ 12,466
Adjustments to reconcile net income to net cash flows (Note 19)	(3,445,221)	(2,906,133)	(2,737,371)	(2,309,043)
Changes in operating assets and liabilities (Note 19)	(489,839)	(413,192)	659,975	556,706
Interest received	153,733	129,678	202,822	171,086
IOC subsidy received	12,672,560	10,689,633	-	-
Income tax paid	(9,711)	(8,191)	(8,663)	(7,307)
<b>Net cash flows from (used in) operating activities</b>	<b>9,572,485</b>	<b>8,074,639</b>	<b>(1,868,459)</b>	<b>(1,576,092)</b>
<b>Cash flows from investing activities:</b>				
Increase in leasehold deposits, net	₩ -	\$ -	₩ (208,000)	\$ (175,453)
Decrease in long-term loans	208,000	175,453	200,000	168,705
Decrease in other financial assets	8,714,860	7,351,210	9,323,200	7,864,361
Increase in other financial assets	(7,494,138)	(6,321,500)	(9,986,659)	(8,424,006)
<b>Net cash flows from (used in) investing activities</b>	<b>1,428,722</b>	<b>1,205,163</b>	<b>(671,459)</b>	<b>(566,393)</b>
<b>Cash flows from financing activities:</b>				
Increase in short-term borrowing	₩ -	\$ -	₩ 3,919,725	\$ 3,306,390
Repayment of lease liabilities	(605,364)	(510,640)	(593,512)	(500,643)
<b>Net cash flows from (used in) financing activities</b>	<b>(605,364)</b>	<b>(510,640)</b>	<b>3,326,213</b>	<b>2,805,747</b>
Net increase in cash and cash equivalents	10,395,843	8,769,162	786,295	663,262
Net foreign exchange difference	244,896	206,576	(209,002)	(176,300)
Cash and cash equivalents at January 1	1,963,148	1,655,966	1,385,855	1,169,004
<b>Cash and cash equivalents at December 31</b>	<b>₩ 12,603,887</b>	<b>\$ 10,631,706</b>	<b>₩ 1,963,148</b>	<b>\$ 1,655,966</b>

The accompanying notes are an integral part of the financial statements

## **1. Corporate information**

World Taekwondo (formally “World Taekwondo Federation”, the “Federation”) was founded on May 28, 1973 and approved by the 83th IOC General Assembly held in Moscow in 1980. Taekwondo was adopted in the 2000 Sydney Olympic Games by the 103th IOC General Assembly in Paris.

The Federation is aiming at standardizing Taekwondo, the traditional heritage originated in Korea, and spreading it globally. The Federation regularly holds World Taekwondo Championships, World Taekwondo Poomsae Championships, World Taekwondo Para Championships, World Taekwondo Cadet Championships, World Taekwondo Team Championships and so forth. The Federation also has 210 member nations under 5 Continental branches, to popularize Taekwondo worldwide.

The Federation consists of the General Assembly, WTF Council, Sectional Committees and other supporting groups.

The financial statements of the Federation will be approved by the General Assembly in Sofia, Bulgaria which is scheduled to be held on August 1, 2022.

## **2. Basis of preparation and a summary of significant accounting policies**

### **2.1 Basis of preparation**

The Federation prepares financial statements in the Korean language in accordance with Korean International Financial Reporting Standards (KIFRS) enacted by the *Act on External Audit of Stock Companies*. The accompanying financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditors’ report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The financial statements have been prepared on a historical cost basis, except for financial instruments and certain other assets that have been measured at fair value. The financial statements are presented in Korean won and all values are rounded to the nearest thousands, except when otherwise indicated.

#### ***Financial statement translation***

The accompanying financial statements are expressed in Korean won, and solely for the convenience of the reader, have been translated into United States dollars at the rate of ₩1,185.50 to US\$1, the year-end exchange rate on December 31, 2021. Such translation should not be construed as a representation that the Korean won amounts can actually be converted into United States dollars at the exchange rate used for the purpose of such translation.

### **2.2 Summary of significant accounting policies**

#### **2.2.1 Foreign currencies**

The Federation’s financial statements are presented in Korean won, which is the functional currency. For each entity, the Federation determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Federation uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

The Federation presents its financial statements based on Korean won which is the functional currency and the reporting currency of the Federation.

### **2.2.1 Foreign currencies (cont'd)**

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Federation's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss is also recognized in OCI or profit or loss, respectively).

The fair value adjustments for the carrying amounts of goodwill, assets and liabilities arising from the acquisition of foreign operations are translated at the closing rate based on the assets and liabilities of the foreign operations.

### **2.2.2 Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Federation expects to be entitled in exchange for those goods or services. The Federation has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

#### ***IOC subsidy income***

The incomes from the IOC relating to the Olympic Summer Games (OSG) are usually received by the ISU during the year of the OSG and the balance during the year following the OSG. In line with a long standing practice, the IOC subsidy income is equally allocated throughout the years of the Olympic cycle.

#### ***Marketing income***

Marketing income is recognized to the extent that vesting process is completed, and it is very probable that the economic benefits will flow to the Federation and the revenue can be reliably measured, regardless of when the payment is being made.

#### ***Rendering of services***

Revenue from the installation of fire extinguishers, fire prevention equipment and fire-retardant fabrics is recognized by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

#### ***Interest income***

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

## **2.2.2 Revenue from contracts with customers (cont'd)**

### **Other revenue**

Other revenue is recognized to the extent that vesting process is completed and it is very probable that the economic benefits will flow to the Federation and the revenue can be reliably measured, regardless of when the payment is being made.

