



Finance  
with a  
mission

Annual Report 2010/11

# 2010/11 the Year in review

# Board of Directors

## Graeme Huf

Appointed to LLL Board  
August 2000



Appointment  
Employment  
Congregation  
Current  
Former  
Qualifications

Chairman  
Business Management Consultant  
Our Redeemer, Geelong Nth, Vic  
Lay Reader; LLL Representative of Congregation  
School Treasurer; Congregational Treasurer  
Diploma of Management; Member of the Australian Institute  
of Company Directors

## Nancy Fox

Appointed to LLL Board  
August 2002



Appointment  
Employment  
Congregation  
Current  
Former  
Qualifications

Vice Chairperson  
Professional Non-Executive Director  
St Pauls, Sydney, NSW  
LLL Representative of Congregation  
District Finance Council member; Sunday School Teacher  
Doctor of Law; Fellow of the Australian Institute of Company Directors

## Mark Altus

Appointed to LLL Board  
August 2010



Employment  
Congregation  
Current  
Former  
Qualifications

Director, Revenue & Intergovernmental Relations, Dept of Treasury (WA)  
St John's, Perth, WA  
Congregational Guardian  
District Treasurer  
Bachelor of Commerce

## Ron Asquith

Appointed to LLL Board  
September 2008



Employment  
Congregation  
Current  
Former  
Qualifications

Accountant (Director)  
St John's, Wodonga, Vic  
Lutheran Aged Care Albury Finance Committee; Victory Lutheran College  
Finance Committee  
Lutheran Aged Care Albury Chairman of Board; St Pauls College  
Board member; Sunday School Teacher  
Bachelor of Commerce; CPA

## John Grocke

Appointed to LLL Board  
August 2008



Employment  
Congregation  
Current  
Former  
Qualifications

Financial Planning Principal  
Immanuel, North Adelaide, SA  
Lutheran Super Chairman and Trustee  
Openbook Board member; Board of Pensions member; Congregational Elder  
and Chairman of Elders  
Chartered Financial Planner

## Brenton Henschke

Appointed to LLL Board  
August 2006



Employment  
Congregation  
Current  
Former  
Qualifications

Retired Credit Manager  
Grace, Bridgewater, SA  
Pastoral Assistant and Small Group Leader of congregation  
Congregational Chairman; Board of Ministry and Building Committee member;  
Cornerstone College Chairman and Council member  
Diploma in Banking

## John Howard

Appointed to LLL Board  
August 2002



Employment  
Congregation  
Current  
Qualifications

General Manager  
St Andrews Congregation, Tallebudgera, Qld  
St Andrews Lutheran College Council member

## Jill Lange-Mohr

Appointed to LLL Board  
August 2005



Appointment  
Employment  
Congregation  
Current  
Former  
Qualifications

Board Executive  
College Principal  
St Peters Lutheran Church, Indooroopilly, Qld  
Choir  
Congregational Church Council member; Coordinator Children's Ministry;  
Sunday School Teacher  
MBA; Grad Cert in Marketing; Bachelor of Education; Diploma of Teaching

## David Pietsch

Appointed to LLL Board  
September 1999



Appointment  
Employment  
Congregation  
Current  
Former  
Qualifications

Board Executive  
IT Executive  
St Paul's, Box Hill, Vic  
Council of Lutheran School of Theology, Vic  
Chair of Convention 2009 Planning Committee; Chair of Lutheran School  
of Theology, Vic; Vic District Call Committee; Congregational Chairman,  
Congregational Secretary  
Bachelor of Science; Member of Australian Institute of Company Directors

2010/11

# The year in review

## Chairman's Report

Our thanks go to our Lord for the Lutheran Laypeople's League (LLL) and its 90 years of service to Him. Starting in 1921, the fundamental aims and objectives of the LLL remain today, and it continues to support the ministry and mission of the Lutheran Church of Australia (LCA) in a variety of ways.

The ongoing support of our depositors, congregations, schools, aged care facilities, other LCA agencies and the communities in which we live has enabled the provision of another year of significant benefits to the ministry and mission of our Church.

In this past year:

1. Services and benefits provided to the LCA have an estimated value of more than \$13M
2. The deposit interest rate was maintained at 4.75%
3. The lending rate of 5% for loans with Matching Deposits has been retained
4. Depositor balances increased by \$10.1M to \$594M
5. Loan balances outstanding grew by \$9.7M to \$327M
6. Net equity increased by \$5.2M to \$83.8M
7. Almost \$1M was received in legacies and donations
8. New LLL Branding was launched under the descriptor "Finance with a mission"

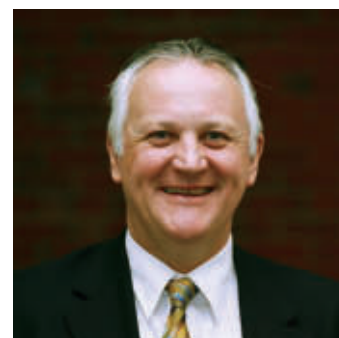
## Results

### Financial Performance

The LLL continues to fulfil its objectives to support the work of the LCA. As detailed in this annual report, the LLL has been blessed with another successful year of operations. This has been due to the depositor balances maintained with us and the return we have been able to achieve on investments.

