
LLL Annual Report

The year in review

2017/18

Board of Directors

Graeme Huf

Appointed to
LLL Board
August 2000



Appointment
Employment
Congregation
Current
Former
Qualifications

Chairman; Board Executive; Board Audit Committee
Director - Business Services, LEVNT
Our Redeemer, Geelong North, Vic
Lay Reader; LLL Congregation Contact & Steward of congregation
School Treasurer; Congregational Treasurer
Diploma of Management; Company Directors Course (AICD); Mastering the Boardroom Course (AICD); Graduate of the Australian Institute of Company Directors

Nancy Fox

Appointed to
LLL Board
August 2002



Appointment
Employment
Congregation
Current
Former
Qualifications

Vice Chairperson; Board Executive; Board Risk Committee
Professional Non-Executive Director
St Pauls, Sydney, NSW
LLL Congregation Contact; Congregational Church Council member; Mission International consultant; LCA Tribunal member; LCA Aged Care Review Dialogue Group member
District Finance Council member; Sunday School Teacher
Doctor of Law; Bachelor of Arts (History); Company Directors Course (AICD); Mastering the Boardroom Course (AICD); Fellow of the Australian Institute of Company Directors

Mark Altus

Appointed to
LLL Board
August 2010



Appointment
Employment
Congregation
Current
Former
Qualifications

Board Risk Committee Chair
Retired Director Revenue & Intergovernmental Relations, Dept of Treasury (WA)
St John's, Perth, WA
LLL Congregation Contact; Congregational Elder; Lutheran Homes Foundation (WA)
Committee of Management Chair
District Treasurer
Bachelor of Commerce; Company Directors Course (AICD); Graduate of the Australian Institute of Company Directors

Ron Asquith

Appointed to
LLL Board
September 2008



Appointment
Employment
Congregation
Current
Former
Qualifications

Board Audit Committee Chair
Accountant (Director)
St John's, Wodonga, Vic
Lutheran Aged Care Albury Board and Finance Risk & Audit Committee member; Council for Lutheran Education Vic, NSW & Tas Deputy Chairperson; Australian Lutheran World Service Board Advisory Group member; Wodonga Victory Lutheran College Council member
St Paul's College Board; Victory Lutheran College business management
Bachelor of Commerce; CPA; Member of the Australian Institute of Company Directors

John Grocke

Appointed to
LLL Board
August 2008



Appointment
Employment
Congregation
Current
Former
Qualifications

Board Executive; Board Risk Committee
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; Company Directors Course (AICD); Graduate of the Australian Institute of Company Directors

Brenton Henschke

Appointed to
LLL Board
August 2006



Employment
Congregation
Current
Former
Qualifications

Retired Credit Manager
Grace, Bridgewater, SA
Pastoral Assistant, Small Group Leader and Safe Place Manager of congregation;
Freeway Ministry Governance representative
Congregational Chairman; Board of Ministry and Building Committee member;
Cornerstone College Chairman and Council member
Diploma in Banking; Member of the Australian Institute of Company Directors

John Howard

Appointed to
LLL Board
August 2002



Employment
Congregation
Current
Former
Qualifications

Retired General Manager
St Andrews, Tallebudgera, Qld
LLL Congregation Contact; St Andrews Lutheran College Council member;
Star Aged Living Ltd director
Board of Lutheran Aged Care Australia (BLACA) member;
Member of the Australian Institute of Management
Member of the Australian Institute of Company Directors

David Pietsch

Appointed to
LLL Board
September 1999



Appointment
Employment
Congregation
Current
Former
Qualifications

Board Executive; Board Audit Committee
Semi-retired IT Executive
St Paul's, Box Hill, Vic
Congregational Strategic Property Group Chair; LCA Vic District Convention Conference Manager; Mission International Program Assistant (Cambodia)
Lutherans for Life Council; Luther@500 Conference 2016 Conference Manager;
Convention Planning Committees – General Synod and Victorian District; Lutheran School of Theology Victoria Chair; Victorian District Call Committee; Congregational Chairman; Congregational Secretary; Congregational Elder; Worship Committee Chair
Bachelor of Science; Company Directors Course (AICD); Graduate of the Australian Institute of Company Directors

Steven Podlich

Appointed to
LLL Board
August 2015



Appointment
Employment
Congregation
Current
Former
Qualifications

Board Risk Committee
Senior Relationship Manager, Westpac
Bethany, Raceview, Qld
LCA Finance, Audit and Risk Committee member; Congregational Chairman; Parish Administration Team Secretary
Parish Administration Team Chairman
Bachelor of Commerce; CPA; Company Directors Course (AICD); Graduate of the Australian Institute of Company Directors

Chairman's report

The Year in Review

We give thanks to God for the Lutheran Laypeople's League (LLL) and the support we continue to provide to the Lutheran Church of Australia (LCA).