## **2.2.3 Taxes**

### **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Federation operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### **2.2.3 Taxes (cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **2.2.4 Pension benefits**

The Federation operates a defined benefit pension plan in Korea, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Federation recognizes restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Federation recognizes the changes in the net defined benefit obligation under 'cost of sales' and 'selling and general administrative expenses; in the statement of profit or loss and other comprehensive income.

### **2.2.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **1) Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Federation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Federation has applied the practical expedient, the Federation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Federation has applied the practical expedient are measured at the transaction price determined under KIFRS 1115. Refer to the accounting policies in Note 2.2.2 Revenue from contracts with customers.

### **2.2.5 Financial instruments (cont'd)**

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Federation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Federation commits to purchase or sell the asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### ***Financial assets at amortised cost (debt instruments)***

This category is the most relevant to the Federation. The Federation measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Federation's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

#### ***Financial assets at fair value through OCI (debt instruments)***

The Federation measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling And

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Federation's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

## **2.2.5 Financial instruments (cont'd)**

### ***Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Federation can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Federation benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Federation elected to classify irrevocably its non-listed equity investments under this category.

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Federation had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Federation of similar financial assets) is primarily derecognized (i.e. removed from the Federation's statement of financial position) when:



### **2.2.5 Financial instruments (cont'd)**

- The rights to receive cash flows from the asset have expired, or
- The Federation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Federation has transferred substantially all the risks and rewards of the asset, or (b) the Federation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Federation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Federation continues to recognize the transferred asset to the extent of the Federation's continuing involvement. In that case, the Federation also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Federation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Federation could be required to repay.

### **2) Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in Note 3 (disclosures for significant assumptions), Note 5 (trade accounts receivable) and Note 5 (other accounts receivable).

The Federation recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Federation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Federation applies a simplified approach in calculating ECLs. Therefore, the Federation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Federation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **2.2.5 Financial instruments (cont'd)**

For debt instruments at fair value through OCI, the Federation applies the low credit risk simplification. At every reporting date, the Federation evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Federation reassesses the internal credit rating of the debt instrument. In addition, the Federation considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Federation's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Federation's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Federation uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Federation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Federation may also consider a financial asset to be in default when internal or external information indicates that the Federation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Federation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **3) Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Federation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Federation that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1039. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1039 are satisfied. The Federation has not designated any financial liability as at fair value through profit or loss.

## **2.2.5 Financial instruments (cont'd)**

### ***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

## **4) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **2.2.6 Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	<u>Useful life</u>
Vehicles	5
Equipment	5
Leasehold improvements	5

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The assets' residual values, useful life and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

### **2.2.7 Leases**

At commencement or on modification of a contract that contains a lease component, the Federation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Federation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### *Company as a lessee*

The Federation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Federation by the end of the lease term or the cost of the right-of-use asset reflects that the Federation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Federation's incremental borrowing rate. Generally, the Federation uses its incremental borrowing rate as the discount rate.

The Federation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Federation has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Federation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **2.2.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income as the expense category that is consistent with the function of the intangible assets.

### **2.2.8 Intangible assets (cont'd)**

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized. Amortization is recognized as an expense based on the straight-line method over the estimated useful life of 5 years.

### **2.2.9 Impairment of non-financial assets**

The Federation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Federation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statements of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Federation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Federation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### **2.2.9 Impairment of non-financial assets (cont'd)**

The following assets have specific characteristics for impairment testing:

#### ***Intangible assets***

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### **2.2.10 Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

### **2.2.11 Current versus non-current classification**

The Federation presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Federation classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **2.2.12 Fair value measurement**

The Federation measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Federation.

### **2.2.12 Fair value measurement (cont'd)**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Federation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Federation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Federation's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation. The Valuation Committee is comprised of the head of the investment properties segment, heads of the Federation's internal mergers and acquisitions team, the head of the risk management department, chief finance officers and the managers of each property.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

	<u>Notes</u>
➤ Quantitative disclosures of fair value measurement hierarchy	20
➤ Financial instruments (including those carried at amortized cost)	5

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Federation's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Federation's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Federation's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Federation's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

### **2.2.12 Fair value measurement (cont'd)**

On an interim basis, the Valuation Committee and the Federation's external valuers present the valuation results to the Audit Committee and the Federation's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Federation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

## **2.3 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Federation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Federation. Such changes are reflected in the assumptions when they occur.

### **2.3.1 Impairment of non-financial assets**

The Federation assesses, at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or when circumstances indicate that the carrying value may be impaired. Other non-financial assets are tested for impairment when circumstances indicate that its carrying amount may not be recoverable. In determining a value in use, management estimates future cash flows to be derived from the asset or CGU, and applies the appropriate discount rate to those future cash flows.

### **2.3.2 Defined benefit plans (pension benefits)**

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

## **2.4 New and amended standards and interpretations**

The Federation applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. Although these new standards and amendments were applied for the first time in 2021, they did not have a material impact on the annual financial statements of the Federation.

- Amendments to KIFRS 1116: Covid - 19 Related Rent Concessions
- Amendments to KIFRS 1109, KIFRS 1039 and KIFRS 1107: Interest Rate Benchmark Reform



### **3. Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Federation's financial statements are disclosed below. The Federation intends to adopt these standards, if applicable, when they become effective.