Active monitoring and management of investments has resulted in the deposit interest rate being maintained at 4.75% ("at call") while keeping the lending rate unchanged at 5%. The Board has determined that the 4.75% deposit interest rate will continue to apply to all funds invested, regardless of the account balance. The Board acknowledges with thanks the ongoing support that our depositors have maintained with the LLL.

The benefits and services provided to the many areas of the LCA's ministry this past year is estimated at \$13,458,652. We are fortunate that we are able to support our Church in this way.



Our Lord has looked favourably upon the work of the LLL.

**Graeme Huf**  
Chairman

## Chairman's Report continued

### Accumulated Surplus and Reserves

As at 30th June 2011, a net surplus of \$7,574,682 was achieved which has enabled the following distributions to be made by the Board:

	\$
ALWS – Africa Famine Appeal	100,000
Bible Society	20,000
Lay Workers Formation Officer	50,000
LCA & District Allocations	200,000
LCA GCC Fund	100,000
LCA Hermeneutics Symposium	100,000
LCNZ Earthquake Appeal	50,000
LEA Project Support	75,000
LLL 90th Anniversary Thanksgiving Gift – LCA	1,000,000
LLL 90th Anniversary Thanksgiving Gift – LCA Districts	300,000
LLL 90th Anniversary Thanksgiving Gift – LEA	200,000
LLL 90th Anniversary Thanksgiving Gift – BLACA	100,000
Mission Lay Helper Program	80,000

In addition, the following transfers were made to reserves:

	\$
Capital Reserve	2,250,000
LLL ALWS Support Fund Reserve	336,143
LLL Home Mission Establishment Fund Reserve	1,000,000
LLL Overseas Mission Fund Reserve	600,000
LLL Scholarship Fund Reserve	1,000,000

Following these allocations, the Retained Surpluses balance of \$7,286,483, will be sufficient for our 2011/12 operational requirements and to fund any specific needs of the LCA over and above that already committed.

### Compliance

#### Security of Deposits and Loan Repayments

The LCA and Districts continue to provide guarantees for the repayment of loans and indemnify the LLL against loss. The review of the LCA loan guarantee and indemnity has continued as part of the LLL Board's risk management focus.

We recognise the work of the Loans Management Committee (LMC) with gratitude and thank them for their oversight of all LLL lending including the assessment of each new loan application.

### Capital Adequacy Ratio (CAR)

The CAR, based on risk weighting of balance sheet assets, has been maintained well above the Board's policy of at least 10%. The solid deposit base maintained and the increase in permanent funds from legacies, donations and allocations continue to enable this to be achieved.

#### Regulatory Requirements

Close liaison is maintained with our auditors, MRL Group, to ensure the LLL's compliance is achieved and maintained as and where necessary.

The LLL fully complies with the requirements of the Anti Money Laundering and Counter Terrorism Financing (AML/CTF) Act and has appropriate processes for the identification of all new account holders.

Compliance with the Australian Financial Services Licence (AFSL) that was obtained in 2009 continues. A review and update of our Financial Services Guide and Product Disclosure Statement and ASIC Identification Statement were undertaken. This work has been ably supported by MRL Group.

Financial reporting continues on a full accrual basis.

### Risk Management

The Board together with the Chief Executive Officer (CEO) are responsible for monitoring and managing financial risk exposures of the LLL. The primary potential financial risks the LLL is exposed to are liquidity risk, credit risk and interest rate risk.

The Board and the Senior Executive Team manage the capital of the LLL to ensure protection of depositors' funds and to fulfil the constitutional objectives of the LLL in support of the LCA. The LLL has a strong and responsible management policy to manage capital funds including the establishment and continued growth of permanent funds through reserves.

The LLL policies and guidelines ensure minimisation of financial risk and the maximization of capital preservation. Policies are reviewed by the Board to make sure they are relevant and fulfil the LLL's objectives. During this past year the LLL's Corporate Social Responsibilities were assessed, Business Continuity and Disaster Recovery Plans developed, Matching Deposit conditions reviewed and further Risk Analysis of the LLL's operations were undertaken by the Board.



## Promotion and Support

A strong presence is maintained throughout the LCA by our promotions staff and CEO. This includes District Synods and conventions, visiting schools, aged care facilities, LCA departments and congregations.

The Board met in Albury, NSW in October 2010. This enabled Board members to inspect LCA educational and aged care facilities in the Albury/Wodonga region and to be further briefed on the work of Australian Lutheran World Service (ALWS).

A regional dinner hosted by the LLL enhanced relationships with members of our Church in this area.

The LLL remains committed to maintaining and strengthening its relationship with the LCA and its members. This includes provision of the Lutheran Tract Mission and administration of subscriptions for The Lutheran magazine and the Lutheran Theological Journal. During this past year the LLL has also provided support to LCA-approved projects including Faith Inkubators, Board for Mission, Lutheran Community Care (SA), LCA Districts, the Board for Lay Ministry and ALWS.

Specific donations have also been made to:

- \$15,000 to the Adrienne Jericho Memorial Scholarship as a thanksgiving donation for the life and work of Adrienne Jericho. Adrienne

was a strong advocate of the LLL and we thank God for his service to the mission of our Church through our schools.

- \$10,000 to ALWS for their 60th anniversary
- \$10,000 to Lutheran Media Ministry for their 65th anniversary
- \$50,000 to the LCA Flood Appeal
- \$20,000 to the Pakistan Flood Relief (through ALWS)
- \$50,000 to the Lutheran Church of New Zealand for its Christchurch earthquake appeal.