The LLL is most grateful for the continued depositor support that has enabled the provision of benefits to the ministry and mission of the LCA.

The continued low interest rate environment in which we operate and tightening investment returns necessitated a 0.25% adjustment to the LLL deposit interest rate this past financial year.

Key aspects of note in this past year include:

1. Services and benefits provided to the LCA have an estimated value of \$10m
2. Depositor balances increased by \$20m to \$1.05b
3. Loan balances reduced by \$11m to \$301m
4. Net equity increased by \$6.4m to \$124.8m
5. Over \$2.5m was received in legacies and donations
6. LLL reserves have increased to \$115m.

Results

Financial Performance

The LLL continues to fulfil its objectives to support the work of the LCA. As outlined 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 returns we have been able to achieve on investments.

Active monitoring and management of investments enabled us to limit decreases in the deposit interest rate to 2.25% (at call) from 1 October 2017, while keeping the lending rate unchanged at 5%. The Board has determined that the deposit interest rate will continue to apply to all funds invested, regardless of the account balance. The Board acknowledges with gratitude the ongoing support of our depositors.

The benefits and services provided to the many areas of the LCA's ministry this past year is estimated at \$10.1m. It is a privilege and honour for the LLL to be able to support our Church in this way.

Accumulated Surplus and Reserves

In the financial year to 30 June 2018, a net surplus of \$8,820,478 (including legacies and donations) was achieved which has enabled the following distributions by the Board:



Recipient	\$
ALWS Community Education in Lutheran Schools	113,000
Grow Ministries	325,000
LCA Accounting Upgrade	205,000
LCA Aged Care Governance Review	80,000
LCA Assistant to the Bishop – Reconciliation Ministry	250,000
LCA Bible Ministry	20,000
LCA Church Worker Support	219,000
LCA Convention of Synod	60,000
LCA Cross Cultural Ministry – Asian & African Ministry	130,000
LCA Cross Cultural Education	55,000
LCA Communications	130,000
LCA GCC Special Fund	100,000
LCA Interim Pastor Transitional & Reconciliation Ministry	50,000
LCA Local Mission Church Planting Grants	225,000
LCA Reconciliation Action Plan	99,000
LCA Strategic & Synodical Initiatives	339,000



In addition, the following transfers were made to reserves:

Recipient	\$
Capital reserve	2,000,000
Ministry Support Fund reserve	1,000,000

Following these allocations, the Retained Surpluses balance of \$9.8m, will be sufficient for our 2018/19 operational requirements and to support the LCA with specific needs.

Compliance

Security of Deposits and Loan Repayments

The LCA and Districts continue to provide guarantees for the repayment of loans and to indemnify the LLL against loss. Review of the LCA loan guarantee and indemnity remains a regular part of the LLL Board’s risk management focus. During the past 12 months, the LLL has formalised its credit policy and in consultation with the LCA developed a Capstone Agreement that provides the framework for future lending to the Church.

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

Capital Adequacy

Capital Adequacy, based on risk weighting of balance sheet assets, is at 20% which

is above what the Board deems sufficient to manage its risk appetite. The strong deposit base maintained and the increase in reserves from legacies, donations and allocations continue to enable this to be achieved.

Regulatory Requirements

The LLL is a registered charity and reports to the Australian Charities and Not-for-profits Commission (ACNC). Our auditors, MRL Group, continue to work closely with the LLL to ensure compliance is achieved and maintained. This has included briefings to the Board and ongoing engagement with the Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC) on the impacts that regulatory changes are having on the operations of the LLL.

In October 2016 the LLL applied to APRA to become an Authorised Deposit-taking Institution (ADI). At the time of writing this report, the approval from APRA was imminent. The LLL transitioned from an Incorporated Association to a Company Limited by Guarantee on 13 July 2018.

These regulatory changes have been necessary to enable the LLL to continue to provide ‘at call’ deposit accounts. It also provides future opportunity for other specific financial services that may benefit our customers and that align with the objectives of the LLL. It will also ensure that the LLL continues to be managed and regulated at a very high standard which is commensurate with the size of our organisation.

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 and ongoing customer due diligence.

The LLL fully complies with the terms of our Australian Financial Services Licence (AFSL).