- Amendments to KIFRS 1103: Reference to the Conceptual Framework
- Amendments to KIFRS 1016: Proceeds before Intended Use
- Amendments to KIFRS 1037: Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendments to KIFRS 1116: Covid - 19 Related Rent Concessions
- Amendments to KIFRS 1001
- Amendments to KIFRS 1008
- Amendments to KIFRS 1012
- Annual Improvements to KIFRS Standards 2018–2020

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**4. Cash and cash equivalents and financial instruments**

Details of the cash and cash equivalents and financial instruments as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

		December 31, 2021		December 31, 2020	
Cash and cash equivalent	Cash	₩	86	₩	281
	Foreign currency		7,992		8,788
	Deposits at banks		1,361,162		218,224
	Foreign deposits at banks		11,226,486		1,485,844
	Deposits for government grants		8,161		250,011
		₩	12,603,887	₩	1,963,148
Short-term financial instruments	Time deposits at banks	₩	5,789,313	₩	6,966,000
Long-term financial instruments	Long-term financial instruments		139,974		184,009
		₩	18,533,174	₩	9,113,157

**5. Financial instruments**

(1) Details of financial instruments as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

**December 31, 2021**

	Financial assets at amortized cost		Financial liabilities at amortized cost		Total	
Asset :						
Cash and cash equivalent	₩	12,603,887	₩	-	₩	12,603,887
Short-term financial instruments		5,789,313		-		5,789,313
Long-term financial instruments		139,974		-		139,974
Other financial assets		726,917		-		726,917
	₩	19,260,091	₩	-	₩	19,260,091
Liability:						
Other financial liabilities	₩	-	₩	153,400	₩	153,400
Lease liabilities		-		821,097		821,097
	₩	-	₩	974,497	₩	974,497

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**5. Financial instruments (cont'd)**

**December 31, 2020**

	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
Asset :					
Cash and cash equivalent	₩	1,963,148	₩	-	₩ 1,963,148
Short-term financial instruments		6,966,000		-	6,966,000
Long-term financial instruments		184,009		-	184,009
Other financial assets		1,112,661		-	1,112,661
	₩	10,225,818	₩	-	₩ 10,225,818
Liability:					
Other financial liabilities	₩	-	₩	329,771	₩ 329,771
Short-term borrowing		-		3,672,000	3,672,000
Lease liabilities		-		1,329,064	1,329,064
	₩	-	₩	5,330,835	₩ 5,330,835

(2) The credit rating of accounts receivables which are not delayed or damaged is measured according to the customer's characteristics and the historical information of business experiences.

(3) Details of finance income and costs for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021	2020
	Interest revenues	₩ 24,685	₩ 89,308
	Gains on foreign exchange translation	270,908	16,718
	Losses on foreign exchange translation	(9,046)	(698,978)
Financial assets at amortized cost	Gains on foreign exchange transaction	436,101	228,870
	Losses on foreign exchange transaction	(344,441)	(10,955)
	Bad debt expenses (reversal of impairment loss)	44,359	(88,664)
	Interest expenses	(97,397)	(138,099)
Financial liabilities at amortized cost	Gains on foreign exchange translation	-	247,725

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**6. Other financial assets**

(1) Details of other financial assets as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Other accounts receivables	₩ 187,608	₩ -	₩ 349,931	₩ -
Allowance for other accounts receivables	(165,970)	-	(210,329)	-
Accrued income	4,722	-	64,502	-
Leasehold deposits	-	638,998	-	638,998
Other deposits	-	61,559	-	269,559
	₩ 26,360	₩ 700,557	₩ 204,104	₩ 908,557

(2) Changes in allowance for bad debt loan on other financial assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
January 1	₩ (210,329)	₩ (121,665)
Bad debt expenses (reversal of impairment loss)	44,359	(88,664)
Write-off	-	-
December 31	₩ (165,970)	₩ (210,329)

**7. Property and equipment**

(1) Details of property and equipment as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

**December 31, 2021**

	Acquisition value	Depreciation allowance	Net book value
Vehicles	₩ 25,429	₩ (25,429)	₩ -
Office equipment	6,933	(6,933)	-
Leasehold improvements	573,700	(294,077)	279,623
	₩ 606,062	₩ (326,439)	₩ 279,623

**December 31, 2020**

	Acquisition value	Depreciation allowance	Net book value
Vehicles	₩ 25,429	₩ (25,429)	₩ -
Office equipment	6,933	(6,933)	-
Leasehold improvements	573,700	(179,337)	394,363
	₩ 606,062	₩ (211,699)	₩ 394,363

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**7. Property and equipment (cont'd)**

(2) Details of changes in book value of property and equipment for the years ended December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	2021			
	January 1	Acquisition (Disposal)	Depreciation expense	December 31
Leasehold improvements	₩ 394,363	₩ -	₩ (114,740)	₩ 279,623

  

	2020			
	January 1	Acquisition (Disposal)	Depreciation expense	December 31
Leasehold improvements	₩ 509,103	₩ -	₩ (114,740)	₩ 394,363

**8. Intangible assets**

(1) Details of intangible assets as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

**December 31, 2021**

	Acquisition value	Depreciation allowance	Net book value
Other intangible assets	₩ 726,224	₩ (651,631)	₩ 74,593

**December 31, 2020**

	Acquisition value	Depreciation allowance	Net book value
Other intangible assets	₩ 726,224	₩ (601,593)	₩ 124,631

(2) Details of changes in book value of intangible assets for the years ended December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	2021			
	January 1	Acquisition	Depreciation expense	December 31
Other intangible assets	₩ 124,631	₩ -	₩ (50,038)	₩ 74,593

  

	2020			
	January 1	Acquisition	Depreciation expense	December 31
Other intangible assets	₩ 187,905	₩ -	₩ (63,274)	₩ 124,631

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**9. Other financial Liabilities**

Details of short-term other financial liabilities as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	December 31, 2021		December 31, 2020	
Accounts payable	₩	28,269	₩	31,288
Accrued expenses		125,131		298,483
	₩	153,400	₩	329,771

**10. Other Liabilities**

Details of other current liabilities as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	December 31, 2021		December 31, 2020	
Income in advance	₩	274,584	₩	532,579
Withholdings		44,707		31,182
Value added tax withheld		8,228		1,819
	₩	327,519	₩	565,580

**11. Advance received from IOC Fund**

(1) Advance received from IOC Fund of the Federation are Olympic Games dividends from IOC, which is to be deferred for 4 years. Details of advance received from IOC Fund as at December 31, 2021 and 2020 are as follows.