## Strategic Priorities

The Board continues to uphold the LLL objectives to:

1. Provide benefits and services to the LCA
2. Grow Permanent Funds
3. Raise deposits
4. Provide loans.

A focus on the following key priorities (which were identified in 2010) has been maintained by the Board:

1. Education
2. Liquidity
3. Deposit and loan retention and security
4. Reserve funds
5. Risk management.

These priorities and focuses ensure the LLL's purpose to support the LCA in business and financial matters and to continue to provide extensive benefits to a range of LCA ministries is maintained.

## Staff

The LLL is blessed with capable staff. Their commitment and service to the LLL and our depositors and their support of the LCA in its ministry and mission is commended.

The Board is indebted to our CEO, Allen Kupke and his management team for their diligence, enthusiasm, commitment and effective leadership and for the guidance and support they provide to the staff, directors and the LCA in upholding the objectives and purpose of the LLL.

## Board

I acknowledge the valuable contribution all Board members have made to the governance of the LLL and thank them for their time and commitment to serve our Lord and Church in this way. The Board is blessed with directors who bring a diverse range of skills to the LLL.

We acknowledge the contribution of Roland Dohler who retired from the LLL Board in August 2010 and thank Roland for his 11 years of faithful service to Christ and our Church in this position.

We welcome Mark Altus from Perth WA who has been appointed to the Board as the WA District representative.

Director training and development continues to be a focus through subscriptions to board and director publications,

and ASIC and Australian Institute of Company Director workshops and courses.

## Outlook

As we celebrate 90 years of operations in 2011, the issues and challenges dominating our global environment and the financial services industry will continue to influence and dictate the outlook for the Australian financial system and the LLL.

The LLL management and Board are committed to closely monitoring these trends to ensure the objectives of the LLL are achieved, depositors' funds are not at risk and ongoing support to the mission and ministry needs of the LCA is maintained.

The deposit rate is regularly reviewed by the Board to ensure the viability of the LLL and the services provided to the LCA are maintained.

Retention of the lending rate at 5% remains a significant benefit to all LCA entities that require loans. We thank God for the continued excellent support of our depositors that enables this to be maintained.

We give thanks to our Lord for the many blessings he has poured onto the LLL this past year and pray that with His guidance, the LLL will continue to serve Him through the LCA in "Finance with a Mission".

In His Service

**Graeme Huf**  
Chairman

# CEO Operational Report

God has wonderfully blessed us during the last year as the LLL has again been able to significantly support the Church in its ministry and mission. We thank God for the many and varied ways that we are able to provide assistance to the Church and to the wider community.

Some of the highlights of the last year include:

- Providing Benefits and Services to the LCA totalling over \$13M
- Received Legacies and Donations of nearly \$1M
- Launch of the new LLL brand
- New brochures and website
- 90 years of service to the Lutheran Church.

## Benefits and Services

This last year we have been able to provide a record level of benefits and services to the LCA valued at over \$13M. Interest saved through the provision of low interest loans to LCA organisations is estimated to be \$8,384,048 for the year ended June 30, 2011.

In addition, grants totalling \$4,846,997 were provided to the LCA and associated LCA organisations. Other services provided to the LCA such as the LCA Treasury Facility (ie administration, payroll etc) are estimated to be worth \$227,607 over the last financial year.

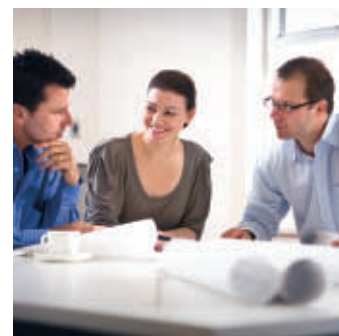
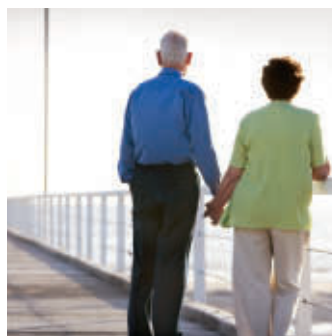
We are only able to provide these benefits and services to the Church as a result of the support that we receive from LLL depositors and other supporters. Thank you to everyone who supports the LLL in so many ways to enable us to assist the Church.

## Legacies and Donations

A total of \$646,454 in legacies were received during the last financial year and we are thankful to God for leading these people to leave a bequest to the LLL to provide a perpetual benefit to the Church. These legacies enable the LLL to provide direct grants to nominated Church ministries and to provide a variety of services to the Church.

An additional \$308,509 in donations were made to the LLL which will also provide ongoing benefits to various organisations within the Church.

Legacies and Donations form part of LLL Permanent Funds which are "Always lent, never spent". These Funds also provide the LLL with the capital base that is needed to provide extra security to LLL depositors.



## Deposits

Total deposits increased to \$594,120,707 as at June 30, 2011 and we thank all LLL depositors for providing their deposit support to enable Church projects to borrow from the LLL at low interest rates.

Our depositors continue to embrace the use of technology with over 76% of all LLL transactions being processed via electronic means. LLL@Home registered users totalled 15,660 as at June 30.