Risk Management

The Board together with the Chief Executive Officer (CEO) is responsible for monitoring and managing the business and risk exposures of the LLL. The primary risks the LLL is exposed to are credit risk, liquidity risk, interest rate risk and operational risk. The LLL employs a dedicated Risk and Compliance Manager to ensure that a strong risk management and mitigation focus is maintained. In addition, the Board Risk Committee (BRC)

and Board Audit Committee (BAC) assist the Board with its risk and audit matters. We acknowledge and thank the work undertaken by the BRC and BAC committee members under the strong leadership of the committee chairs, Mark Altus and Ron Asquith.

Capital Management

The Board and the Executive Management Team manage the capital of the LLL to maintain 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 capital management policy to manage its capital including the establishment and continued growth of permanent funds through reserves.

The LLL policies and controls ensure minimisation of financial risk and the maximisation of capital preservation. Policies are reviewed by the Board to ensure they are relevant and fulfil the LLL’s objectives.

Promotion and Support

Our promotions staff and CEO continue to maintain an active presence throughout the LCA. This includes District Synods and conventions, regional meetings, visiting schools, aged care facilities,



LCA departments and congregations.

The Board appreciates its engagement with Rev John Henderson (Bishop of the LCA), the briefings that have been received from Peter Schirmer (LCA Executive Officer) and other LCA executive staff, and the ongoing positive relationships that are maintained with the various departments of the Lutheran Church of Australia.

The LLL is committed to maintaining and strengthening its relationship with the LCA and its members. This includes provision of the Tract Mission and administration of subscriptions for The Lutheran and Lutheran Women magazines, and Lutheran Theological Journal. During this past year the LLL has also provided support to LCA approved projects including ALWS, Grow Ministries, Asian and African Ministry programs, Bible Ministry, Church Worker support, Communications, Reconciliation Ministry, Mission Stimulus Grants, Church Planting Grants, International and Local Mission, LCA Districts, Lutheran Media Support, Cross Cultural Education, as well as LCA strategic and synodical initiatives.

Strategic Priorities

The Board continues to uphold the LLL objectives to:

- Provide benefits and services to the LCA
- Grow Reserves/ Permanent Funds
- Raise deposits
- Provide loans.

In February 2018 the Board and senior management participated in a strategic planning workshop to review and reset the LLL strategic priorities and to ensure the LLL's purpose to support the LCA in business and financial matters is maintained, and to continue to provide extensive benefits to a range of LCA ministries.

The Environment

In 2017 the LLL paid a total of \$105,000 to 54 Lutheran schools to implement projects that support the Lutheran Education Australia (LEA) earthcare charter and principles. This has been a most beneficial engagement with LEA that has assisted with student learning and understanding to care for our environment.

Staff

The commitment and service of all staff to the LLL and our depositors, and their support of the LCA in its ministry and mission is greatly appreciated and admired by the Board. We

thank our Lord for the high calibre staff he has blessed the LLL with. The complexity of the LLL business necessitates additional roles in marketing, accounting and project management and we welcome the new staff appointed to these roles.

The ongoing work and commitment of our CEO, Allen Kupke and his management team are also acknowledged by the Board. Their dedicated leadership, combined with the guidance and support they provide to the staff, directors and the LCA remains a testament to the objectives and purpose for which the LLL exists.

The Board continues to recognise the service of staff who achieve milestones in their employment with the LLL.

Our gratitude is expressed to all staff and we give thanks to God for their contribution to the life of the LLL.

Board

The valuable contribution that all Board members have made to the governance of the LLL is acknowledged and I sincerely thank them for their ability to serve our Lord and Church in this way. The Board is blessed with professional and capable directors who use their knowledge, training and skills to enhance the governance of the LLL, while ensuring that extensive support is provided to the ministry and mission of the Church.

Director training and development remains a focus with attendance at Australian Institute of Company Director (AICD) workshops and courses, governance conferences and other professional development including subscriptions to industry publications.

Outlook

The issues and challenges which influence the global financial services industry and the ongoing pressure on investment rates continue to impact on 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 protected and ongoing support to the mission and ministry needs of the LCA can be maintained.

Thank you to all who contribute to the LLL. May our Lord continue to bless all that we do as we serve "together in mission".

In His Service

Graeme Huf
Chairman

CEO operational report

We thank and praise God as he continues to bless the mission of the LLL in assisting the Lutheran Church of Australia in its mission. Our depositors and supporters have again enabled us to provide significant benefits to assist the mission and ministry of the Church.

Highlights of the last year include:

- Benefits and Services to the LCA totalling over \$10m
- Legacies and Donations of over \$2.5m
- Depositor balances exceeding \$1.05b.

