

Annual Report



For the year ended
30 June 2024



Our vision

Advancing Gospel-centered mission and ministry as Australia's leading charitable financial institution.

Our purpose

Meeting the capital needs of Christian organisations and supporting the Lutheran Church

Cover photo: Camp attendees and young leaders flourish in God's light at Christian Life Week camps; part of LLL's new Platinum Partnership with Lutheran Youth of Queensland.

Above: Scott Ross, Chief Relationship Officer, updates congregations about LLL's transition to a Religious Charitable Development Fund.

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In this Annual Report a reference to the Lutheran Laypeople League of Australia, LLL and LLL Australia is a reference to the Lutheran Laypeople's League of Australia Limited ABN 25 044 678 441.

A reference to the Lutheran Church of Australia, the LCA and the 'Church' is a reference to the Lutheran Church of Australia Incorporated and its related entities.

Key Achievements



Product Suite

Added three new investment options to LLL's products, providing customers with options where every dollar serves a greater purpose.



Loan Growth

We advanced \$38.8 million in new loans to Lutheran Church projects, marking a 12% growth in total funds lent—our largest commitment since 2019.



Platinum Partnerships

Formed strategic partnerships with two key Lutheran entities, ensuring meaningful collaboration and impact for years to come.



Telling our story

Improved engagement with our customers through the largest-ever *Together in Mission* publication, improvements to storytelling capacity with the introduction of the Mission Matters news webpage, enhanced social media presence, and increased visibility on the extensive Lutheran newsletter network.



LLL Mobile Banking App Upgrade

Enhanced customer experience with seamless facility management, savings goals tracking, and contact details maintenance—all with increased security.



Core values embedded

Launched in 2023, our core values guide us, and this year, our staff have embraced these values by utilising over 93 hours of charity leave to support various charitable causes.



Cyber strengthened

We've invested and enhanced our IT infrastructure to empower our team to work securely from anywhere, ensuring our customers experience uninterrupted and resilient engagement with us.



Spreading the Word of God

Lutheran Tract Mission shared 317,000 prayers, messages, and Bible passages with the wider Lutheran community.

More about these achievements can be found in the CEO and Chair message in this Annual Report. You can also explore inspiring stories and learn more about the impactful missional projects we support. We invite you to engage with our annual *Together in Mission* publication and stay informed through our regularly updated *Mission Matters* news page. Both are available on-line at lll.org.au/tim and lll.org.au/missionmatters

Performance at a glance

New missional loans approved



Schools and Kindergartens = \$62.8 million
 Congregations = \$605,000
 Aged Care = \$1 million
 Total = \$64.4 million

Board grants and distributions



\$2.7 million*

LLL Loan Rate



Secured **5.20%** p.a.
 Unsecured **5.70%** p.a.

Minimum Liquidity Holdings (MLH)



77.08%

Capital Adequacy Ratio (CAR)



30.59%

Loan Write Offs



\$0.00

Net Promoter Score (NPS) | 2024



Net Repeater Score (NRS) | 2024



LLL Permanent Fund Grants



\$645,522

LLL Non-interest-bearing Account Grants



\$919,637 to many LCA projects

LLL Mission Outreach Grants



\$90,000 congregational led projects

LLL Bursary Grants



\$135,000 -2024 school year

LLL Camping Ministry Grants



\$94,000

LLL deposits



\$867 million#

Total legacies



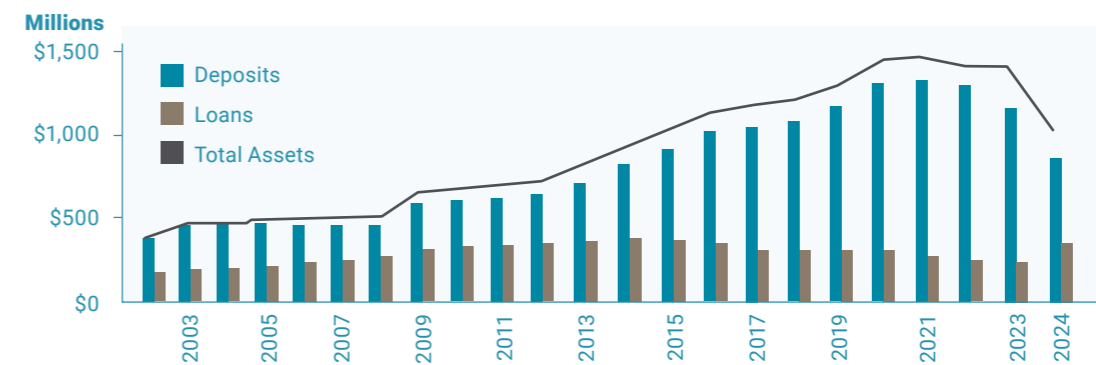
\$415,264 from 9 Estates

Donations



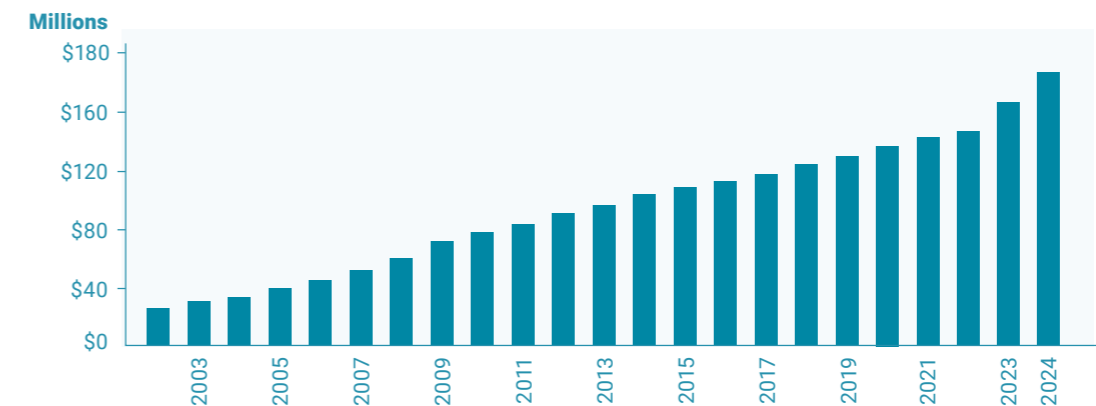
\$123,193

Deposits, Loans & Total Assets



Customers trust & support LLL's mission

Total Reserves



Continuous growth of LLL

*Figure includes LLL Permanent Fund, Mission Outreach and Bursary. #as at 30 June 2024 *The likelihood of depositors and investors choosing LLL again.

Prudential operations

Satisfaction

Support given to the LCA

Support from you to LLL

Your Board of Directors



Steven Podlich
Chair
(Appointed Oct 2023)



David Kalisch
Vice-Chair
(Appointed Oct 2023)



Andrew Leslie
(Resigned Sept 2023)



Deepa Justus



Karen Pienaar



Andrew Leithhead



Geoffrey Thiel



Nicolle Rantanen Reynolds
(Commenced Oct 2023)



Ross Smith
Chief Executive Officer



Chris Deery
Chief Operations Officer
(Commenced Oct 2024)



Tania Sargent
Company Secretary,
additionally commenced as
Chief Financial Officer
in July 2024



Briony Mitchell
Chief Risk Officer



Lori Scardigno
Head of People & Culture



Eshani Obadage
Chief Financial Officer
(Resigned July 2024)



Ignacio Welch
Chief Operations Officer
(Resigned July 2024)



Scott Ross
Chief Relationship Officer

Particulars of the Director's and Executive Committee member's skills, experience, expertise and responsibilities can be viewed at ill.org.au/about/our-people

Directors' Information

Particulars of the Director's skills, experience, expertise and responsibilities can be viewed at ill.org.au/about/our-people

The names of the persons who have been Directors during the period since 1 July 2023 and up to the date of this report are: Graeme Huf (retired from the position of Chair 1 October 2023 and as a Director 30 November 2023), Karen Pienaar, Steven Podlich (appointed Chair 1 October 2023), Geoffrey Thiel, Andrew Leslie (retired 30 September 2023), David Kalisch (appointed Vice Chair 1 October 2023), Deepa Justus, Andrew Leithhead and Nicolle Rantanen Reynolds (appointed 1 October 2023).

Chair & CEO Message

Introduction

We are humbled by the support of our loyal community who place their confidence in LLL.

As we continue our transition to a Religious Charitable Development Fund (RCDF), LLL remains committed to providing loans and financial support to the Lutheran Church of Australia and New Zealand (LCANZ), a mission we have faithfully upheld for over 100 years. With the support of our mission-minded depositors and investors, we continue to support LCANZ's congregations, schools, youth camps, retirement living and aged care facilities to build places of worship, inspire the next generation, and foster community and connection for the elderly.