<b>Financial Year</b>	<b>Millions \$</b>
2007	431.9
2008	430.8
2009	559.9
2010	584.0
2011	594.1

## Loans

As at June 30, 2011, LCA organisations had loans outstanding with the LLL totalling \$326,887,687, with the Lutheran School sector continuing to be the major borrower of funds from the LLL.

Estimated interest saved as a result of LCA organisations borrowing from the LLL instead of commercially was \$8,384,048 during the last year.

Matching Deposits are the lifeblood of the LLL lending program and we thank our depositors for continuing to provide these deposits to enable this level of saving to LCA organisations.

<b>Financial Year</b>	<b>Millions \$</b>
2007	239.0
2008	267.7
2009	299.1
2010	317.2
2011	326.9

# may god continue to bless all our efforts and give us wisdom

## Financial Performance

The support that we receive from many people and organisations has enabled us to generate a surplus of \$7,574,682 from ordinary activities for the financial year ended June 30, 2011. This has enabled the LLL Board to make substantial allocations to benefit a wide range of Church ministries as detailed in the Chairman's Report.

## Rebranding

During May we released our new brand including a new logo, descriptor (Finance with a mission) and a new range of brochures and promotional materials. Fundamental to our new branding is that *"We've changed our appearance but our values and service are still the same"*.

"Finance with a mission" has been adopted as a descriptor to help explain what the LLL does. We exist to support the Church in business and financial matters. This broadly falls under the banner of "Finance". We provide this support to assist the mission of the Church.

We have also developed a new website which provides information in a more user-friendly format. People are using the internet more to seek information about an organisation or a product or service that is provided. Therefore recognising this fact, we have provided information on the website under the delivery "channels" of Congregations, Schools, Business and Giving.

We encourage you to visit the LLL website at some time to experience the new look and feel.

## LCA Administration

We continue to provide administration services for a variety of LCA functions including:

- LCA Insurance Fund
- LCA Subscriptions (The Lutheran magazine & Lutheran Theological Journal)
- LCA Treasury (LCA & SA/NT District accounting and services)
- LCA Funds (Pensions, Provident & Car Grants).

Assets insured through the LCA Insurance Fund as at June 30 2011 were valued at \$3,127,124,568. This fund is able to negotiate group insurance policies for the whole LCA which results in significant savings to LCA organisations compared to the cost of individual policies if these organisations were to each purchase insurance direct with an insurer. In addition, the cost of the newly established LCA Professional Standards Unit (PSU), which will significantly improve risk management for the whole of the LCA, is being resourced from this Fund.

## Lutheran Tract Mission

Part of the LLL's mission is the operation of the Lutheran Tract Mission (LTM). The LTM logo has been updated to reflect the change in the LLL branding and the LTM website has been revamped to assist with searching and ordering tracts.

A total of 518,813 tracts were distributed by LTM during the last year with donations received of \$51,506. We produced 67 new tracts during the year, including tracts in association with Faith Inkubators and a tract titled "Noah's Story" produced in association with Aboriginal Missions of SA.

We encourage everyone to visit the LTM website to view the wide range of different tracts available which may be ordered online. In addition, if we don't have a tract on a topic that you believe would be useful, let us know using the Feedback Form on the LTM website.

## Regular Electronic Giving (REG)

Current REG statistics are as follows:

LCA Organisations using REG:	276
Participants contributing via REG:	2,213
Monthly giving via REG:	\$434,096
(ie \$5,209,152 per annum)	

Existing and future REG participants will have a broad range of new options available to them when the new Lutheran EPay online facility becomes operational during the next 12 months. LCA members and supporters will be able to:

- Make once off and/or regular donations and payments to any LCA department or organisation
- Use their credit/debit card or bank account to make donations and payments
- Maintain their regular donations and payments, receive notifications and obtain historical information.

In addition, LCA departments and organisations will have a number of reporting options which will enhance the current facilities.

# CEO Operational Report continued

## Social Responsibility

As good stewards of the resources provided to us by God, we must all ensure that we use these resources wisely. Therefore we need to be socially responsible to ensure that we protect the planet on which we live to preserve it for future generations.

Following are a number of ways in which the LLL endeavours to be socially responsible in the area of Environmental Sustainability:

- high efficiency airconditioning systems including timers to restrict operation to working hours only
- high efficiency fluorescent lighting
- use of carbon neutral printing company for a variety of printing requirements
- use of recycled paper including "reply paid" envelopes
- recycling of a variety of office materials
- introduction of electronic storage of documents
- electronic statements for holders of LLL@Home accounts
- a variety of water saving measures including dual flush toilets and a water efficient garden.

## Staff

Our staff are very special and carry out their duties in a very professional manner, often going beyond the call of duty. They all use their God-given skills and talents to enhance the service provided by the LLL to the Church and our clients.

In April this year we welcomed a new staff member into our office, Ruth Pedler. Ruth has worked for many years in the Lutheran Church in the aged care arena and brings with her many skills to assist her in the role of Office Manager. She has fitted very well into the LLL office environment from day one, and adds an extra element to the wide range of skills and abilities within our office.

Thank you to all our staff for the outstanding manner in which they approach their duties every day and for their service to the Lord as an LLL staff member.