	December 31, 2021		December 31, 2020	
Advance received from IOC Fund	₩	12,258,420	₩	-

(2) Changes in advances received from IOC Fund for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

		2021			
		Beginning balance	Dividends	Profit	Ending balance
Advance received from IOC Fund	₩	-	₩ 16,344,560	₩ (4,086,140)	₩ 12,258,420
		2020			
		Beginning balance	Dividends	Profit	Ending balance
Advance received from IOC Fund	₩	4,279,351	₩ -	₩ (4,279,351)	₩ -

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**12. Short-term borrowing**

Details of Short-term borrowing as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

	Lender	Interest rate	December 31, 2021	December 31, 2020
Covid-19 pandemic - Loan	IOC	0%	₩ -	₩ 3,672,000

**13. Defined benefit liabilities**

The Federation operates a defined benefit pension plan for its employees, which is recorded at present value of benefits using the projected unit credit method based on actuarial assumptions and on a discount basis by an independent actuary firm.

(1) Details of defined benefit liabilities as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	December 31, 2021	December 31, 2020
Present value of defined benefit liabilities	₩ 1,477,408	₩ 1,333,931
Fair value of plan assets	(1,077,983)	(1,018,230)
	<u>₩ 399,425</u>	<u>₩ 315,701</u>

(2) Revenues and expenses incurred in relation to the defined benefit pension plan for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Current service cost	₩ 175,821	₩ 191,155
Net value of net defined benefit liabilities	2,662	5,028
	<u>₩ 178,483</u>	<u>₩ 196,183</u>

(3) Changes in the present value of the defined benefit obligation for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Benefit liability as at January 1	₩ 1,333,931	₩ 1,235,018
Payroll expenses (current net income):		
Current service cost	175,821	191,155
Interest cost	27,703	23,328
Benefits paid	(129,523)	(83,037)
Re-measurement gain (loss) in OCI:		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	69,476	(32,533)
Benefit liability as at December 31	<u>₩ 1,477,408</u>	<u>₩ 1,333,931</u>

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**13. Defined benefit liabilities (cont'd)**

(4) Changes in the fair value of plan assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Fair value of plan assets as at January 1	₩ 1,018,230	₩ 809,538
Payroll expenses (current net income):		
Interest income	25,041	18,299
Benefits paid	(129,523)	(83,037)
Re-measurement gain (loss) in OCI:		
Revenues of plan assets	(19,486)	(8,987)
Contributions by employer	183,721	282,417
Fair value of plan assets as at December 31	<u>₩ 1,077,983</u>	<u>₩ 1,018,230</u>

(5) Other comprehensive incomes incurred in relation to the re-measurement of the net defined benefit pension plan for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Re-measurement income (loss) in OCI before income taxes	₩ (88,963)	₩ 23,547
Effect of income taxes	1,600	(742)
Re-measurement income (loss) in OCI after income taxes	<u>₩ (87,363)</u>	<u>₩ 22,805</u>

(6) The principal assumptions used in actuarial calculation as at December 31, 2021 and 2020 are as follows:

	2021	2020
Future salary increases	2.00%	2.00%
Discount rate	2.92%	2.38%

(7) A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below (Korean won in thousands):

	Impact on the net defined benefit obligation		
	The range of fluctuation	Impact by increase	Impact by decrease
Discount rate	1.00%	₩ (100,926)	₩ 116,470
Future salary increases	1.00%	116,495	(102,754)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



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**14. Net assets**

Details of net assets as at December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	December 31, 2021	December 31, 2020
Net assets without constraints	₩ 6,390,901	₩ 5,787,301
Net assets with permanent constraints	2,000	2,000
	<u>₩ 6,392,901</u>	<u>₩ 5,789,301</u>

**15. Operating revenue**

(1) Details of non-profit segment revenue for the years ended December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	2021	2020
IR fee & annual membership fee	₩ 1,718,770	₩ 879,975
Kukkiwon subsidy	600,000	-
Donation	256,918	1,281,556
Other subsidies	762,839	295,697
Education program	426,382	525,225
IOC subsidy	4,086,140	4,279,351
Competitions	140,453	38,694
	<u>₩ 7,991,502</u>	<u>₩ 7,300,498</u>

(2) Details of profit making segment revenue for the years ended December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	2021	2020
Marketing income	₩ 601,860	₩ 1,102,195
Sales of broadcasting rights	6,209	84,058
Advertisement	103,181	34,276
	<u>₩ 711,250</u>	<u>₩ 1,220,529</u>

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**16. Operating expenses**

Details of operating expenses for the years ended December 31, 2021 and 2020 are as follows. (Korean won in thousands):