Partnership with depositors, investors and donors

None of what LLL does would be possible without the incredible generosity of our mission-minded depositors and investors and donors. It's your investment that fuels the work of LLL. We are profoundly grateful to our customers who have embraced this missional partnership with us.

As of June 30, 2024, there were 26,000 savings accounts and new investment products, with a total investment of \$867 million. These investments are held by individuals, businesses, and LCA bodies who share our vision.

Bequests and legacies also play a crucial role in supporting LLL. This financial year, we received over \$530,000 in legacies and donations from our supporters, with these funds adding to our reserves and allowing us to continue to support the LCA and its communities. We are deeply humbled by the vision of those who have chosen to give beyond their own earthly lifetime.

Returning to an RCDF

For much of the year ended 30 June 2024 we have been focused on our change from an Authorised Deposit-taking Institution (ADI) to a Religious Charitable Development Fund (RCDF). This change has required action from every customer, including all individuals, households and organisations. We want to acknowledge and thank each of you for your assistance and patience with that.

By changing to an RCDF, LLL will be able to expand our support for the Lutheran Church. Remaining an ADI would have meant abandoning our purpose, which is of the utmost importance to LLL. On the other hand, as expected, the change to an RCDF means that LLL will not be authorised by regulators to meet the full banking needs of some supporters and so some have withdrawn a portion of their deposits. We respect those decisions and are grateful for their support.

This transition from ADI to RCF will continue into early 2025 and so remains ongoing at the date of the report. While there remains some work to be completed, we are overwhelmed by those mission-hearted supporters of LLL whose ongoing commitment through retention of their deposits allows us to continue this important work in support of the LCANZ.

Refinement of Vision and Purpose

The change to RCDF provides both the opportunity and the impetus for LLL to simplify and refine our Vision and Purpose.

Our Vision

Advancing Gospel-centred mission and ministry as Australia's leading charitable financial institution

Our Purpose

Meeting the capital needs of Christian organisations and supporting the Lutheran Church

When LLL formally completes the change from an ADI to an RCDF early in 2025, our growth will no longer be constrained by restrictions in our ADI licence conditions. In August 2024, in supporting LLL's vision and purpose, the General Church Board approved amendment of LLL's Constitution to position LLL for lending beyond the LCANZ and other changes that we will need to flourish as an RCDF. With a well-funded balance sheet, LLL is well placed to undertake this ecumenical endeavour, which will also benefit the Lutheran Church with higher returns.

At LLL we are excited to pursue this opportunity for growth in Gospel-centred ministry and mission with the same prudent approach to risk management that we have refined over many years of operation.

Products and services for investors

As part of our transition to RCDF, we ceased offering new Savings Accounts in March 2024 and introduced a suite of new products, including the Notice of Withdrawal and Instant Access Facilities, together with 31 day, 6 and 12 month Term Investments. These RCDF products replicate the previous savings accounts as closely as possible within our regulatory constraints.

This financial year, we upgraded our LLL App to enhance the user functionality and experience, incorporating the One Time Password security feature and increased password security requirements. Behind the scenes we continue to strengthen our cyber-security in the face of escalating security needs world-wide.

Products and services for borrowers

LLL has a rich history of lending to Lutheran organisations, which remains the most significant way we support the Lutheran Church. We support missional outcomes by deliberately setting interest rates on loans lower than what would be typical in

the commercial market, allowing our borrowers to benefit collectively by over \$5 million each year.

We continue to refine our approach to lending, adopting a bespoke approach and working with our borrowers so that their missional objectives can be met.

When there have been increases in the Reserve Bank of Australia's (RBA) interest rate, LLL has shielded our borrowers by delaying passing on the full impact of those increases so that their important work can continue. This means that we need to balance the needs of our borrowers with the needs of our depositors and investors and we are so very grateful for their generous support.

Support of the Lutheran Church

This year has been one of significant change for LLL, and we understand the impact this has had on our customers and the wider LCANZ. To support the LCANZ and our customers during the RCDF transition, LLL team members hosted over 25 forums online, reaching many congregations across Australia, as well as attending many conferences and Synod meetings to provide in-person support to our customers.

During the year, LLL advanced \$38.8 million in new lending to Lutheran Church projects, with total funds lent growing by 12% and available to schools, congregations, and aged care facilities, amounting to \$358.4 million – The largest committed lending since becoming an ADI in 2019.

Through the generosity of our depositors and investors, LLL provided grants of \$2.7 million for projects ranging from national initiatives to grassroots efforts. We also supported the Church with Mission Outreach Grants, providing \$90,000 across 6 projects, \$135,000 in LLL School Bursaries, and over \$186,000 in sponsorship to Lutheran entities, all aimed at enhancing missional outcomes.

You can explore inspiring stories and be encouraged by the impactful missional projects we support. We invite you to engage with our annual *Together in Mission* publication and stay informed through our regularly updated *Mission Matters* news page. Both are available on-line at lll.org.au/tim and lll.org.au/missionmatters

Chair & CEO Message

Our staff matter

At LLL, we are committed to caring for our employees. In doing so we take account of the relevant workplace legislation but we seek to go further, following the Biblical precept to do so. In this way, we aim to attract and retain a team dedicated to safeguarding depositor and investor funds, enhancing our returns, meeting the needs of our borrowers and delivering personal customer service.

Our core values guide us, and this year, our staff used over 93 hours of charity leave, from volunteering in opportunity shops to marshalling charity walks and providing corporate services to local charity boards.

We strive to create a respectful, flexible, and inclusive work environment where our team members can build fulfilling careers. We value all people and ensure that every employee's experience and voice is appreciated, regardless of their faith.

This year, we encourage our staff not to settle for a job well done but to strive for excellence, embedding a culture where excellence is the expectation.

Stewardship of financial resources

Our purpose is to support the Lutheran Church, primarily by providing loans at lower interest rates than what would be typical in the commercial market to help Lutheran entities meet their mission and strategic objectives. LLL also invests funds to generate income, balancing our missional goals with the need to grow our reserves and protect depositor and investor funds.

The financial year to 30 June 2024 was marked by unprecedented change for LLL; despite these changes, LLL's strong financial history endured,

generating a surplus of \$9.8 million after grants to the LCA. This surplus has allowed us to increase reserves to \$173.7 million, keeping LLL in a strong financial position and well-positioned for future growth.

An invitation

LLL exists to serve the LCA. It does that by providing loans at favourable interest rates to Lutheran church bodies. It also generates a surplus which we use to add to reserves as well as make grants to support the LCA.

LLL is not your usual financial institution. We work hard to ensure the protection of funds from depositors and investors. And we seek to provide a reasonable interest rate to those depositors and investors. But the difference is that we operate in partnership with each of you, to serve the Lutheran Church of Australia.

Can we encourage each of you to consider how your investments are put to work, and how you might put those to work for the gospel? We would love to continue to partner with you in mission to advance the Gospel of our Lord and Saviour.

We express our deepest gratitude to God for your active contribution and partnership. The Board of LLL and all of our staff are blessed to serve alongside our church and our supporters.

I thank my God every time I remember you. In all my prayers for all of you, I always pray with joy because of your partnership in the gospel from the first day until now. Philippians 1: 3-5

In Christ,

Steven Podlich
Chair

Ross Smith
CEO



New Platinum Partnerships

LLL strengthens relationships with LYQ and ALWS

We are delighted to have strengthened our long-standing relationships with Lutheran Youth of Queensland (LYQ) and the Australian Lutheran World Service (ALWS) with Platinum Partnership agreements.

These five-year partnerships will support LYQ and ALWS as they continue their vital work in pursuit of our shared missional goals.

This strategic collaboration with LYQ aims to bolster our individual purposes and magnify our collective impact for the benefit of young people as they continue on their spiritual journeys.

Both LLL and LYQ hold a deep-seated belief in the inherent worth and unique potential of every individual. LYQ's mission centres on nurturing and guiding young lives towards their full potential through rich experiential learning, intentional support and engagement with the Christian faith.



"Our purpose is to sow seeds of hope into the lives of young people, adults, and their families," said Darren Pope, Director of LYQ.

"We are committed to sharing the Good News about Jesus with young people and supporting them and their families to develop their God-given potential."

ALWS's humanitarian aid supports people facing urgent and critical emergencies caused by natural disasters or conflict, and operates alongside established programs offering longer-term support for communities dealing with more protracted crises caused by climate impacts and disease.

Our partnership with ALWS marks a significant milestone in our long collaborative history and is designed to ensure the sustainability and expansion of ALWS's vital humanitarian work in communities in desperate need in some of the world's poorest regions.

Reflecting our shared faith and heritage, and underscoring our mission focus, this collaboration aims to amplify both organisations' impact, ensuring a more robust and sustained influence for future generations.