Following is a list of our staff members as at June 30 2011:

Therese Cogdell  
Lorraine Dorman  
Richard Frahm  
Heather Gillings  
Kath Gordon  
Gaynor Gower  
Anne Hansen  
Paul Klose  
Allen Kupke  
Andrea Owston  
Marie Pawsey  
Ruth Pedler  
Heidi Schalk  
Michael Schulze  
Michelle Storie  
Terri Traeger  
Graeme Tscharke  
Andrew Waldhuter

## Board

The LLL Board take their governance role very seriously and carry out their duties and responsibilities as directors in a very professional manner. At the same time, they ensure that the LLL is always able to provide the maximum level of benefits and services to the Church.

Thank you to all Board members for their commitment to the LLL and their roles.

All thanks and praise be to God for continuing to bless the operation of the LLL which enables us to support the ongoing mission and ministry of the Lutheran Church of Australia.

In His Service

**Allen Kupke**



## Legacies and Special Donations

God continues to bless the work of the LLL and the LCA through the provision of Legacies and Donations. We thank Him and our faithful supporters for bequests totalling \$646,454 during the last financial year and a further \$308,509 in donations.

LLL Permanent Funds provide a lasting benefit to the ministry and mission of the Church and legacies and donations are added to Permanent Funds to provide perpetual benefits to the Church. These Funds also form part of the reserves of the LLL which provide a strong capital base to safeguard depositor's funds.

Legacies	\$
Borgelt, H	20,421
Brinkmann, E	41,531
Drogemuller, L	291
Eggart, P	4,000
Heintze, R A	500
Loffler, W O	5,000
Menzel, E R	30,000
Obst, L M	10,000
Richters, L M	2,101
Semmler, N A	381,500
Schmidt, K J	54,119
Volker, D W	7,000
Volker, R	3,774
Zweck, D	86,217
<b>Total Legacies</b>	<b>646,454</b>
<b>Special Donations</b>	<b>308,509</b>
<b>Overall Total</b>	<b>\$954,963</b>

## Benefits and Services

Thank you to all LLL depositors and supporters who enable the LLL to provide the following assistance to the Lutheran Church of Australia.

	\$
Aged Care organisations	29,125
Australian Lutheran World Service	197,176
Bible Society	20,000
Board for Mission	250,005
Central Treasury	128,360
Community Care	105,000
Faith Inkubators	15,000
Flood, Earthquake & Famine Donations	220,000
Interest saved on loans	8,384,048
LCA & District allocations	75,187
LCA GCC Fund	100,000
LCA Hermeneutics Symposium	100,000
LCA Ministry Support Fund	150,000
LCA Mission Fund	251,731
LCA Special Ministry Fund	100,000
LCA Technology Grants	50,000
LLL 90th Anniversary Thanksgiving Grants	1,600,000
Lutheran Education Project Support	75,000

Lutheran Media Ministry	38,285
Mission Lay Helper program	230,174
Scholarships	25,471
Tract Mission	129,742
Various ex conditional donations / legacies	41,493
Various LCA Projects (Non interest-bearing accounts)	1,087,648
Youth Ministry	55,207
<b>Total</b>	<b>\$13,458,652</b>

Our booklet titled "Together in Mission" provides further information about these Benefits and Services provided to the LCA, including articles from various LCA Departments and projects that have been supported over the last year.

If you would like a copy of this booklet, please contact our office or download a copy from the LLL website (Resources – Forms and Downloads).

# Financial Report

Information  
on The LLL

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The concise financial report is an extract from the full financial report for the year ended 30 June 2011. The financial statements and disclosures in the concise financial report have been derived from the 2011

Financial Report of The Lutheran Laypeople's League of Australia Incorporated. A copy of the full financial report and Auditor's report will be made available, free of charge, upon request.

This information is provided to assist readers in understanding the concise financial report. It is based on The Lutheran Laypeople's League of Australia Incorporated's

financial statements and the information contained in the concise financial report has been derived from the entity's full financial report.



# Discussion and Analysis of the Financial Report

## Income and Expenditure Statement

The net surplus recorded for the year ended 30 June 2011 of \$7,574,682 is derived prior to recording distributions of \$2,375,000 and transfers to reserves and from retained surpluses.

The LLL makes distributions as considered appropriate in accord with its mandate and ministry. The LLL does this while ensuring that Reserves are preserved at appropriate levels to prudently protect the interests of depositors and to honour the intentions of gifted and bequeathed special funds. Accordingly, the LLL seeks to add to Reserves commensurately with increases in Depositors' funds and gifted money.

Due to a strict adherence to narrow interest rate margins and low interest loans provided to the LCA, the capacity of the LLL to operate at a surplus is largely affected by economic interest rates that apply to its capital stable market investments. During the year ended 30 June 2011, economic interest rates have been at low levels.

The LLL is grateful for the benevolence of persons who make a permanent financial contribution to the LLL via donations and bequests. In the year ended 30 June 2011, LLL received legacies of \$646,454 and donations of \$308,509. These moneys are recorded as income in accord with accounting standards and are then permanently honoured by transferring them to Reserves. This is in accord with the LLL principle of 'Always lent, never spent' in regard to pledged money.

## Balance Sheet

Total assets increased by \$17,037,639 to \$683,401,020, an increase of 2.56%. The increase was primarily attributable to the increase in depositors' account balances which increased by \$10,133,375 to \$594,120,707, an increase of 1.74%.

The net assets of the LLL have increased to \$83,755,403.