	2021	2020
Salaries	₩ 2,483,335	₩ 2,606,484
Provision for severance and retirement benefits	178,483	196,183
Service contract expenses	390,436	132,995
Employee benefits	214,081	358,817
Travel	11,388	57,702
Entertainment	40,325	41,340
Telephone & Communication	18,258	23,654
Taxes and dues	160,805	111,680
Depreciation	621,223	621,223
Office rental	78,371	64,811
Insurance expenses	42,553	49,317
Vehicles maintenance	71,167	69,198
Delivery and freight costs	3,681	15,183
Training	466,352	243,423
Printing	44,689	76,259
Conference	102,185	159,491
Supplies	22,488	17,711
Consultancy fees and related expenses	885,188	766,655
Event	7,515	49,409
Advertising	46,348	323,748
Amortization	50,037	63,274
Other supporting expenses	147,630	229,207
Competition	761,840	304,265
Development fund	116,711	944,412
Taekwondo demo team	362,359	203,000
Supporting expenses by government fund	503,267	75,082
Antidoping fee	461,440	211,740
Bad debt expenses	(44,359)	88,664
Others	23,690	38,694
	₩ 8,271,486	₩ 8,143,621

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**17. Other revenues and expenses**

Other revenues and expenses incurred for the years ended December 31, 2021 and 2020 are as follows.

(1) Other revenues incurred for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Interest income	₩ 24,685	₩ 89,308
Gain on foreign currency transaction	436,101	228,870
Gain on foreign currency translation	270,908	264,443
Other gain	146	8,558
	<u>₩ 731,840</u>	<u>₩ 591,179</u>

(2) Other expenses incurred for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Interest expenses	₩ 97,397	₩ 138,099
Loss on foreign currency transaction	344,441	10,955
Donations	5,000	5,000
Loss on foreign currency translation	9,046	698,978
Other expenses	2	2
	<u>₩ 455,886</u>	<u>₩ 853,034</u>

**18. Income taxes**

(1) The major components of income tax expense for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Current income tax charge	₩ 6,361	₩ 10,967
Adjustments in respect of current income tax of previous years	8,296	90,547
Income taxes recognized directly to equity	1,600	(742)
Income tax expense	<u>₩ 16,257</u>	<u>₩ 100,772</u>

(2) Details of income taxes recognized directly to equity as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Re-measurement income (loss) on net of defined benefit liability	₩ 1,600	₩ (742)

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**18. Income taxes (cont'd)**

(3) A reconciliation of income before income taxes at the Korea statutory tax rate to income tax expense at the effective tax rate of the Federation is summarized as follows (Korean won in thousands):

	2021		2020	
Income before income taxes	₩	707,220	₩	115,550
Tax at the statutory income tax rate		133,588		12,710
Adjustments:				
Expenses not deductible for tax purposes		(13,681)		(23,464)
Tax exemption of revenue		123		67,590
Others		(103,773)		43,936
Income tax expense	₩	16,257	₩	100,772
Effective income tax rate		2.3%		87.2%

(4) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(5) The Federation offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

(6) Details of deferred tax as at December 31, 2021 and 2020 and for the years then ended are as follows (Korean won in thousands):

	December 31, 2021			
	January 1	Changes in profit and loss	Changes in OCI	December 31
Deferred tax asset:				
Bad debt expenses	₩ 45,661	₩ (9,560)	₩ -	₩ 36,101
Accrued expenses	9,262	(7,433)	-	1,829
Lease liabilities	292,394	(111,753)	-	180,641
Severance and retirement benefits	42,035	(720)	1,600	42,915
	389,352	(129,466)	1,600	261,486
Deferred tax liability:				
Allowance for non-profit segment	(21,932)	9,216	-	(12,716)
Right-of-use assets	(259,995)	111,427	-	(148,568)
Allowance for retirement pension	(37,232)	(1,074)	-	(38,306)
	(319,159)	119,569	-	(199,590)
Net deferred tax assets (liabilities)	₩ 70,193	₩ (9,897)	₩ 1,600	₩ 61,896

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**18. Income taxes (cont'd)**

	December 31, 2020			
	January 1	Changes in profit and loss	Changes in OCI	December 31
Deferred tax asset:				
Other receivables	₩ 128,858	₩ (128,858)	₩ -	₩ -
Bad debt expenses	25,292	20,369	-	45,661
Accrued expenses	3,765	5,497	-	9,262
Lease liabilities	392,585	(100,191)	-	292,394
Severance and retirement benefits	46,173	(3,396)	(742)	42,035
	<u>596,673</u>	<u>(206,579)</u>	<u>(742)</u>	<u>389,352</u>
Deferred tax liability:				
Allowance for non-profit segment	(27,280)	5,348	-	(21,932)
Right-of-use assets	(371,421)	111,426	-	(259,995)
Allowance for retirement pension	(37,232)	-	-	(37,232)
	<u>(435,933)</u>	<u>116,774</u>	<u>-</u>	<u>(319,159)</u>
Net deferred tax assets (liabilities)	<u>₩ 160,740</u>	<u>₩ (89,805)</u>	<u>₩ (742)</u>	<u>₩ 70,193</u>

**19. Statements of cash flows**

(1) Significant transactions not involving cash flows for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021	2020
Provision for severance and retirement benefits	₩ 178,483	₩ 196,183
Depreciation	621,223	621,223
Amortization	50,037	63,274
Bad debt expenses	(44,359)	88,664
IOC subsidy	(4,086,140)	(4,279,351)
Gain on foreign currency translation, net	(270,908)	(264,443)
Loss on foreign currency translation, net	9,046	698,978
Interest income	(24,685)	(89,308)
Income tax expense	16,257	100,772
Others	105,825	126,637
	<u>₩ (3,445,221)</u>	<u>₩ (2,737,371)</u>

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**19. Statements of cash flows (cont'd)**

(2) Significant transactions net working capital for the years ended December 31, 2021 and 2020 are as follows (Korean won in thousands):