Who you are

Western Australia

No. At Call A/C	685
Bal \$ Deposits	\$6,863,364
No. Investments	21
Bal \$ Investments	\$1,290,077
No. Borrowers	3
Bal \$ Loans	\$9,878,923

Northern Territory South Australia

No. At Call A/C	15,450
Bal \$ Deposits	\$312,639,740
No. Investments	901
Bal \$ Investments	\$127,138,171
No. Borrowers	46
Bal \$ Loans	\$146,687,079

Queensland

No. At Call A/C	4,451
Bal \$ Deposits	\$186,587,830
No. Investments	221
Bal \$ Investments	\$43,117,890
No. Borrowers	18
Bal \$ Loans	\$61,596,841

New South Wales

No. At Call A/C	1,435
Bal \$ Deposits	\$38,528,805
No. Investments	78
Bal \$ Investments	\$7,606,787
No. Borrowers	5
Bal \$ Loans	\$10,882,641

Victoria/Tasmania

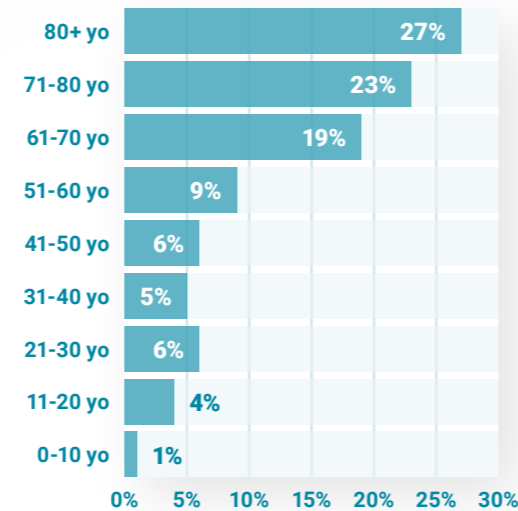
No. At Call A/C	3,388
Bal \$ Deposits	\$91,564,236
No. Investments	182
Bal \$ Investments	\$47,178,298
No. Borrowers	17
Bal \$ Loans	\$129,386,782

Total LLL Funding

Term Deposit	27%
Business Savings Account	45%
Children's Savings Account	1%
Personal Savings Account	25%
Self Managed Super Fund	2%

Instant Access Facilities and Savings Accounts	63%
Notice of Withdrawal Facilities	10%
31 Day Term Investment or Term Deposit	0%
6 Month Term Investment or Term Deposit	10%
12 Month Term Investment or Term Deposit	17%

Total LLL At Call Age Profile



Australia Total

No. At Call A/C	25,409
Bal \$ Deposits	\$636,183,975
No. Investments	1,403
Bal \$ Investments	\$226,331,223
No. Borrowers	89
Bal \$ Loans	\$358,432,267

Overseas

No. At Call A/C	74
Bal \$ Deposits	\$890,618
No. Investments	25
Bal \$ Investments	\$3,551,484

Overall Total

No. At Call A/C	25,483
Bal \$ Deposits	\$637,074,593
No. Investments	1,428
Bal \$ Investments	\$229,882,707
No. Borrowers	89
Bal \$ Loans	\$358,432,267



Your impact in action

Mission in action

During the past financial year, LLL provided \$2.7m in missional financial grants throughout the LCA at a congregation, school, district and churchwide level. This includes more than \$650,000 in Permanent Fund allocations to local and international mission projects. The following are just some of the ways those grants supported the Church.



\$75,000 + \$50,000 Camping Ministry Grants

The LLL Board's commitment to youth ministry continued with \$75,000 being awarded across the five Church districts annually (2023-2025). These grants aim to give young people the opportunity to attend Christian camps for the first time and to financially assist returning patrons, allowing more young people to connect with each other in fellowship and rejoice in the Word of God. Furthermore, LLL continued to support young leaders in gaining education and training, awarding \$50,000 across the same districts annually.



\$95,000 Mission Outreach Grants

LLL continues to offer \$125,000 annually (\$25,000 per Church district) for Mission Outreach Grant initiatives. We have been honoured to watch inspiring projects come to fruition around Australia. During this period, four grants have been awarded totalling \$95,000:

- \$20,000 Live-streaming equipment upgrade – St Michael's Lutheran Church, Hahndorf, SA
- \$25,000 Community Connections Facilitator – Our Saviour Lutheran Church, Rochedale, QLD
- \$25,000 Ministry Coordinator - Wodonga Lutheran Parish, VIC
- \$25,000 Digital church signage - Holy Cross, Immanuel & Good Shepherd, Canberra, ACT

Read the LLL publication *Together in Mission* for more details and progress reports as these grants come to fruition: view lll.org.au/TiM



\$135,000 School Bursary Grants

LLL School Bursary Grants continue to assist students in gaining a Lutheran education; students who otherwise would have been precluded due to financial hardship. These bursaries allow Lutheran schools across Australia to financially assist students in gaining an education that brings the Word of God to life. LLL has committed \$1m to schools over seven years. The first grants were awarded in 2021, with an additional \$150,000 to assist families impacted by COVID-19 financial hardship.



\$186,500 Sponsorships

LLL proudly sponsored a range of missionally aligned events and initiatives, to a total value of \$186,500, including:

- The LCAQD Synod Art Competition, QLD (pictured)
- The John Drama production – St John's Lutheran Church, Naracoorte, SA
- LCA Vic-Tas District Pastors Conference and Convention of Synod – Tarneit, VIC
- Cantata Vespers Service – Bethlehem Lutheran Church, Adelaide, SA
- Teacher Trauma Awareness Education – LEQ, QLD

Read the LLL publication *Together in Mission* for more details and progress reports as these and other sponsorships come to fruition - lll.org.au/TiM



1. LLL staff and a Board member join the ALWS "Walk My Way" event in support of Ukraine. 2. Youth camp participants enjoying their time at Luther Heights in Queensland. 3. Wodonga Lutheran Parish representatives accept a Mission Outreach Grant from Ross Smith, LLL CEO. 4. LLL Bursaries continue to support families facing financial hardship, enabling children to attend Lutheran schools. 5. Ross Smith and First Assistant Bishop Rev. Ben Hentschke present awards to the winners of the LCAQD Art Competition.

Director's Report

Directors attendances at meetings

Each Director is normally a member of at least one Board Committee. The table below shows the number of Directors' meetings held (including meetings of Board Committees noted below) and the number of meetings attended by each of the Directors of the Lutheran Laypeople's League of Australia during the year.

Nicolle Rantanen-Reynolds was appointed to the Board in October 2023 and attended meetings from then.

Director	Board		Governance and Remuneration Committee		Audit Committee		Risk Committee		Nominations Committee		Credit Approval Committee		Transition Committee	
	H	A	H	A	H	A	H	A	H	A	H	A	H	A
Graeme Huf	4	4	2	2										
Andrew Leslie	2	1					2	0						
Karen Pienaar	13	11	8	7	5	5			4	4			11	9
Steven Podlich	13	13	6	6			10	9			7	6		
Geoffrey Thiel	13	13			5	5	2	2	4	4	7	5		
Deepa Justus	13	13			5	5	8	8					11	10
David Kalisch	13	13	8	8					4	4				
Andrew Leithhead	13	12	6	6			10	10			7	6	11	11
Nicolle Rantanen-Reynolds	11	11			4	4	8	8						

(A) Number of meetings attended during the period

(H) Number of meetings held during the period the member was a Director

Principal activities

The principal objects of LLL during the year were to advance the work of the Lutheran Church of Australia and New Zealand (LCANZ) through the provision of financial benefits and services. This is achieved by operating as a charitable financial institution in Australia.

As a charitable financial institution, LLL raises deposits from members and supporters of the LCANZ and uses those funds to provide ministry support to the Church. This support includes the provision of charitable loans exclusively to the LCANZ and constituent entities together with the provision of direct economic benefits from generated returns. Those operations are consistent with LLL's 100 year history.

Prior to 2019, LLL conducted those operations as a Religious Charitable Development Fund (RCDF). From 1 February 2019, LLL commenced operation as an Authorised Deposit-taking Institution (ADI) under a banking authority granted by the Australian Prudential Regulation Authority (APRA). The banking authority provided by APRA included certain conditions. One of those conditions is that LLL may only lend to LCANZ Church Bodies.

During the reporting period, LLL continued its operations as an ADI. On 29 November 2023, it was announced that the LLL would be returning to its longstanding RCDF status to ensure it continues to fulfil its purpose of providing finance with a mission. Since the announcement date, there has been significant work transitioning with LLL's customers from their ADI products to RCDF products, both at a retail and corporate level.

Strategic priorities

During 2024 LLL reviewed its Vision, Purpose and Strategic Imperatives.

LLL's Vision is to advance Gospel-centred mission and ministry as Australia's leading charitable financial institution.

LLL's Purpose is to meet the capital needs of Christian organisations' and to support the Lutheran Church.