Benefits and Services

Provision of low interest loans to Lutheran Church of Australia (LCA) organisations continues to be the most significant benefit that the LLL provides to the LCA. The estimated interest saving on loans to LCA organisations over the last financial year is \$3.6m. This saving is based on comparing LLL loan interest rates with interest rates that would be payable if LCA organisations had to borrow from external loan providers (e.g. banks etc).

LLL depositors provide a significant benefit to the LCA by providing the matching deposits that enable the LLL to offer these loans. We thank our depositors for providing these funds to enable loans to be made.

Grants paid based on monies held in LLL Permanent Funds continue to grow with a total of \$2.4m of Permanent Fund grants paid during the last financial year. These grants are made possible by legacies and donations that have been gifted to LLL Permanent Funds, and Board allocations to support specific ministries of the LCA at national, district and local levels.

LLL depositors electing to forego interest by holding non-interest-bearing savings accounts enable the LLL to provide additional benefits to a range of different LCA ministries. A total of \$1.3m was paid to 298 LCA organisations as a result of non-interest-bearing accounts held over the last 12 months.

Special grants totalling \$2.4m were paid to various LCA projects in consultation with the LCA General Church Council (GCC).

Administrative services provided to the LCA over the last 12 months are estimated to be worth over \$400k.

Total benefits and services provided to LCA organisations over the last 12 months ended 30 June 2018 is estimated to be \$10,085,396.

Legacies and Donations

A total of \$2,482,275 was left to the LLL as legacies over the last 12 months. These legacies were from 15 different benefactors. In addition, a further \$65,606 was gifted to the LLL in donations.

Legacies and donations are all added to LLL Permanent Funds, which enable the LLL to provide grants to a wide range of LCA ministries based on 5% of the amounts gifted.

We thank God for all those people who have left funds to the LLL to enable the Church to continue to receive benefits, even after they are no longer with us. These gifts not only provide a benefit to the Church, but they also form part of the capital base of the LLL, which provides further protection to depositors who invest their funds with the LLL.

Deposits

LLL deposits continue to grow, with total deposits as at 30 June 2018 of \$1,050,779,096, an increase of 2% over the last 12 months.

LLL Savings accounts provide matching deposits which are used by the LLL to advance low interest loans to LCA projects. In addition, funds not used for loans are invested principally with Authorised Deposit-taking Institutions (ADI's) and the income earned on these investments is used to provide additional benefits and services to the LCA. (The LLL does not invest any funds in shares or property.)

We sincerely thank all depositors for continuing to support the Church through LLL Savings accounts.

Depositor Balances

Financial Year	\$ Millions
2014	793.5
2015	884.2
2016	985.5
2017	1,030.7
2018	1,050.8

Loans

LLL loans as at 30 June 2018 totalled \$301,319,889, which is \$11m less than 12 months earlier. The majority of these loans continue to be to Lutheran schools with over 90% of LLL loans provided to the Lutheran education sector. Borrowers continue to utilise their cash reserves to make additional repayments on their loans due to the low interest rate environment.

Estimated interest saved by all LCA organisations borrowing funds from the LLL during the last financial year is over \$3.6m.

Loan Balances

Financial Year	\$ Millions
2014	361.1
2015	352.9
2016	332.6
2017	312.3
2018	301.3

Financial Performance

The LLL operational surplus for the 12 months ending 30 June 2018 totalled \$6,272,596 (excluding legacies and donations).

This surplus enabled special grants of \$2.4m to be provided to support specific LCA ministries as requested by the LCA General Church Council.

In addition, \$1.3m was allocated to LLL Permanent Funds to support specific

LCA ministries with ongoing grants and \$2.0m to provide additional capital support for LLL depositors.

The balance of the surplus is retained in LLL Reserves to enable the LLL to provide future grants to the LCA, in addition to adding to our capital adequacy.

The Chairman's Report provides further details of allocations made by the Board.

LCA Administration

The LLL provides a range of administrative services to the LCA as follows:

- LCA Insurance Fund
- LCA Subscriptions (*The Lutheran & Lutheran Women* magazines; *Lutheran Theological Journal*)
- LCA Funds (Pensions, Provident & Car Grants).

The LCA Treasury function was returned to the LCA during the 2017/18 financial year, supported by a \$205k LLL grant to set up the new LCA Accounting System.

LCA Insurance

Total assets insured through LCA Insurance as at 30 June 2018 were valued at \$4,504,050,767, with 758 LCA organisations as clients.