	2021		2020	
Other accounts receivable	₩	179,289	₩	527,706
Other current assets		(77,335)		(9,067)
Other liabilities		(408,072)		(169,760)
Retirement pension		(54,198)		(199,379)
Payment of severance and retirement benefits		(129,523)		(83,037)
	₩	(489,839)	₩	659,975

(3) Changes in liabilities arising from financing activities (Korean won in thousands):

	January 1, 2021	Cash flows	Foreign exchange difference	Other	December 31, 2021
Short-term borrowing	₩ 3,672,000	₩ -	₩ -	₩ (3,672,000)	₩ -
Lease liabilities	1,329,064	(605,364)	-	97,397	821,097
	₩ 5,001,064	₩ (605,364)	₩ -	₩ (3,574,603)	₩ 821,097

	January 1, 2020	Cash flows	Foreign exchange difference	Other	December 31, 2020
Short-term borrowing	₩ -	₩ 3,919,725	₩ (247,725)	₩ -	₩ 3,672,000
Lease liabilities	1,784,477	(593,512)	-	138,099	1,329,064
	₩ 1,784,477	₩ 3,326,213	₩ (247,725)	₩ 138,099	₩ 5,001,064

**20. Fair value**

(1) Fair value of financial instruments (Korean won in thousands)

	December 31, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and cash equivalents	₩ 12,603,887	₩ 12,603,887	₩ 1,963,148	₩ 1,963,148
Current and non-current financial assets	5,929,287	5,929,287	7,150,009	7,150,009
Other financial assets	726,917	726,917	1,112,661	1,112,661
	₩ 19,260,091	₩ 19,260,091	₩ 10,225,818	₩ 10,225,818
Financial liabilities:				
Other financial liabilities	₩ 153,400	₩ 153,400	₩ 329,771	₩ 329,771
Short-term borrowing	-	-	3,672,000	3,672,000
Lease liabilities	821,097	821,097	1,329,064	1,329,064
	₩ 974,497	₩ 974,497	₩ 5,330,835	₩ 5,330,835

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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**20. Fair value (cont'd)**

(2) Fair value hierarchy

The Federation uses the following hierarchy for determining and disclosure of the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value, and those inputs are not based on observable market data

**21. Lease**

(1) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the current period (Korean won in thousands):

	2021		2020	
As at January 1	₩	1,181,794	₩	1,688,277
Depreciation expense		(506,483)		(506,483)
As at December 31	₩	675,311	₩	1,181,794

(2) The following are the amounts recognised in profit or loss (Korean won in thousands):

	2021		2020	
Depreciation expense of right-of-use assets	₩	506,483	₩	506,483
Interest expense on lease liabilities		97,397		138,099

(3) Details of lease liabilities as at December 31, 2021 and 2020 are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
Current lease liabilities	₩	588,745	₩	577,215
Non-current lease liabilities		232,352		751,849
	₩	821,097	₩	1,329,064

(4) Details of minimum lease payments and present value of the payments are as follows (Korean won in thousands):

	2021		2020	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	₩ 617,456	₩ 588,745	₩ 605,364	₩ 577,215
After one year but not more than five years	259,390	232,352	876,846	751,849
	₩ 876,846	₩ 821,097	₩ 1,482,210	₩ 1,329,064

## Appendixes

### World Taekwondo Statements of financial position (Non-profit segment) As at December 31, 2021 and 2020

	December 31, 2021		December 31, 2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Assets</b>				
Current assets:				
Quick assets:				
Cash and cash equivalents	₩ 11,574,475	\$ 9,763,370	₩ 1,717,762	\$ 1,448,977
Short-term financial instruments	3,346,292	2,822,684	3,134,983	2,644,439
Other current financial assets	593	500	72,013	60,745
Other current assets	2,623	2,213	9,344	7,883
Total current assets	14,923,983	12,588,767	4,934,102	4,162,044
Non-current assets:				
Investment assets:				
Long-term financial instruments	139,974	118,072	184,009	155,216
	139,974	118,072	184,009	155,216
Property and equipment:				
Vehicles	25,429	21,450	25,429	21,450
Accumulated depreciation	(25,429)	(21,450)	(25,429)	(21,450)
Office equipment	4,566	3,852	4,566	3,852
Accumulated depreciation	(4,566)	(3,852)	(4,566)	(3,852)
Leasehold improvements	-	-	27,280	23,011
Accumulated depreciation	-	-	(27,280)	(23,011)
	-	-	-	-
Intangible assets, net:				
Other intangible assets	42,850	36,145	73,898	62,335
Other non-current assets:				
Leasehold deposits	638,998	539,011	638,998	539,011
Other deposits	61,559	51,927	269,559	227,380
	700,557	590,938	908,557	766,391
Total non-current assets	883,381	745,155	1,166,464	983,942
<b>Total assets</b>	₩ 15,807,364	\$ 13,333,922	₩ 6,100,566	\$ 5,145,986

(Continued)