In August 2024, the LLL members endorsed a revised Constitution, which includes an expanded Objects clause allowing the LLL to commence lending to non-Lutheran entities after the transition to RCDF has been completed. The changes also improve the ability for the Board to draw on necessary skills and experience with a broader composition that includes additional non-congregational directors. The Constitution was approved by the LCA General Church Board at their meeting on the 16/17 August 2024.

Financial performance disclosures

Result and review of operations

LLL recorded a surplus for the year from operations excluding legacies and donations amounting to \$9,282,461 (\$9,820,918 including legacies and donations). The calculation of surplus is after recording as expenses the various grants and distributions paid/to be paid to the LCA.

Following is the breakdown of grants and distributions made to the LCA during the last 12 months:

Recipient	\$
Board Allocations	2,111,000
Benefits to Lutheran schools	135,000
Other grants to the LCA	454,000
Sundry donations	NIL
Total	\$2,700,000

Director's Report

Financial performance disclosures

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

During the year ended 30 June 2024, transfers to reserves were made in accordance with the policy settings of LLL, activity and prudential requirements.

The ability of LLL to generate a surplus was largely determined by interest rates that apply to its capital stable investments. During the year ended 30 June 2024, the RBA increased the cash rate in November 2023 with no increases since that time. LLL has only increased its deposit and lending interest rates modestly to reflect the generally consistent RBA cash rate. LLL increased the deposit interest rate by 40 bps to 2.20% for at-call deposits and by 50 bps to 4.10% for 6-month term deposits and by 50 bps to 4.85% for 12-month term deposits during the current financial year.

Seeking to shield borrowers from the market movements, LLL gradually increased the loan rate from 4.2% to 4.7% for borrowers with first mortgage securities and from 4.7% to 5.2% for other borrowers throughout the year ended 30 June 2024.

Legacies and donations

LLL is grateful for the benevolence of persons who make a permanent financial contribution to LLL via donations and bequests. In the year ended 30 June 2024, LLL received legacies of \$415,263 and donations of \$123,193. These moneys are recorded as income in accordance with accounting standards and are then permanently honoured by transferring them to Legacies, Donations and Special Purpose Fund Reserves in accordance with LLL policy.

Legacies and donations have been received over the last 12 months by the following donors:

Donor
Werner, F
Welke, C J
Schmacher, L N
Heinz, A C
Pelchen, J P
Liersch, I E
Weichert, M E
Roach, S P

Financial performance disclosures

Key performance measures

LLL measures its performance through the use of quantitative and qualitative measures and key performance metrics. These metrics are used by the Directors among other considerations to assess whether the Company's short-term and long-term objectives are being achieved.

	2024 \$	2023 \$
Financial benefits metrics		
LCA grants and distributions	2,700,000	2,600,000
Total assets	1,049,784,002	1,351,626,444
Growth in total assets	-22.3%	-4.3%
Total reserves	133,466,538	132,900,828
Growth in reserves	0.4%	2.19%

Customer metrics

Loan book balance (before ECL)	261,834,063	251,067,412
Growth in loan look balance	4.3%	1.4%
Depositors funds held	866,960,047	1,181,211,172
Growth in deposits	-26.6%	-6.3%

Non-Financial metrics

Critical Systems uptime	99.99%	100%
Staff satisfaction	90%	92%
Net Promoter Score*	45	36

* Net Promoter Score is a widely used market research metric that typically takes the form of a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or service to a friend or colleague. NPS scores are reported with a number from the range of -100 to +100; a higher score is desirable.

Environmental Regulations

The LLL's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. Directors also believe that LLL has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those requirements as they apply to LLL.

Subsequent events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

In the opinion of the Directors, since the end of the financial year to date of this report, there are no other matters or circumstances that have arisen that significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Indemnification and Insurance of Directors and Officers

During the period, LLL paid a premium in relation to a Directors and Officer's liability insurance policy, indemnifying the Directors and its Executives against certain liabilities. The Directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contract, as such disclosure is prohibited under the terms of the contract.

Director's Report

Transition from an Authorised Deposit Institution (ADI) to Religious Charitable Development Fund (RCDF)

On 29 November 2023 LLL announced its intention to transition from an Authorised Deposit Institution ADI regulated by the Australian Prudential Regulation Authority (APRA) to an Religious Charitable Development Fund RCDF regulated by the Australian Securities and Investments Commission (ASIC). Since that date, detailed transition plans have been refined and are being implemented, with transition activities continuing with all retail and corporate customers. The transition plans address the key elements of regulatory matters, finance and liquidity management requirements, communications and operations, together with a range of other matters. These plans, up to 1 March 2025 for full transition, are being implemented with some key milestones already achieved.

There has been increased expenses for staffing, consultancy and legal advice to assist with the preparation and implementation of the transition plans, as evidenced in the Financial Statements and Notes.

LLL has continued to consult with APRA and ASIC on key matters regarding the transition to an RCDF. These matters have included:

- Development and approval of a new suite of product offerings consistent with those allowed to be offered by an RCDF;
- Planned cessation of certain existing product offerings not allowed by an RCDF; and
- Planned relinquishment of our ADI license, acknowledged by APRA.

On 31 January 2024, the final significant regulatory approval to facilitate the transition to an RCDF was obtained from ASIC. The form of this approval was the receipt of transitional relief until 1 March 2025 to allow LLL to offer RCDF investment products whilst remaining as an ADI and to run-off existing ADI-only products. This transitional arrangement is necessary because an RCDF is not otherwise permitted to issue or hold ADI deposit products. The impact of this is, by 1 March 2025:

- All funds held by LLL from non-associated depositors in At-Call and Term Deposit accounts must be either repaid or transferred to an RCDF investment product. At 30 June 2024 such funds totalled \$280m.
- LLL will need to relinquish its licence to operate as an ADI.

As at 30 June 2024 LLL held interest bearing investment assets totalling \$775m which included: \$438m of cash and cash equivalents, \$312m of other liquid assets and \$25m of other investments. Additionally, LLL held loan receivable assets of \$262m. As at 30 June 2024 LLL had total deposit liabilities of \$867m including; at call and term deposit liabilities to non-associated retail clients of \$280m; at-call deposit liabilities to associates of \$462m and \$ term deposit liabilities to associates of \$125m.

The higher level of cash and cash equivalents held at 30 June 2024 reflects the requirements from APRA for the LLL to hold greater levels of liquidity during the transition period.

LLL has continued to update its forward cashflow projections for the period to 28 February 2025. Based on the level of deposits and investments held at 30 June 2024, as well as ongoing evaluation of depositor responses since the announcement on 29 January 2023, the directors believe that LLL will remain sufficiently funded as an RCDF to continue current operations.

Taking into account the plans developed and the transition activities to date, the Directors are confident that adequate liquidity will be available for all reasonably foreseeable scenarios, and further, that LLL will have sufficient scale to continue to deliver its missional purpose of providing financial benefits and services to the LCA.

Accordingly, the Directors have prepared the financial report on a going concern basis. Notwithstanding this, and in acknowledgement that some level of uncertainty in relation to the extent to which depositors choose to withdraw deposits or no longer deposit funds with LLL, and the timing of their decision remains uncertain, a note to the financial statements (Note 32) has been included.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.



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AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-C SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF LUTHERAN LAYPEOPLE'S LEAGUE OF AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been no contraventions of:

- (a) the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

10 October 2024

Advisory. Tax. Audit.

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Statement of Income and Expenditure and Other Comprehensive Income for the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Gross interest income	6	59,068,208	45,210,322
Gross interest expense	6	(29,928,888)	(16,706,859)
Net interest income		29,139,320	28,503,463
Legacies		415,263	1,350,178
Donations		123,193	25,233
Other income	7	269,985	641,984
Impairment release on loans and investments	18	105,000	53,000
Operating income before operating expenses and grants and donations		30,052,761	30,573,858
Employee benefit expenses	8	(7,276,518)	(5,914,800)
Other expenses	9	(8,949,519)	(6,094,494)
Other benefits and services	10	(1,305,806)	(832,071)
Grants and distributions	11	(2,700,000)	(2,600,000)
Net surplus		9,820,918	15,132,493
Other comprehensive income		-	-
Items that will not be reclassified subsequently to income and expenditure		-	-
Gain on revaluation of land and buildings			1,025,414
Total other comprehensive income		-	1,025,414
Total comprehensive income for the year		9,820,918	16,157,907

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2024

	Note	2024	2023
		\$	\$
Assets			
Cash and cash equivalents	12	439,210,377	83,444,903
Investments	13	337,145,254	1,000,083,811
Trade and other receivables	14	614,652	248,202
Other assets	22	2,172,678	8,170,813
Loans receivable	15	261,648,128	250,845,412
Property and equipment	21	8,569,477	8,658,652
Intangible assets	25	423,436	174,651
Total assets		1,049,784,002	1,351,626,444
Liabilities			
Deposits	16	866,960,047	1,181,211,172
Trade and other payables	17	3,391,681	2,879,582
Other liabilities	23	5,306,931	3,393,153
Provisions	24	660,520	498,632
Total liabilities		876,319,179	1,187,982,539
Net assets		173,464,823	163,643,905
Equity			
Accumulated funds		39,998,285	30,743,077
Reserves	26	133,466,538	132,900,828
Total equity		173,464,823	163,643,905