Insurers continue to increase premiums with increases of up to 25% on property cover due to tightening of the

insurance market and poor claims experience over the last few years. As a result, insurance premium rates for LCA clients have also increased for 2017/18.

Valuation of all LCA church properties over a five year period continues, to ensure that all church properties are adequately insured in the event of major property damage. The cost of this valuation program is being met by LCA Insurance.

The LCA Professional Standards Department (PSD) is funded by LCA Insurance, which also contributes to the operation of the LCA Church Worker Support Department.

Lutheran Tract Mission (LTM)

A total of 422,267 tracts were distributed during the last year, with 1,018 different titles currently in stock. Donations received totalled \$41,828.

The LTM website can be found at www.ltm.org.au and allows users to view and order tracts online. In addition, users may send an electronic tract (eTract) via this website.

Regular Electronic Giving (REG)

Current REG statistics are as follows:

- LCA organisations using REG: 280
- Participants contributing via REG: 2,391

- Monthly giving via REG: \$545,047 (ie \$6,540,564 per annum).

A new REG brochure together with other REG resources have been produced by the LCA and funded by the LLL. These will be distributed to congregations in early 2019.

The LCA Online website also allows for regular electronic giving by direct debit or credit card. More information is available at donation.lca.org.au

Staff

Our staff are a wonderful group who all do an amazing job in carrying out the mission of the LLL.

The last financial year has seen a number of staffing changes, including two retirements.

- Lorraine Dorman retired in September 2017 after over 18 years of service with the LLL.
- Ruth Pedler retired as the LLL Office Manager at the end of June 2018 after seven years of LLL service.
- Tamara Millard left in May 2018 after a year with the LLL.

We thank Lorraine, Ruth and Tamara for their time at the LLL and for the wonderful work that they did during their time with us.

Eshani Obadage has taken on the role of Office Manager in addition to her duties as LLL Accountant and is settling into this position well.

We welcome Rhianan Strangways as our new Marketing Officer and look forward to working with her as part of the LLL team.

Thank you to every staff member for your dedicated service and outstanding contribution to the success of the LLL.

Following is a list of our current staff members:

Mark Boettger
Janet Bowman
Therese Cogdell
Richard Frahm
Heather Gillings
Gaynor Gower
Anne Hansen
Paul Klose
Allen Kupke
George Mathew
Maureen Miller
Eshani Obadage
Andrea Owston
Marie Pawsey
Ruth Pedler
Heidi Schalk
Michael Schulze
Rhianan Strangways
Terri Traeger
Graeme Tscharke
Andrew Waldhuter
Helen Williams

Board

Thank you to every Board member for your dedication to the LLL and for using your skills and experience to benefit the wider Church.

The responsibility placed on LLL Board members over the last few years has increased substantially, including large amounts of time spent on Board and committee matters. This commitment will continue as we become an Authorised Deposit-taking Institution (ADI) and are regulated under the Banking Act. I pray that God will continue to lead and guide you as you carry out your governance role, leading the LLL into the future as a regulated financial institution.

We encourage everyone to read the LLL publication '*Together in mission*' which provides further information about how the LLL partners with LCA organisations to help bring the Gospel to people in Australia and around the world. *Together in mission* is available for electronic download at the LLL website, www.lll.org.au

All thanks to God for blessing the work of the LLL and we pray that He will continue to guide and bless us as we support the mission of the Church.

In His service

Allen Kupke
CEO



The LLL is most grateful
for the continued
depositor support...

Legacies & Donations

The LLL continues to be blessed with many generous bequests and donations. These are all added to LLL Permanent Funds and enable the LLL to provide ongoing benefits and services to the Church.

We thank God that He has led these people to leave a lasting legacy to the work of the Church, and also for those that have given donations to support a wide range of ministry and mission within the Church.

Donor	\$
Adler, B D	29,194
Borgas, L M	13,052
Cater, S A	340,134
Kleinig, K R	1,139,248
Kraatz, E A	6,000
Krieg, D M	31,556
Lehmann, V A	87,497
Liersch, M I	190,415
Materne, E D	375,000
Mirtschin, F	42,211
Neumann, H A	104,338
Schiller, C M	9,449
Schulz, L H W	1,000
Tassicker, O	108,181
Thiele, L A	5,000
Sundry	65,606
Overall Total	\$2,547,881

Benefits & Services

We sincerely thank all LLL supporters for continuing to support the work of the Lutheran Church of Australia through LLL Savings Accounts, Legacies and Donations. The LLL cannot provide these benefits and services to the Church without your support.