## Appendixes

### World Taekwondo Statements of financial position (Non-profit segment) As at December 31, 2021 and 2020 (cont'd)

	December 31, 2021		December 31, 2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Liabilities and net assets</b>				
Current liabilities:				
Accrued expenses	₩ 114,905	\$ 96,925	₩ 255,730	\$ 215,715
Other accounts payable	25,959	21,897	26,806	22,612
Withholdings	41,053	34,631	26,716	22,536
Income in advance	274,584	231,619	532,579	449,244
Advance received from IOC Fund	12,258,420	10,340,295	-	-
Short-term borrowing	-	-	3,672,000	3,097,427
<b>Total current liabilities</b>	<b>12,714,921</b>	<b>10,725,367</b>	<b>4,513,831</b>	<b>3,807,534</b>
Non-current liabilities:				
Severance and retirement benefits	1,282,338	1,081,685	1,142,862	964,034
Allowance for retirement pension	(903,863)	(762,432)	(872,382)	(735,877)
<b>Total non-current liabilities</b>	<b>378,475</b>	<b>319,253</b>	<b>270,480</b>	<b>228,157</b>
<b>Total liabilities</b>	<b>13,093,396</b>	<b>11,044,620</b>	<b>4,784,311</b>	<b>4,035,691</b>
<b>Net assets</b>				
Net assets with no restriction:				
Unappropriated retained earning	2,711,968	2,287,615	1,314,255	1,108,608
Net assets with permanent restriction	2,000	1,687	2,000	1,687
<b>Total net assets</b>	<b>2,713,968</b>	<b>2,289,302</b>	<b>1,316,255</b>	<b>1,110,295</b>
<b>Total liabilities and net assets</b>	<b>₩ 15,807,364</b>	<b>\$ 13,333,922</b>	<b>₩ 6,100,566</b>	<b>\$ 5,145,986</b>

## Appendixes

### World Taekwondo Statements of income (Non-profit segment) For the years ended December 31, 2021 and 2020

	2021		2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Operating revenue:</b>				
IR fee & annual membership fee	₩ 1,718,770	\$ 1,449,827	₩ 879,975	\$ 742,282
Government subsidy	75,345	63,555	75,345	63,555
Kukkiwon subsidy	600,000	506,116	-	-
Other subsidies	687,494	579,919	220,352	185,873
Education program	426,382	359,664	525,225	443,041
IOC subsidy	4,086,140	3,446,765	4,279,351	3,609,744
Donation	256,918	216,717	1,281,556	1,081,026
Competitions	140,453	118,476	38,694	32,639
Total operating revenue	7,991,502	6,741,039	7,300,498	6,158,160
<b>Operating expenses</b>				
Salaries	2,280,379	1,923,559	2,233,138	1,883,710
Provision for severance and retirement benefits	163,896	138,251	168,083	141,782
Service contract expenses	358,527	302,427	113,945	96,116
Employee benefits	196,585	165,825	307,420	259,317
Travel	10,457	8,821	49,437	41,701
Entertainment	37,028	31,234	35,418	29,876
Telephone & Communication	16,766	14,143	20,266	17,095
Antidoping fee	461,440	389,237	211,740	178,608
Taxes and dues	147,663	124,558	95,683	80,711
Office rental	71,966	60,705	55,528	46,839
Insurance expenses	39,075	32,961	42,253	35,642
Vehicles maintenance	65,351	55,125	59,286	50,009
Delivery and freight costs	3,380	2,851	13,008	10,973
Training	428,238	361,230	208,556	175,922
Printing	41,037	34,616	65,336	55,113
Conference	93,834	79,151	136,646	115,264
Competition	699,577	590,111	260,683	219,893
Supplies	20,650	17,419	15,174	12,800
Consultancy fees and related expenses	812,844	685,655	656,841	554,062
Advertising	42,560	35,900	277,375	233,973
Event	6,901	5,821	42,332	35,708
Amotization	31,048	26,190	41,406	34,927
Development fund	116,711	98,449	944,412	796,636
Supporting expenses by government fund	503,267	424,519	75,082	63,334
Taekwondo demo team	362,359	305,659	203,000	171,236
Other supporting expenses	136,111	114,813	197,756	166,812
Others	21,210	17,891	31,773	26,801
Total operating expenses	7,168,860	6,047,121	6,561,577	5,534,860
<b>Net operating income</b>	822,642	693,918	738,921	623,300

(Continued)

## Appendixes

### World Taekwondo

#### Statements of income (Non-profit segment)

For the years ended December 31, 2021 and 2020 (cont'd)

	2021		2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Non-operating revenue</b>				
Gain on foreign currency transaction	₩ 400,459	\$ 337,798	₩ 196,088	\$ 165,405
Gain on foreign currency translation	248,768	209,842	262,048	221,044
Miscellaneous gain	134	113	7,332	6,185
Total non-operating revenue	649,361	547,753	465,468	392,634
<b>Non-operating expenses</b>				
Loss on foreign currency transaction	316,291	266,800	9,386	7,917
Loss on foreign currency translation	5,000	4,218	5,000	4,218
Donation	8,307	7,007	598,859	505,153
Miscellaneous loss	1	1	1	1
Total non-operating expenses	329,599	278,026	613,246	517,289
<b>Net income</b>	₩ 1,142,404	\$ 963,645	₩ 591,143	\$ 498,645

## Appendixes

### World Taekwondo

#### Statements of financial position (Profit-making segment)

As at December 31, 2021 and 2020

	December 31, 2021		December 31, 2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Assets</b>				
Current assets:				
Quick assets:				
Cash and cash equivalents	₩ 1,029,411	\$ 868,335	₩ 245,385	\$ 206,989
Short-term financial instruments	2,443,021	2,060,752	3,831,017	3,231,562
Other accounts receivable	21,046	17,753	67,589	57,014
Accrued income	4,722	3,983	64,502	54,408
Total current assets	3,498,200	2,950,823	4,208,493	3,549,973
Non-current assets:				
Property and equipment:				
Leasehold improvements	573,700	483,931	573,700	483,931
Accumulated depreciation	(294,077)	(248,062)	(179,337)	(151,275)
Office equipment	2,368	1,997	2,368	1,997
Accumulated depreciation	(2,368)	(1,997)	(2,368)	(1,997)
	279,623	235,869	394,363	332,656
Intangible assets, net:				
Other intangible assets	31,744	26,777	50,733	42,794
	31,744	26,777	50,733	42,794
Other non-current assets:				
Right-of-use assets	675,311	569,642	1,181,795	996,874
Deferred tax assets	61,896	52,211	70,193	59,210
	737,207	621,853	1,251,988	1,056,084
Total non-current assets	1,048,574	884,499	1,697,084	1,431,534
<b>Total assets</b>	₩ 4,546,774	\$ 3,835,322	₩ 5,905,577	\$ 4,981,507