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2024

	Accumulated Funds	Asset Revaluation Reserve	LLL - ALWS Support Fund Reserve	LLL-Child, Youth & Family Support Fund Reserve	LLL - Lutheran Media Support Fund Reserve	LLL-International Mission Support Fund Reserve	LLL - Special Purposes Fund Reserve	LLL - Training & Development Support Fund Reserve
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2022	17,432,355	4,965,812	1,996,226	1,108,167	584,192	5,705,995	15,219,776	1,509,421
Comprehensive income								
Net surplus for the year	15,132,493	-	-	-	-	-	-	-
Other comprehensive income	1,025,414	-	-	-	-	-	-	-
Total comprehensive income	16,157,907	-	-	-	-	-	-	-
Transfer to reserves	(2,847,185)	1,025,414	568	-	-	-	1,581,188	-
Balance as at 30 June 2023	30,743,077	5,991,226	1,996,794	1,108,167	584,192	5,705,995	16,800,964	1,509,421
Comprehensive income								
Net surplus for the year	9,820,918	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	9,820,918	-	-	-	-	-	-	-
Transfer to reserves	(565,710)	-	16,389	(1,100,000)	(498,000)	(5,600,000)	(5,741,049)	(1,500,000)
Balance as at 30 June 2024	39,998,285	5,991,226	2,013,183	8,167	86,192	105,995	11,059,915	9,421

Statement of Changes in Equity for the year ended 30 June 2024

	In-Memoriam Donations Reserve	Legacies Reserve	Donations Reserve	Capital Reserve	General Reserve for Credit Losses	LLL- Church Worker Support Fund Reserve	LLL-Local Mission Support Fund Reserve	LLL- Ministry Support Fund Reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2022	199,558	27,230,151	1,206,838	36,975,924	2,000,000	1,620,485	11,731,098	18,000,000	147,485,998
Comprehensive income									
Net surplus for the year	-	-	-	-	-	-	-	-	15,132,493
Other comprehensive income	-	-	-	-	-	-	-	-	1,025,414
Total comprehensive income	-	-	-	-	-	-	-	-	16,157,907
Transfer to reserves	15,444	214,782	6,271	-	-	10	8	3,500	-
Balance as at 30 June 2023	215,002	27,444,933	1,213,109	36,975,924	2,000,000	1,620,495	11,731,106	18,003,500	163,643,905
Comprehensive income									
Net surplus for the year	-	-	-	-	-	-	-	-	9,820,918
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	9,820,918
Transfer to reserves	255	167,176	16,833	44,127,243	-	(1,050,224)	(10,275,413)	(17,997,500)	-
Balance as at 30 June 2024	215,257	27,612,109	1,229,942	81,103,167	2,000,000	570,271	1,455,693	6,000	173,464,823

The accompanying notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2024

	Note	2024	2023
		\$	\$ (*restated)
Cash flows from operating activities			
Interest received		64,823,787	39,077,133
Interest paid		(27,824,255)	(13,914,301)
Net decrease in loan facilities		(10,872,383)	(3,565,864)
Net (decrease) increase in Depositors' funds		(314,251,125)	(79,739,274)
Sundry receipts from operations		257,443	672,700
Payments to suppliers, employees and allocations		(19,493,825)	(14,656,296)
Legacies received		415,263	1,350,178
Donations received		123,193	25,233
Net cash from operating activities	29	(306,821,902)	(70,750,491)
Cash flows from investing activities			
Proceeds from sale of property and equipment		-	-
Purchase of property and equipment		(13,601)	(106,251)
Purchase of intangibles		(441,580)	(190,896)
Purchase of interest bearing securities		(132,119,140)	(599,389,657)
Disposal of interest bearing securities		795,161,697	675,849,107
Net cash from investing activities		662,587,376	76,162,303
Net increase in cash and cash equivalents		355,765,474	5,411,812
Cash and cash equivalents, beginning of the year		83,444,903	78,033,091
Cash and cash equivalents, end of the year	12	439,210,377	83,444,903

Notes to the Financial Statements for the Year Ended 30 June 2024

Introduction

Note 1 Reporting Entities

These are the financial statements of Lutheran Laypeople's League of Australia Limited (the Company or LLL) as an individual entity for the year ended 30 June 2024. Lutheran Laypeople's League of Australia Limited is incorporated and domiciled in Australia and is a not-for-profit company Limited by Guarantee.

Note 2 Basis of Accounting

This general purpose financial report (tier 1) has been prepared in accordance with:

- The Australian Charities and Not-for-profits Commission Act 2012;
- Australian Accounting Standards (AAS) and Interpretations as issued by the Australian Accounting Standards Board (AASB);
- The Corporations Act 2001;

The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The Directors resolved to authorise the issue of these financial statements on 11 October 2024.

Note 3 Functional and Presentation Currency

These financial statements are presented in dollars which is the Company's functional currency.

Note 4 Use of Judgements and Estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements and estimates made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 14 Provision for expected credit losses.
- Note 17 Property and equipment.

Note 5 Summary of Material Accounting Policy Information

Information about the Company's accounting policies applied in the preparation of the financial statements is distinguished within the relevant notes to the financial statements.

The following accounting policies apply to more than one specific note or to the Company as a whole.

a. Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

b. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

The Company is entitled to claim only 'reduced input tax credits' in relation to limited types of expenditure pertaining to financial supplies and is entitled to claim apportioned input tax credits to the extent that expenditure is attributable to creditable acquisitions. Expenses are recognised net of GST, where claimable. GST incurred but not claimed is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the Financial Statements for the Year Ended 30 June 2024

c. Newly Adopted Accounting Standards

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*

The Company has adopted this accounting standard from 1 July 2023. AASB 2021-2 and AASB 2021-6 amend various accounting standards in order to assist with identifying material accounting policies, clarify the distinction between accounting policies and accounting estimates, and require the disclosure of material accounting policy information, rather than significant accounting policies.

The adoption of the amendment did not have a material impact on the financial statements.

d. New and Amended Accounting Standards Not Yet Adopted

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- *AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- *AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- *AASB 2023-3: Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2*

These amendments clarify the requirements for classification of liabilities in the statement of financial position as either current or non-current, including the effect of rights to defer settlement of liabilities for at least 12 months after the reporting period.

The Company plans on adopting the amendments for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

e. Going Concern

This general purpose financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Notes to the Financial Statements for the Year Ended 30 June 2024

Financial Performance

Note 6 Net Interest Income

Accounting Policy

Interest income and expense are recognised in the statement of income and expenditure and other comprehensive income using the effective interest method. The effective interest method measures the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate discounts the estimated stream of future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial instrument.

Fees and costs which form an integral part of the effective interest rate of a financial instrument are recognised using the effective interest method and recorded in interest income or expense depending on whether the underlying instrument is a financial asset or liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in income and expenditure.

	2024	2023
	\$	\$
Interest income		
Investments	46,098,209	37,295,441
General church loans	12,969,999	7,914,881
Gross interest income	59,068,208	45,210,322
Interest expense		
Depositors	29,928,888	16,706,859
Gross interest expense	29,928,888	16,706,859
Net interest income	29,139,320	28,503,463

Note 7 Other Income

Accounting Policy

All revenue is stated net of goods and services tax.

The Company leases property to external parties. Upon entering into each contract as a lessor, the Company assesses whether the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Other income includes unclaimed monies retained in accordance with legislative requirements and internal policy.

	2024	2023
	\$	\$
Net (loss) profit on disposal of non-current assets		(416)
Reimbursements for office services		-
Rental income	131,403	122,615
Lutheran Tract Mission	43,382	39,270
Other income	95,200	480,515
Total	269,985	641,984

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 8 Employee Benefit Expenses

Accounting Policy

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred. This disclosure policy includes superannuation contributions made by salary sacrifice at the direction of the employee.

Salaries and wages together with superannuation contributions disclosed in the financial statements include remuneration of the Directors.

Employee benefits are expensed as the related service is provided.

	2024	2023
	\$	\$
Annual leave	510,365	397,262
Fringe benefits	36,217	34,237
Long service leave	72,235	(4,967)
Salaries and wages	5,868,207	4,866,445
Superannuation contributions	789,494	621,823
Total	7,276,518	5,914,800

Note 9 Other Expenses

Accounting Policy

Other expenses are recognised as the related expense is incurred.

The LLL has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets. Lease payments in respect of these leases are expensed when paid.