Recipient	\$
African Ministry Fund	20,015
Australian Lutheran World Service (ALWS)	133,853
ALWS - Community education in Lutheran schools	113,000
Central Treasury	153,722
Grow Ministries	380,408
Interest saved on loans	3,602,736
LCA & Districts (inc LCA Ministry Support Fund)	1,852,548
LCA Accounting Upgrade	205,000
LCA Aged Care Governance Review	80,000
LCA Church Worker Support	300,001
LCA Cross Cultural Ministry	185,000
LCA GCC Special Fund	100,000
LCA International Mission Support	284,932
LCA Local Mission Support	692,788
LCA Special Ministry Fund	100,000
LCA Training & Development Support	75,471
Lutheran Bible Translators Australia	20,000
Lutheran Media Support	29,056
Lutheran Tract Mission	203,157
Mission Stimulus Grants	125,000
Various LCA Projects (non-interest-bearing accounts)	1,319,683
Various aged care organisations	41,872
Various community care projects	6,298
Various conditional donation/legacy recipients	60,856

Total **10,085,396**

The LLL publication, Together in mission, contains a number of articles from LCA Departments and projects that have been supported by the LLL. It illustrates how LLL depositors and supporters are assisting in the ministry and mission of the wider Church.

A copy of this publication can be obtained by contacting our office or by downloading an electronic copy from the LLL website.



Financial Report

Discussion and Analysis of the Financial Statements

Information on The Lutheran Laypeople's League of Australia Incorporated

The concise financial statements are an extract from the full financial statements for the year ended 30 June 2018. The financial statements and disclosures in the concise financial statements have been derived from the 2018 Financial Statements of The Lutheran Laypeople's League of Australia Incorporated. A copy of the full financial statements 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 statements. It is based on The Lutheran Laypeople's League of Australia Incorporated's financial statements and the information contained in the concise financial statements has been derived from the entity's full financial statements.

Income and Expenditure Statement

The net surplus recorded for the year ended 30 June 2018 of \$8,820,478 is derived prior to recording distributions of \$2,400,000 together with transfers to reserves and 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 2018, economic interest rates have remained at low levels. The LLL adjusted its deposit rate on savings accounts from 2.5% to 2.25% effective from 1 October 2017.

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 2018, LLL received legacies of \$2,482,275 and donations of \$65,606. 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 LLL policy.

Statement of Financial Position

Total assets increased by \$27,387,177 to \$1,181,313,494, an increase of 2.37%. The increase was primarily attributable to the increase in depositors' account balances which increased by \$20,043,768 to \$1,050,779,096, an increase of 1.94%.

The net assets of the LLL have increased to \$124,842,025.

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 2018 has aided the ongoing funding of LCA borrowings and an increase in interest bearing securities of over \$28 million. Interest-bearing securities of the LLL are themselves highly liquid and are generally readily convertible to cash.

Change in Legal Structure

Reference is made to Note 2 of the full financial statements and Note 2 of the concise financial statements which identifies a change of legal structure of the entity effective 13 July 2018.

Statement by the Board

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

The Board of The Lutheran Laypeople's League of Australia Incorporated declares that the concise financial statements of The Lutheran Laypeople's League of Australia Incorporated for the financial year ended 30 June 2018, as set out on pages 11 and 14 to 19:

1. Complies with Accounting Standard AASB 1039: Concise Financial Reports; and
2. Is an extract from the full financial statements for the year ended 30 June 2018 and has been derived from and is consistent with the full financial statements of The Lutheran Laypeople's League of Australia Incorporated.

The Board refers readers of the financial statements to Note 2 of the full financial statements and Note 2 of the concise financial statements which identifies a change of legal structure of the entity effective 13 July 2018. Accordingly, these accounts are signed by the office bearers as Directors of the company limited by guarantee.

Signed in accordance with a resolution of the Members of the Board made on the 7th day of September 2018 and signed for and on behalf of the Board by:

Graeme Huf
Director, Chairperson

Nancy Fox
Director, Vice Chairperson

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

Report on the concise financial statements

Opinion

The concise financial report of The Lutheran Laypeople's League of Australia Incorporated which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and related notes, are derived from the audited financial report of The Lutheran Laypeople's League of Australia Incorporated for the year ended 30 June 2018.

In our opinion, the concise financial report, including the discussion and analysis, is consistent, in all material respects, with the audited financial report, in accordance with AASB 1039: Concise Financial Reports and the Corporations Act 2001.