## Cash Flow Statement

The statement of cash flow emphasises the strong liquidity position of the LLL. Cash generated from operations together with fresh deposit funds during the year ended 30 June 2011 has aided the funding of over \$9 million in new LCA borrowings and an increase in interest bearing deposits of over \$6 million. Interest-bearing deposits of the LLL are themselves highly liquid and may be converted to cash by LLL at any time.

# Statement by the Board of Management

The Board of Management has determined that The Lutheran Laypeople's League of Australia Incorporated is a reporting entity.

The Board of Management of The Lutheran Laypeople's League of Australia Incorporated declares that the concise financial report of The Lutheran Laypeople's League of Australia Incorporated for the financial year ended 30 June 2011, as set out on this page and pages 14 to 19:

1. complies with Accounting Standard AASB 1039: Concise Financial Reports; and
2. is an extract from the full financial report for the year ended 30 June 2011 and has been derived from and is consistent with the full financial report of The Lutheran Laypeople's League of Australia Incorporated.

Signed in accordance with a resolution of the Members of the Board of Management made on the 26th day of August 2011 and signed for and on behalf of the Board of Management by:

**Graeme J Huf**  
Chairman

**Nancy S Fox**  
Vice Chairperson

# Independent Auditor's Report to the Members of The Lutheran Laypeople's League of Australia Incorporated

## Report on the Concise Financial Report

The accompanying concise financial report of The Lutheran Laypeople's League of Australia Incorporated comprises the balance sheet as at 30 June 2011 and the statement of income and expenditure, statement of recognised income and expenditure and statement of cash flow for the year ended on that date and related notes, derived from the audited financial report of The Lutheran Laypeople's League of Australia Incorporated for the year ended 30 June 2011, as well as the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

### Board of Management's Responsibility for the Concise Financial Report

The Board of Management is responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports (including Australian Accounting Interpretations), statutory and other requirements. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of The Lutheran Laypeople's League of Australia Incorporated for the year ended 30 June 2011. Our audit report of the financial report for the year was signed on 26 September 2011 and was not subject to any modification. Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is derived from and is consistent with the financial report for the year and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039.

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

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### Audit Opinion

In our opinion, the concise financial report including the discussion and analysis of The Lutheran Laypeople's League of Australia Incorporated for the year ended 30 June 2011 complies with Accounting Standard AASB 1039: Concise Financial Reports.

**MRL GROUP PTY LTD**  
Chartered Accountants

**Mark LeCornu**  
Director  
Registered Company Auditor  
Adelaide

Dated this 26th day  
of September 2011

# Statement of Comprehensive Income for the Year Ended 30 June 2011

	Note	2011	2010
		\$	\$
<b>Income</b>			
Interest received		39,472,262	36,056,112
Legacies received		646,454	669,823
Donations received		308,509	370,610
Other income		210,548	202,277
<b>Expense</b>			
Employee benefit expenses		(1,150,319)	(1,143,056)
Administration and promotion expenses		(1,260,610)	(1,119,141)
Benefits and service costs		(1,366,565)	(1,212,172)
Depreciation		(197,382)	(240,855)
Grants and donations		(1,151,249)	(1,384,122)
Interest paid		(27,936,966)	(25,041,464)
<b>Surplus from ordinary activities attributable to the LLL</b>		<b>7,574,682</b>	<b>7,158,012</b>
<b>Less distributions</b>	<b>2</b>	<b>(2,375,000)</b>	<b>(1,035,912)</b>
<b>Net surplus and total comprehensive income for the year (before reserve transfers)</b>		<b>5,199,682</b>	<b>6,122,100</b>
Add transfer from retained surpluses		941,424	1,218,333
Less transfers to reserves	3	(6,141,106)	(7,340,433)
<b>Retained surplus addition (after reserve transfers)</b>		<b>0</b>	<b>0</b>

# Statement of Financial Position as at 30 June 2011

	2011	2010
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	26,593,404	24,405,862
Financial assets	315,906,553	309,847,127
Trade and other receivables	335,206,192	326,608,130
Property, plant and equipment	5,694,871	5,502,262
<b>Total Assets</b>	<b>683,401,020</b>	<b>666,363,381</b>
<b>Liabilities</b>		
Trade and other payables	5,194,935	3,571,092
Financial liabilities	594,120,707	583,987,332
Short term provisions	329,975	302,862
<b>Total Liabilities</b>	<b>599,645,617</b>	<b>587,861,286</b>
<b>Net Assets</b>	<b>83,755,403</b>	<b>78,502,095</b>
<b>Equity</b>		
Retained surpluses	7,286,483	8,227,907
Reserves	76,468,920	70,274,188
<b>Total Equity</b>	<b>83,755,403</b>	<b>78,502,095</b>