	2024	2023
	\$	\$
Amortisation expense	192,795	80,907
APRA fees	39,720	54,072
Audit fees	341,825	157,956
Computer expenses	950,695	972,809
Consulting and legal	5,319,364	3,045,716
Depreciation	102,776	127,481
Insurance	393,291	413,601
Lease payments on low value assets	40,623	21,217
LTM costs	91,676	50,411
Occupancy costs	97,703	85,654
Other administration expenses	1,379,051	1,084,670
Total	8,949,519	6,094,494

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 10 Other Benefits and Services

Accounting Policy

The Company makes payments to the Lutheran Church of Australia to fund its projects in accordance with the charitable objects of the Company. The payment amounts are calculated based on the related financial year's surplus and paid when the financial statements have been finalised.

LLL also incurs some minor service costs with respect to certain deposit accounts and costs associated with school banking services.

	2024	2023
	\$	\$
Collection costs - School banking services	4,659	7,185
Subsidy on Children's new deposit accounts	565	1,235
Interest benefits to Lutheran schools	919,637	629,904
Other Grants to the LCA	319,500	126,574
Sundry donations	8,651	28,773
Various LCA projects	52,794	38,400
Total	1,305,806	832,071

Note 11 Grants and Distributions

Accounting Policy

Distributions are paid by LLL to provide funding for various activities of the LCA as part of the ordinary course of operation and consistent with its charitable objects. While discretionary in nature, distributions on permanent funds are calculated and paid using nominal internal rates applied to reserve balances that are maintained by LLL for those specific purposes. These specific purposes are described at Note 26 as part of Reserve disclosures. The committed distributions are paid throughout the year and the year-end distributions are paid upon finalisation of the financial statements.

Annual grants to the Lutheran Church of Australia are recorded in the year that they relate to.

	2024	2023
	\$	\$
Board Allocations	2,111,000	2,233,751
Benefits to Lutheran Schools	135,000	135,000
Other grants to the LCA	454,000	225,249
Sundry Donations	-	6,000
Total	2,700,000	2,600,000

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2024

Financial Instruments

Overview

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to borrowers. Financial instruments are initially measured at fair value plus transaction costs and recognised on settlement date.

Classification and subsequent measurement

Classification

Financial assets are disclosed in the statement of financial position at a carrying amount which reflects the Company's business model for managing assets.

The Company's asset management model is that of holding financial assets with the objective of collecting contractual cash flows and where the contractual terms give rise to cash flows that are solely payments of principal and interest.

These financial instruments are, subsequent to initial measurement, measured at 'amortised cost' using the effective interest rate method.

Measurement

Financial assets measured at amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method and less any reduction for impairment.

The effective interest rate method is used over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in income and expenditure.

Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Interest expenses and gains or losses on derecognition are recognised in income and expenditure.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company removes a financial liability from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 12 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash on hand and deposits held with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Refer to Note 29 Notes to the statement of cash flows for a detailed reconciliation of cash and cash equivalents.

	2024	2023
	\$	\$
Cash and cash equivalents	439,210,377	83,444,903

Total **439,210,377** **83,444,903**

Note 13 Investments

Accounting Policy

Investment securities are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, as they are held in a business model with the objective of collecting contractual cashflows. The contractual terms of these investments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

	Note	2024	2023
		\$	\$
Term deposits	19	11,725,323	191,725,324
Debt securities	19	325,497,931	808,540,487

Total gross investments **337,223,254** **1,000,265,811**

Allowance for expected credit losses	18	(78,000)	(182,000)
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Total net investments **337,145,254** **1,000,083,811**

Note 14 Trade and Other Receivables

Accounting Policy

Interest and other receivables are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost.

	2024	2023
	\$	\$
Sundry loans	77,001	6,334
Interest debtors	474,704	232,148
Other receivables	62,947	9,720

Total **614,652** **248,202**

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 15 Loans Receivable

Accounting Policy

Loans and advances feature contract terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance. These costs are amortised over the estimated life of the loan. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any provision for credit impairment.

	Note	2024	2023
		\$	\$

General Church Loans

General Church		1,957,606	2,669,341
New South Wales		3,619,138	2,719,523
Queensland		43,986,939	46,794,181
South Australia		113,382,866	115,439,936
Victoria		89,008,591	72,598,804
Western Australia		9,878,923	10,845,627

Total **261,834,063** **251,067,412**

Other Loans

Other sundry loans		35,065	-
--------------------	--	--------	---

Total **35,065** **-**

Total gross loans receivable **261,869,128** **251,067,412**

Allowance for expected credit losses	18	(221,000)	(222,000)
--------------------------------------	----	-----------	-----------

Total net loans receivable **261,648,128** **250,845,412**

Note 16 Deposits

Accounting Policy

Deposits and Investments are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost.

	2024	2023
	\$	\$
Deposits - at call	637,077,340	955,226,603
Deposits - term	229,882,707	225,984,569

Total **866,960,047** **1,181,211,172**

Note 17 Trade and Other Payables

Accounting Policy

Interest and other payables are initially recognised at fair value and subsequently measured at amortised cost.

LCA and District allocations are recognised in the year to which they relate.

	2024	2023
	\$	\$
Trade creditors	979,181	378,452

Total **979,181** **378,452**

Grants and donations payable

LCA grants and distributions	2,111,000	2,270,423
Special purpose allocations	301,500	230,707

Total **2,412,500** **2,501,130**

Total trade and other payables **3,391,681** **2,879,582**

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 18 Provision For Expected Credit Losses

Accounting Policy

AASB 9 requires the Company to recognise 'expected credit losses' on financial instruments. Expected credit losses represent a probability-weighted estimate of the present value of credit losses as a result of default. The Company assesses default to have occurred where a contractual payment is equal to or more than 90 days past due.

Financial assets to which the expected credit losses model are applied have been categorised as follows:

Stage	Measurement basis
Stage 1	assets whose credit risk has not increased significantly since initial recognition.
Stage 2	assets whose credit risk has increased significantly since initial recognition, other than those assessed as credit-impaired.
Stage 3	assets which are credit-impaired.

Expected credit losses on Stage 1 assets represent the portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date.

Expected credit losses on Stage 2 and Stage 3 assets represent lifetime expected credit losses resulting from all possible default events over the expected life of the financial asset.

Financial assets are assessed for significant increases in credit risk on an individual basis based on a variety of factors, including past events, current conditions and forward-looking information at both an individual counterparty level and a collective and macroeconomic level.

Financial assets which become past due by 30 days or more are presumed to have suffered a significant increase in credit risk in the absence of reasonable and supportable information which may rebut this presumption. The Company assesses an amount as past due where a contractual payment has not been met. No financial assets of the Company were assessed as past due by 30 days or more during the reporting period.

Where a financial asset has been externally rated as 'investment grade' the Company has assumed that the asset has not suffered a significant increase in credit risk since initial recognition. This assumption has been applied to the Company's portfolio of investments in term deposits and debt securities where relevant.

Expected credit losses on Stage 1 and Stage 2 financial assets are measured on a collective basis. Financial instruments are grouped by instrument type and on the basis of shared credit risk characteristics.

Measurement of expected credit losses

Expected credit loss calculations are based on historical loss rates, adjusted for current conditions and forward-looking information at both an individual counterparty level and a macroeconomic level.

Expected credit losses are the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

All of the Company's loans receivable are supported by guarantees provided by the LCA Districts. Mortgages over freehold property and other security are also held in relation to a large portion of the Company's loans receivable.

The existence of these security instruments is highly relevant to the estimation of expected credit losses.

Credit-impaired financial assets

A financial asset or a group of financial assets is deemed to be impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

In the case of financial assets carried at amortised cost, loss events may include: significant financial difficulty of the borrower; breach of contract, such as default or past due event; granting of concessions to a borrower due to the borrower's financial difficulty which the Company would not otherwise consider; indications that it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Financial assets are assessed for indicators of impairment at the end of each reporting period. The amount of the impairment loss is measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of any loss is recognised as part of the provision for expected credit losses.

Notes to the Financial Statements for the Year Ended 30 June 2024

Write-off of financial instruments

Financial assets are written off where there is no reasonable expectation of recovering the entirety or a portion of the gross carrying amount of a financial asset. The Company generally determines that there is no reasonable expectation of recovery where the counterparty no longer has sufficient assets or cash flows to repay any further amounts, and collateral and guarantees held by the Company to secure the exposure have been exhausted. Recovery of amounts previously written off (for example, due to continuing enforcement activity) reduce any loan impairment expense recognised for the reporting period.

Renegotiated or modified loans

Where the terms of a loan have been renegotiated or modified and the loan is not derecognised, the Company adjusts the gross carrying amount of the financial asset to reflect the present value of the renegotiated cash flows. Where this occurs, the Company assesses whether there has been a significant increase in credit risk by comparing the risk of default at the reporting date based on the modified contractual terms against the risk of default at the time of initial recognition of the original loan. Renegotiation or modification of a loan to assist a borrower with meeting their contractual payment obligations is generally considered to be an indicator of an increase in credit risk.