Concise Financial Report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards applied in the preparation of the audited financial report of The Lutheran Laypeople's League of Australia Incorporated. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Board of The Lutheran Laypeople's League of Australia Incorporated, would be in the same terms if given to the Board as at the time of this auditor's report.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 28th September 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

Board's Responsibility for the Concise Financial Report

The Board is responsible for the preparation of the concise financial report in accordance with AASB 1039: Concise Financial Reports and the Corporations Act 2001.

Auditors Responsibility

Our responsibility is to express an opinion on whether the concise financial report is consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: Engagements to Report on Summary Financial Statements.

MRL GROUP PTY LTD
Chartered Accountants

Mark LeCornu
Director

Registered Company Auditor

Adelaide, 28th day of
September 2018

In our opinion, the concise financial report, including the discussion and analysis, is consistent, in all material respects, with the audited financial report...

Statement of Income and Expenditure and Other Comprehensive Income for the Year Ended 30 June 2018

	Note	2018	2017
		\$	\$
Income			
Interest received		39,134,170	39,953,582
Legacies received		2,482,275	947,413
Donations received		65,606	74,499
Other income		605,908	234,248
Expense			
Employee benefit expenses		(2,361,942)	(2,134,918)
Administration and promotion expenses		(1,908,872)	(1,817,615)
Benefits and service costs		(2,384,478)	(2,269,133)
Depreciation		(229,433)	(245,805)
Grants and donations		(1,415,966)	(1,384,752)
Interest paid		(25,166,790)	(27,306,105)
Surplus from ordinary activities attributable to the LLL		8,820,478	6,051,414
Less distributions	3	(2,400,000)	(1,875,000)
Net surplus and total comprehensive income for the year (before transfers)		6,420,478	4,176,414
Add transfer (to) from retained surpluses		(503,012)	345,498
Less transfers (to) reserves	4	(5,917,466)	(4,521,912)
Surplus (after transfers)		0	0

Statement of Financial Position as at 30 June 2018

	2018	2017
	\$	\$
Assets		
Cash and cash equivalents	84,864,312	74,068,864
Financial assets	780,464,480	752,124,581
Loans receivable	301,319,889	312,348,521
Trade and other receivables	6,968,046	7,799,712
Property, plant and equipment	7,696,767	7,584,639
Total Assets	1,181,313,494	1,153,926,317
Liabilities		
Trade and other payables	4,448,081	4,227,104
Financial liabilities	1,050,779,096	1,030,735,328
Short term provisions	1,244,292	542,338
Total Liabilities	1,056,471,469	1,035,504,770
Net Assets	124,842,025	118,421,547
Equity		
Retained surpluses	9,804,797	9,301,785
Reserves	115,037,228	109,119,762
Total Equity	124,842,025	118,421,547

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 June 2018

	Retained Surpluses	Asset Revaluation Reserve	LLL ALWS Support Fund Reserve	LLL Child, Youth & Family Support Fund Reserve	LLL Lutheran Media Support Fund Reserve	LLL Mission Personnel Fund Reserve	LLL International Mission Support Fund Reserve
	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2016	9,647,283	3,353,479	1,453,325	1,108,167	581,068	5,177,073	5,692,100
Surplus after reserve transfers	0	0	0	0	0	0	0
Transfer from (to) surplus	0	0	5,607	0	0	23	6,545
Transfer from (to) income and expenditure	(345,498)	0	0	0	0	(5,177,096)	0
Revaluation increment (net)	0	1,129,375	0	0	0	0	0
Balance as at 30 June 2017	9,301,785	4,482,854	1,458,932	1,108,167	581,068	0	5,698,645
Surplus after reserve transfers	0	0	0	0	0	0	0
Transfer from (to) surplus	0	0	381,794	0	100	0	0
Transfer from (to) income and expenditure	503,012	0	0	0	0	0	0
Revaluation increment	0	0	0	0	0	0	0
Balance as at 30 June 2018	9,804,797	4,482,854	1,840,726	1,108,167	581,168	0	5,698,645

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 June 2018

	LLL Special Purposes Fund Reserve	LLL Training & Development Support Fund Reserve	In-Memoriam Donations Reserve	Legacies Reserve	Donations Reserve	Capital Reserve
	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2016	10,723,722	1,509,421	163,723	21,497,145	1,172,227	28,875,924
Surplus after reserve transfers	0	0	0	0	0	0
Transfer from (to) surplus	122,472	0	630	884,251	2,364	2,500,000
Transfer from (to) income and expenditure	0	0	0	0	0	0
Revaluation increment (net)	0	0	0	0	0	0
Balance as at 30 June 2017	10,846,194	1,509,421	164,353	22,381,396	1,174,591	31,375,924
Surplus after reserve transfers	0	0	0	0	0	0
Transfer from (to) surplus	634,495	0	405	1,893,459	7,169	2,000,000
Transfer from (to) income and expenditure	0	0	0	0	0	0
Revaluation increment	0	0	0	0	0	0
Balance as at 30 June 2018	11,480,689	1,509,421	164,758	24,274,855	1,181,760	33,375,924