# Statement of Changes in Equity for the Year Ended 30 June 2011

	Retained Surpluses	Asset Revaluation Reserve	LLL ALWS Support Fund Reserve	LLL Youth Ministry Fund Reserve	LLL Media Ministry Support Fund Reserve	LLL Mission Personnel Fund Reserve	LLL Overseas Mission Fund Reserve	LLL Scholarship Fund Reserve
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2009	9,446,240	2,900,406	514,826	1,104,138	564,693	3,734,604	5,000,099	509,421
Surplus after reserve transfers	0	0	0	0	0	0	0	0
Transfer from surplus	0	0	9,167	0	1,000	1,300,000	0	0
In-memoriam donations transfer	0	0	0	0	0	0	0	0
Transfer to income and expenditure	(1,218,333)	0	0	0	0	0	0	0
Revaluation increment	0	0	0	0	0	0	0	0
<b>Balance as at 30 June 2010</b>	<b>8,227,907</b>	<b>2,900,406</b>	<b>523,993</b>	<b>1,104,138</b>	<b>565,693</b>	<b>5,034,604</b>	<b>5,000,099</b>	<b>509,421</b>
Surplus after reserve transfers	0	0	0	0	0	0	0	0
Transfer from surplus	0	0	504,214	0	0	23	600,000	1,000,000
In-memoriam donations transfer	0	0	0	0	0	0	0	0
Transfer to income and expenditure	(941,424)	0	0	0	0	0	0	0
Revaluation increment	0	53,626	0	0	0	0	0	0
<b>Balance as at 30 June 2011</b>	<b>7,286,483</b>	<b>2,954,032</b>	<b>1,028,207</b>	<b>1,104,138</b>	<b>565,693</b>	<b>5,034,627</b>	<b>5,600,099</b>	<b>1,509,421</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity for the Year Ended 30 June 2011 continued

	LLL Properties Fund Reserve	LLL Special Purposes Fund Reserve	LLL Tract Mission Fund Reserve	In- Memoriam Donations Reserve	LCA Insurance Fund Reserve	Legacies Reserve	Donations Reserve	Capital Reserve
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2009	2,216,010	6,978,415	809,908	140,661	40,000	14,330,043	1,017,160	16,669,914
Surplus after reserve transfers	0	0	0	0	0	0	0	0
Transfer from surplus	0	1,322,442	0	5,962	0	659,823	41,077	2,000,000
In-memoriam donations transfer	0	0	0	0	0	0	0	0
Transfer to income and expenditure	0	0	0	0	0	0	0	0
Revaluation increment	0	0	0	0	0	0	0	0
<b>Balance as at 30 June 2010</b>	<b>2,216,010</b>	<b>8,300,857</b>	<b>809,908</b>	<b>146,623</b>	<b>40,000</b>	<b>14,989,866</b>	<b>1,058,237</b>	<b>18,669,914</b>
Surplus after reserve transfers	0	0	0	0	0	0	0	0
Transfer from surplus	0	147,819	0	0	0	606,454	31,867	2,250,000
In-memoriam donations transfer	0	4,530	0	(4,530)	0	0	0	0
Transfer to income and expenditure	0	0	0	0	0	0	0	0
Revaluation increment	0	0	0	0	0	0	0	0
<b>Balance as at 30 June 2011</b>	<b>2,216,010</b>	<b>8,453,206</b>	<b>809,908</b>	<b>142,093</b>	<b>40,000</b>	<b>15,596,320</b>	<b>1,090,104</b>	<b>20,919,914</b>

The accompanying notes form part of these financial statements

	Koch / Dolling Mission Lay Helper Fund Reserve	LLL Home Mission Establishment Fund Reserve	LLL Ministry Support Fund Reserve	<b>TOTAL</b>
	\$	\$	\$	\$
Balance as at 1 July 2009	1,617,386	1,786,071	3,000,000	<b>72,379,995</b>
Surplus after reserve transfers	0	0	0	0
Transfer from surplus	939	2,000,023	0	<b>7,340,433</b>
In-memoriam donations transfer	0	0	0	<b>0</b>
Transfer to income and expenditure	0	0	0	<b>(1,218,333)</b>
Revaluation increment	0	0	0	<b>0</b>
<b>Balance as at 30 June 2010</b>	<b>1,618,325</b>	<b>3,786,094</b>	<b>3,000,000</b>	<b>78,502,095</b>
Surplus after reserve transfers	0	0	0	<b>0</b>
Transfer from surplus	729	1,000,000	0	<b>6,141,106</b>
In-memoriam donations transfer	0	0	0	<b>0</b>
Transfer to income and expenditure	0	0	0	<b>(941,424)</b>
Revaluation increment	0	0	0	<b>53,626</b>
<b>Balance as at 30 June 2011</b>	<b>1,619,054</b>	<b>4,786,094</b>	<b>3,000,000</b>	<b>83,755,403</b>

The accompanying notes form part of these financial statements

# Statement of Cash Flows for the Year Ended 30 June 2011

# Notes to the Financial Statements for the Year Ended 30 June 2011

Note	2011	2010
	\$	\$
<b>Cash Flows from operating activities</b>		
Interest received	40,553,744	33,598,955
Interest paid	(27,881,541)	(24,709,799)
Sundry receipts from operations	199,028	208,197
Payments to suppliers and employees and allocations	(5,708,212)	(5,018,813)
Legacies	646,454	669,823
Donations	308,509	370,610
Dividends received	3,677	1,315
<b>Net cash provided by operating activities</b>	<b>8,121,659</b>	<b>5,120,288</b>
<b>Cash Flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	20,086	37,400
Purchase of property, plant and equipment	(348,608)	(215,170)
Net (increase) in loan facilities	(9,679,544)	(18,144,021)
Net (increase) in interest bearing deposits	(6,059,426)	(433,024)
Net increase in deposit account funds	10,133,375	24,052,167
<b>Net cash provided by investing activities</b>	<b>(5,934,117)</b>	<b>5,297,352</b>
<b>Net increase in cash held</b>	<b>2,187,542</b>	<b>10,417,640</b>
Cash and cash equivalents at beginning of year	24,405,862	13,988,222
<b>Cash and cash equivalents at end of year</b>	<b>26,593,404</b>	<b>24,405,862</b>

The financial report covers The Lutheran Laypeople's League of Australia Incorporated as an individual entity. The Lutheran Laypeople's League of Australia Incorporated is an association incorporated in South Australia under the Associations Incorporation Act 1985.