Where the Company determines that a loan was modified due to the borrower's financial distress, the gain or loss from adjustment of the carrying amount is recognised as part of impairment losses.

A decrease in credit risk will ordinarily only be assessed to have occurred after a prolonged history of payment performance against the modified contractual terms and consideration of a variety of indicators of financial performance of the borrower.

Collateral and other credit enhancements

Most loans are secured by first mortgages and general security deeds. All loan exposures are secured by a specific guarantee and indemnity for loss from the relevant Districts of the Church.

Reconciliation of provision for expected credit losses

The Company has recognised expected credit losses with respect to its financial assets held as at 30 June 2024 in accordance with this accounting policy.

The following table shows the movement in expected credit losses recognised in accordance with this accounting policy with respect to financial assets measured at amortised cost.

Notes to the Financial Statements for the Year Ended 30 June 2024

2024	Stage 1 12-month ECL	Stage 2 Lifetime ECL Not credit impaired	Stage 3 Lifetime ECL Credit impaired	Total
	\$	\$	\$	\$
Opening loss allowance - Loans	135,000	87,000	-	222,000
Charges for the period	16,400	(17,400)	-	(1,000)
Transfers to Stage 1	2,500	(2,500)	-	-
Transfers to Stage 2	(900)	900	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Loans	153,000	68,000	-	221,000
Opening loss allowance - Investments	182,000	-	-	182,000
Charges for the period	(104,000)	-	-	(104,000)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Investments	78,000	-	-	78,000
Total loss allowance	231,000	68,000	-	299,000

Notes to the Financial Statements for the Year Ended 30 June 2024

2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL Not credit impaired	Stage 3 Lifetime ECL Credit impaired	Total
	\$	\$	\$	\$
Opening loss allowance - Loans	185,000	120,000	-	305,000
Charges for the period	(103,000)	20,000	-	(83,000)
Transfers to Stage 1	57,000	(57,000)	-	-
Transfers to Stage 2	(4,000)	4,000	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Loans	135,000	87,000	-	222,000
Opening loss allowance - Investments	152,000	-	-	152,000
Charges for the period	30,000	-	-	30,000
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Investments	182,000	-	-	182,000
Total loss allowance	317,000	87,000	-	404,000

Notes to the Financial Statements for the Year Ended 30 June 2024

Sensitivity of provision for expected credit losses to changes in loan categorisations

The Company has conducted a sensitivity analysis with respect to the categorisation of loans within its modelling for the provision for expected credit losses. The impact of changes to loan categorisations is shown here.

2024	Increase (decrease) in loan provision	Balance of loan provision
	\$	\$
All Stage 1 Moderate Risk and Stage 1 Loans Without First Mortgage elevated to Stage 2	20,000	241,000
All Stage 2 loans returned to Stage 1 Moderate Risk	(21,000)	200,000
All Stage 2 loans returned to Stage 1 Low Risk	(52,000)	169,000

2023	Increase (decrease) in loan provision	Balance of loan provision
	\$	\$
All Stage 1 Moderate Risk and Stage 1 Loans Without First Mortgage elevated to Stage 2	28,000	250,000
All Stage 2 loans returned to Stage 1 Moderate Risk	(31,000)	191,000
All Stage 2 loans returned to Stage 1 Low Risk	(68,000)	154,000

Critical accounting judgements and estimates

Significant judgement is applied in estimating provisions for expected credit losses. The Company uses a risk-based approach to estimate expected credit losses, whereby loans are grouped into categories of loans sharing common risk factors. Risk factors include security, loan-to-value ratios, borrower industry, repayment history and other quantitative and qualitative information. Probability of default (PD) and loss-given default (LGD) estimates are then applied to each loan category in accordance with benchmark PDs and LGDs, adjusted for the Company's own unique loss experience and expectations.

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 19 Financial Risk Management

The Company's Risk Management Framework (RMF) integrates risk management processes into the Company's governance, strategic planning, risk appetite, policies and reporting to ensure that risk is managed effectively and coherently.

LLL has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (Interest rate risk)

LLL's Board of Directors is ultimately responsible for the sound and prudent management of the operation. Risk governance originates with the Board and cascades via Board level committees through the CEO, Management and staff.

The Board, through the Board Risk Committee, promote awareness of a risk based culture within the Company and support the establishment by management of an acceptable balance between risk and reward. The Chief Risk Officer provides a regular report to the Board Risk Committee including updates on material risk categories and meets regularly with the Board Risk Committee Chairperson outside the scheduled meeting program.

The Company's RMF utilises the 'Three Lines of Defence' model. Risk management accountabilities are allocated for risk ownership and functionally independent oversight and assurance across the three lines (see below). These act as the foundation for effective risk management across the organisation.

Stage	Response
First Line	Executive management own and manage risks and controls (including the identification and assessment of risk and controls) within their business and across the operational environment in line with the organisation's risk appetite.
Second Line	The Risk function provides independent risk management expertise and independent oversight for management's risk taking activities and assists the Board, board committees and senior management to maintain the RMF which enables first line management to manage the risk and control environment within the Board approved risk appetite.
Third Line	Internal audit provides independent assurance over the RMF and its application by the First and Second Lines.

Credit Risk

Credit risk overview, management and control responsibilities

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss.

Credit risk is managed through the strict adherence to loan procedures and policies. Constitutionally, the Company is restricted to lending funds to the Church, and bodies under the umbrella of the Church, for various projects undertaken to facilitate their ministries.

The Company undertakes a robust assessment of credit applications through adherence to strict credit policies. Where appropriate, loans are secured by available collateral in accordance with credit policy. Traditionally, such collateral included a guarantee of repayment and indemnity for loss, in the event of default, from the Lutheran Church of Australia Incorporated, embracing the recognised Districts of the Church. The Company now also applies collateral requirements with respect to credit applications that includes mortgage security, general security deeds and other measures deemed appropriate, according to circumstances.

Credit risk is also minimised through strict policies on investing surplus liquid funds. Investment is only able to be made as follows:

- With an Authorised Deposit-taking Institution (ADI) within the meaning of the Banking Act 1959.
- In bills, bonds, inscribed stock, debentures, deposit receipts and other securities issued by the Commonwealth of Australia, or by any State, or by a public statutory authority constituted under the Law of the Commonwealth or any State.
- Highly rated investment grade corporate bonds in accordance with internal investment policy.

APRA has also enforced concentration limits upon the Company in respect of its lending and investment activities under the terms of the Company's banking licence.

The Board maintains an investment policy which provides direction to management.

Notes to the Financial Statements for the Year Ended 30 June 2024

Credit risk exposure

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets as presented in the statement of financial position, plus loans approved but not yet advanced and undrawn overdraft facilities. Refer to Note 27 for details regarding loans approved but not yet advanced and undrawn overdraft facilities.

The table below shows the gross credit risk exposures to which the expected credit losses model is applied, grouped by financial asset type and credit risk rating grade. Loans and advances are internally rated based on a variety of factors, including past events, current conditions and forward-looking information at both an individual counterparty level and a collective and macroeconomic level. Debt securities are externally rated in accordance with credit rating grades provided by rating agencies.

2024	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	
	\$	\$	\$	\$
Loans - Education				
Low risk	199,535,112	-	-	199,535,112
Moderate risk	30,119,036	9,169,589	-	39,288,625
Higher risk	-	-	-	-
Total	229,654,148	9,169,589	-	238,823,737
Loans - Congregations				
Low risk	5,569,873	-	-	5,569,873
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	5,569,873	-	-	5,569,873
Loans - Aged Care and Retirement				
Low risk	3,363,394	-	-	3,363,394
Moderate risk	5,658,033	-	-	5,658,033
Higher risk	-	-	-	-
Total	9,021,427	-	-	9,021,427
Loans - Other				
Low risk	6,356,551	-	-	6,356,551
Moderate risk	2,097,540	-	-	2,097,540
Higher risk	-	-	-	-
Total	8,454,091	-	-	8,454,091
Debt Securities and Term Deposits				
AAA to AA-	38,364,807	-	-	38,364,807
A+ to A-	236,394,822	-	-	236,394,822
BBB+ to BBB-	55,738,302	-	-	55,738,302
Not rated	6,725,323	-	-	6,725,323
Total	337,223,254	-	-	337,223,254
Total gross carrying amount	589,922,793	9,169,589	-	599,092,382

Notes to the Financial Statements for the Year Ended 30 June 2024

2023	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	
	\$	\$	\$	\$
Loans - Education				
Low risk	184,182,661	-	-	184,182,661
Moderate risk	32,603,995	13,558,491	-	46,162,486
Higher risk	-	-	-	-
Total	216,786,656	13,558,491	-	230,345,147
Loans - Congregations				
Low risk	3,459,505	-	-	3,459,505
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	3,459,505	-	-	3,459,505
Loans - Aged Care and Retirement				
Low risk	6,374,156	-	-	6,374,156
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	6,374,156	-	-	6,374,156
Loans - Other				
Low risk	10,888,604	-	-	10,888,604
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	10,888,604	-	-	10,888,604
Debt Securities and Term Deposits				
AAA to AA-	563,976,608	-	-	563,976,608
A+ to A-	235,961,723	-	-	235,961,723
BBB+ to BBB-	193,602,156	-	-	193,602,156
Not rated	6,725,323	-	-	6,725,323
Total	1,000,265,810	-	-	1,000,265,810
Total gross carrying amount	1,237,774,731	13,558,491	-	1,251,333,222

Notes to the Financial Statements for the Year Ended 30 June 2024

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- Maintenance of constant information systems and daily monitoring of cash flows.
- Preparation and maintenance of forward looking cash flow analysis in relation to its operational, investing and financing activities.
- Maintaining a reputable credit profile.
- Managing credit risk related to financial assets including concentration limits with respect to each issuer.
- Comparing the maturity profile of financial liabilities with the realisation profile on financial assets.
- Maintenance of repurchase facilities enabling liquidation of debt securities at short notice.