(Continued)

## Appendixes

### World Taekwondo

#### Statements of financial position (Profit-making segment)

As at December 31, 2021 and 2020 (cont'd)

	December 31, 2021		December 31, 2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Liabilities and net assets</b>				
Current liabilities:				
Accrued expenses	₩ 10,227	\$ 8,627	₩ 42,754	\$ 36,064
Other accounts payable	2,310	1,949	4,482	3,781
Withholdings	3,653	3,081	4,465	3,766
Value added tax withheld	8,228	6,940	1,819	1,534
Income tax payable	1,376	1,161	4,727	3,987
Lease liabilities	588,745	496,622	577,215	486,896
Total current liabilities	614,539	518,380	635,462	536,028
Non-current liabilities:				
Severance and retirement benefits	195,070	164,547	191,069	161,172
Allowance for retirement pension	(174,120)	(146,875)	(145,849)	(123,027)
Lease liabilities	232,352	195,995	751,849	634,204
Total non-current liabilities	253,302	213,667	797,069	672,349
<b>Total liabilities</b>	867,841	732,047	1,432,531	1,208,377
<b>Net assets</b>				
Net assets with no restriction:				
Allowance for non-profit segment	-	-	337,000	284,268
Unappropriated retained earning	3,678,933	3,103,275	4,136,046	3,488,862
<b>Total net assets</b>	3,678,933	3,103,275	4,473,046	3,773,130
<b>Total liabilities and net assets</b>	₩ 4,546,774	\$ 3,835,322	₩ 5,905,577	\$ 4,981,507

## Appendixes

### World Taekwondo

#### Statements of income (Profit-making segment)

For the years ended December 31, 2021 and 2020

	2021		2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Operating revenue:</b>				
Marketing income	₩ 601,860	\$ 507,685	₩ 1,102,195	\$ 929,730
Sales of broadcasting rights	103,181	87,036	34,276	28,913
Advertisement	6,209	5,237	84,058	70,905
Total operating revenue	711,250	599,958	1,220,529	1,029,548
<b>Operating expenses</b>				
Salaries	202,956	171,199	373,346	314,927
Provision for severance and retirement benefits	14,587	12,305	28,101	23,704
Service contract expenses	31,909	26,916	19,050	16,069
Employee benefits	17,496	14,758	51,396	43,354
Travel	931	785	8,265	6,972
Entertainment	3,296	2,780	5,921	4,995
Telephone & Communication	1,492	1,259	3,388	2,858
Taxes and dues	13,142	11,086	15,997	13,494
Office rental	6,405	5,403	9,283	7,830
Insurance expenses	3,478	2,934	7,064	5,959
Vehicles maintenance	5,816	4,906	9,912	8,361
Delivery and freight costs	301	254	2,175	1,835
Training	38,114	32,150	34,867	29,411
Printing	3,652	3,081	10,923	9,214
Conference	8,351	7,044	22,845	19,270
Competition	62,263	52,520	43,582	36,763
Supplies	1,838	1,550	2,537	2,140
Consultancy fees and related expenses	72,344	61,024	109,814	92,631
Advertising	3,788	3,195	46,373	39,117
Event	614	518	7,077	5,970
Depreciation	621,223	524,018	621,223	524,018
Amotization	18,989	16,018	21,868	18,446
Bad debt expenses	(44,359)	(37,418)	88,664	74,790
Other supporting expenses	11,519	9,717	31,451	26,530
Others	2,482	2,094	6,923	5,840
Total operating expenses	1,102,627	930,096	1,582,045	1,334,498
<b>Net operating loss</b>	(391,377)	(330,138)	(361,516)	(304,950)

(Continued)

## Appendixes

### World Taekwondo

#### Statements of income (Profit-making segment)

For the years ended December 31, 2021 and 2020 (cont'd)

	2021		2020	
	Korean won in thousands	U.S. dollar (Note 2)	Korean won in thousands	U.S. dollar (Note 2)
<b>Non-operating revenue</b>				
Interest income	₩ 24,685	\$ 20,822	₩ 89,308	\$ 75,334
Gain on foreign currency transaction	35,641	30,064	32,783	27,653
Gain on foreign currency translation	22,141	18,677	2,395	2,020
Miscellaneous gain	12	10	1,226	1,034
Total non-operating revenue	82,479	69,573	125,712	106,041
<b>Non-operating expenses</b>				
Interest expenses	97,397	82,157	138,099	116,490
Loss on foreign currency transaction	28,151	23,746	1,569	1,323
Loss on foreign currency translation	739	623	100,120	84,454
Miscellaneous loss	-	-	-	-
Total non-operating expenses	126,287	106,526	239,788	202,267
<b>Net loss before income taxes</b>	(435,185)	(367,091)	(475,592)	(401,176)
<b>Income tax expense</b>	16,257	13,713	100,772	85,004
<b>Net income (loss)</b>	₩ (451,442)	\$ (380,804)	₩ (576,364)	\$ (486,180)