## Note 1

### Basis of Preparation of the Concise Financial Report

The concise financial report is an extract of the full financial report for the year ended 30 June 2011. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statement, specific disclosures and other information included in the concise financial report are derived from, and are consistent with the full financial report. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing

activities of The Lutheran Laypeople's League of Australia Incorporated as the full financial report. A copy of the full financial report and Auditor's report will be issued free of charge upon request.

The financial report of the Lutheran Laypeople's League of Australia Incorporated complies with all Australian equivalents to International

Financial Reporting Standards (AIFRS) in their entirety. The presentation currency used in this concise financial report is Australian dollars.

The balance sheet has been presented on a liquidity basis as it provides information that is more relevant to the understanding of the financial position of the entity.

## Note 2

### Distributions

	2011	2010
	\$	\$
ALWS - African Famine appeal	100,000	0
Bible Society	20,000	20,000
GCC Special fund	100,000	100,000
Lay Ministry Formation Officer	50,000	0
LCA & District allocations	375,000	835,912
LCNZ Earthquake appeal	50,000	0
LLL 90th Anniversary thanksgiving gifts	1,600,000	0
Mission Lay Helper Service	80,000	80,000
<b>Total distributions</b>	<b>2,375,000</b>	<b>1,035,912</b>

## Note 3

### Transfers to Reserves

	2011	2010
	\$	\$
LLL ALWS Support Fund reserve	504,214	9,167
LLL Media Ministry Support Fund reserve	0	1,000
LLL Mission Personnel Fund reserve	23	1,300,000
LLL Overseas Mission Fund reserve	600,000	0
LLL Scholarship Fund reserve	1,000,000	0
LLL Special Purposes Fund reserve	147,819	1,322,442
In-Memoriam Donations reserve	0	5,962
Legacies reserve	606,454	659,823
Donations reserve	31,867	44,788
Capital reserve	2,250,000	2,000,000
Koch / Dolling Mission Lay Helper Fund reserve	729	939
Life Annuity Donations reserve	0	(3,711)
LLL Home Mission Establishment Fund reserve	1,000,000	2,000,023
<b>Total transfers to reserves</b>	<b>6,141,106</b>	<b>7,340,433</b>

## Notice to Depositors/ Prospective Depositors

Investments in the Lutheran Laypeople's League (LLL) are designed for investors who wish to support the charitable purposes of the LLL and for whom the consideration of profit is not of primary relevance.

The LLL is not prudentially supervised by the Australian Prudential Regulation Authority, and advises that contributions to the LLL do not obtain the benefit of the depositor protection provisions of the Banking Act 1959.

The LLL is a charitable investment scheme and pursuant to the Australian Securities and Investment Commission (ASIC) Class Order 02/184 is not subject to the normal disclosure or trust deed provisions of the Corporations Act 2001. Accordingly, the LLL has not been examined or approved by ASIC.

The LLL holds an Australian Financial Services Licence (AFSL) No. 329339 issued by ASIC, which authorises the LLL regarding its non-cash payment facility. This facility is the LLL@Home Internet Access Service (LLL@Home) offered through the LLL website at [www.lll.org.au](http://www.lll.org.au).

The information contained in the website and in LLL documents is not intended to constitute financial product advice for the purposes of the Corporations Act 2001.

If such considerations are a concern, investors should enquire or seek advice from an appropriately authorised person before investing. It contains general information and has been prepared without having regard to any person's particular circumstances, financial situation, needs or objectives. Because of this, you should, before acting on the information, consider its appropriateness, having regard to these factors.

The LLL relies upon and contracts with third parties to deliver a number of its services and advises that those parties hold relevant licences and registrations as required under legislation and relevant statutory authorities within Australia.

Whilst every care has been taken in producing this information, to the extent permitted by law, the LLL does not guarantee the accuracy or completeness of the information.

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**LLL Interest Rate:** LLL interest rates are subject to change without notice. Refer to our website or contact us for our current interest rate.

**Privacy Statement:** The LLL respects the privacy of all individuals, and is bound by and committed to supporting the Privacy Act and National Privacy Principles. A copy of the LLL Privacy Policy is available at [www.lll.org.au](http://www.lll.org.au) or by contacting the LLL.

**LLL@Home Internet Access:** I acknowledge that I have read and understood the Financial Services Guide (FSG) and Product Disclosure Statement (PDS) and accept the terms and conditions on which the LLL@Home facility is provided. (Refer to [www.lll.org.au](http://www.lll.org.au) or contact us if you require a copy of these documents). The LLL provides the LLL@Home facility pursuant to its AFSL No. 329339.

**\* Tax File Numbers/Exemptions:** Although it is not compulsory to supply your TFN or Exemption details, if you choose not to, under Government regulations the LLL is obliged to deduct withholding tax from interest earned on this account at the highest marginal rate of tax, plus Medicare levy. Pensioners may either quote their TFN or list their Pension type.

**\*\* ID Statement:** Government regulations may require the LLL to obtain additional identification from you to open or transact on an account.