The accompanying notes form part of these financial statements

	LLL Church Worker Support Fund Reserve	LLL Local Mission Support Fund Reserve	LLL Ministry Support Fund Reserve	TOTAL
	\$	\$	\$	\$
Balance as at 30 June 2016	1,620,007	6,541,094	14,000,000	113,115,758
Surplus after reserve transfers	0	0	0	0
Transfer from (to) surplus	20	0	1,000,000	4,521,912
Transfer from (to) income and expenditure	0	5,177,096	0	(345,498)
Revaluation increment (net)	0	0	0	1,129,375
Balance as at 30 June 2017	1,620,027	11,718,190	15,000,000	118,421,547
Surplus after reserve transfers	0	0	0	0
Transfer from (to) surplus	21	23	1,000,000	5,917,466
Transfer from (to) income and expenditure	0	0	0	503,012
Revaluation increment	0	0	0	0
Balance as at 30 June 2018	1,620,048	11,718,213	16,000,000	124,842,025

The accompanying notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2018

	2018	2017
	\$	\$
Cash Flows from operating activities		
Interest received	39,965,836	40,178,193
Interest paid	(25,326,002)	(27,369,675)
Sundry receipts from operations	229,841	222,808
Payments to suppliers and employees and allocations	(10,054,593)	(11,067,519)
Legacies	2,482,275	947,413
Donations	28,297	74,498
Net cash provided by operating activities	7,325,654	2,985,718
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	46,716	36,909
Purchase of property, plant and equipment	(381,796)	(213,278)
Net decrease in loan facilities receivable	11,028,632	20,211,892
Net (increase) in interest bearing securities	(28,339,899)	(65,823,768)
Net increase in depositors' funds liabilities	21,116,141	45,220,733
Net cash provided (utilised) by investing activities	3,469,794	(567,512)
Net increase in cash held	10,795,448	2,418,206
Cash and cash equivalents at beginning of year	74,068,864	71,650,658
Cash and cash equivalents at end of year	84,864,312	74,068,864

Notes to the Financial Statements for the Year Ended 30 June 2018

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 Statements

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001. The accounting policies adopted have been consistently applied to all financial periods presented unless otherwise stated.

The financial statements, specific disclosures and other information included in the concise financial statements are derived from, and are consistent with, the full financial statements. The concise financial statements 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 statements.

A copy of the full financial statements and Auditor's report will be issued free of charge upon request.

The presentation currency used in the concise financial statements is Australian dollars.

The statement of financial position 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

Change in Legal Structure

The Association transferred its undertaking to a company limited by guarantee (Company) registered under the Corporations Act and ceased trading as an Association under the Association Incorporations Act of South Australia on 13 July 2018.

This transition took place under Section 42 of the Associations Incorporations Act of South Australia. By virtue of this provision, and as authorised by relevant government regulators and statutory bodies:

- the property, rights and liabilities of the Association became the property, rights and liabilities of the Company; and

- the Company and Association are maintained as the 'same entity' for all relevant legal, contractual and charitable purposes.

Accordingly, the entity has the same Australian Business Number and has maintained its charitable status under the provisions of the Australian Charities and Not-for-profits Commission.

Note 3

Distributions

	2018	2017
	\$	\$
GCC Special Fund	100,000	100,000
LCA & District allocations	2,300,000	1,775,000
Total distributions	2,400,000	1,875,000

Note 4

Transfers to Reserves

	2018	2017
	\$	\$
Capital reserve	2,000,000	2,500,000
Donations reserve	7,169	2,364
In-Memoriam Donations reserve	405	630
Legacies reserve	1,893,459	884,251
LLL ALWS Support Fund reserve	381,794	5,607
LLL Lutheran Media Support Fund reserve	100	0
LLL Ministry Support Fund reserve	1,000,000	1,000,000
LLL Mission Personnel Fund reserve	0	(5,177,073)
LLL International Mission Support Fund reserve	0	6,545
LLL Special Purposes Fund reserve	634,495	122,472
LLL Local Mission Support Fund reserve	23	5,177,096
LLL Church Worker Support Fund reserve	21	20
Total transfers to reserves	5,917,466	4,521,912

LLL Annual Report

The year in review

2017/18