APRA has imposed a 'Minimum Liquidity Holdings' requirement upon the Company under the terms of its banking licence, in accordance with APS 210 Liquidity. As at 30 June 2024, the Company maintained a minimum liquidity holdings ratio of 77.1% (2023: 61.6%)

The Company accepts deposits for the purpose of fulfilling its charitable objects in providing financial support to the Lutheran Church of Australia. Interest is offered on deposit accounts. Depositors may withdraw funds in accordance with the terms and conditions applicable to the particular deposit product.

Deposit accounts of the Company include monies deposited from constituent supporters that enable loans to be made to the nominated entity or project within its constitutional confines (which enables lending to the Lutheran Church of Australia Incorporated, and bodies under the umbrella of the Church).

Maturity Analysis

The following table provides the contractual maturities of financial liabilities and financial assets held for liquidity management purposes. The contractual maturities for financial liabilities vary significantly from expected cash flows. In particular, customer deposits are consistently stable. Over the history of the Company, customer deposits have generally shown consistent growth on an annualised basis until recent times.

To aid the security of Depositors' funds, the Company maintains strong levels of liquid funds and maintains significant investments in interest bearing securities that are readily convertible to cash. Debt securities held are eligible under repurchase agreements in the event that funds are required for short-term liquidity.

Notes to the Financial Statements for the Year Ended 30 June 2024

30 June 2024 Maturity Analysis		At call	Less than 12 months	Greater than 12 months	Total
Notes	\$	\$	\$	\$	\$
Financial assets held for liquidity management					
Cash and cash equivalents	12	439,210,377	-	-	439,210,377
Term deposits	13	-	11,725,323	-	11,725,323
Debt securities	13	-	118,684,857	206,813,074	325,497,931
Total Financial assets held for liquidity management		439,210,377	130,410,180	206,813,074	776,433,631

Financial liabilities

Depositors' funds	16	637,077,340	229,882,707	-	866,960,047
Trade and other payables	17	-	3,391,681	-	3,391,681
Other liabilities	23	-	5,257,133	-	5,257,133
Total Financial liabilities		637,077,340	238,531,521	-	875,608,861

30 June 2023 Maturity Analysis		At call	Less than 12 months	Greater than 12 months	Total
Notes	\$	\$	\$	\$	\$
Financial assets held for liquidity management					
Cash and cash equivalents	12	83,444,903	-	-	83,444,903
Term deposits	13	-	191,725,324	-	191,725,324
Debt securities	13	-	260,653,069	547,887,418	808,540,487
Total Financial assets held for liquidity management		83,444,903	452,378,393	547,887,418	1,083,710,714

Financial liabilities

Depositors' funds	16	955,226,603	225,984,569	-	1,181,211,172
Trade and other payables	17	-	2,879,582	-	2,879,582
Other liabilities	23	-	3,231,336	-	3,231,336
Total Financial liabilities		955,226,603	232,095,487	-	1,187,322,090

Notes to the Financial Statements for the Year Ended 30 June 2024

Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's at-call deposit and variable loan products are offered at a variable interest rate, which allows for adjustment to reflect market conditions.

The Company's primary source of interest rate risk arises from its investments in fixed term deposits and debt securities. Debt securities predominantly provide for a floating rate of interest. The term deposit product is also subject to interest rate risk as the interest rate is fixed over the term of the deposit, however, the balance of term deposits is comparatively smaller.

The following table details the categories of financial instruments disclosed in the financial accounts, the interest rate assessed risk level and the reasoning.

Financial instrument category	Assessed risk	Reasoning
Financial assets		
Cash and cash equivalents	Low	Cash is maintained at variable interest rates.
Receivables	Low	Short-term asset - not affected by changes in interest rates.
Loans	Medium	Loan interest rates are variable and periodically adjusted to market conditions.
Investments	Medium	Financial assets are predominantly fixed interest investments and floating rate notes.
Financial liabilities		
Depositors' funds	Medium	Monies deposited with the Company are at call or on term deposits with a maximum term of 6 months. Deposit interest rates are periodically adjusted to market conditions.
Trade and other payables	Low	Short-term liabilities - not affected by changes in interest rates.

The net effective variable interest rate investments expose the Company to interest rate risk which will impact future cash flows and interest income. This is indicated by the following floating interest rate financial assets.

	2024	2023
	\$	\$
Floating rate instruments		
Debt securities	173,587,302	566,772,023
Term deposits	-	-
Total floating rate instruments	173,587,302	566,772,023

Notes to the Financial Statements for the Year Ended 30 June 2024

Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

The sensitivities reflect the change in return that would be expected in relation to the Company's at call funds and floating rate debt securities. The analysis assumes no change in interest income from loans advanced or interest expense on depositor funds.

Year ended 30 June 2024			
		Profit	Equity
		\$	\$
+ 1.50 bps	Interest rates	11,933,460	11,933,460
- 0.50 bps	Interest rates	(3,977,820)	(3,977,820)

Year ended 30 June 2023			
		Profit	Equity
		\$	\$
+ 1.50 bps	Interest rates	10,661,370	10,661,370
- 0.50 bps	Interest rates	(3,482,755)	(3,482,755)

Note 20 Fair Value

The Company measures fair value using the fair value hierarchy in accordance with AASB 13 as follows:

Level 1	Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs that are unobservable inputs for the asset or liability.

The fair values reported in these financial statements reflect 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 reporting date. All asset fair values reported reflect the highest and best use of the relevant assets.

There were no transfers between fair value hierarchies during the reporting period.

Fair Values of Financial Instruments

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts presented in the statement of financial position.

Differences between fair values and carrying values of financial instruments with variable interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. These instruments which are carried at amortised cost are held to maturity and therefore the fair value amounts bear little relevance to the Company.

Valuations using observable inputs – Level 2

Fair values of deposit assets, deposit liabilities, trade and other receivables and trade and other payables approximate their carrying value.

Fair values of debt securities such as floating rate notes and mortgage-backed securities are measured on a Level 2 basis, reflecting observable market values sourced from broker quotes and independent pricing services.

Valuations using significant unobservable inputs – Level 3

Fair values of loans and advances are determined using discounted cash flow techniques based on the current effective interest rates.

Notes to the Financial Statements for the Year Ended 30 June 2024

30 June 2024 Financial instruments not measured at fair value		Gross carrying amount	Fair values	Fair value hierarchy
Note		\$	\$	\$
Financial assets				
Cash and cash equivalents	12	439,210,377	439,210,377	Level 1
Term deposits	13	11,725,323	11,752,366	Level 2
Loans and advances	15	261,869,128	261,869,128	Level 3
Trade and other receivables	14	614,652	614,652	Level 3
Debt securities	13	325,497,931	321,968,334	Level 2
Other assets	22	2,172,678	2,172,678	Level 2
Total financial assets		1,041,090,089	1,037,587,535	

Financial liabilities				
Depositors' funds	16	866,960,047	866,960,047	Level 2
Trade and other payables	17	3,437,206	3,437,206	Level 3
Other liabilities	23	5,257,133	5,257,133	Level 3
Total financial liabilities		875,654,386	875,654,386	

30 June 2023 Financial instruments not measured at fair value		Gross carrying amount	Fair values	Fair value hierarchy
Note		\$	\$	\$
Financial assets				
Cash and cash equivalents	12	83,444,903	83,444,903	Level 1
Term deposits	13	191,725,324	192,485,448	Level 2
Loans and advances	15	251,067,412	251,067,412	Level 3
Trade and other receivables	14	248,202	248,202	Level 3
Debt securities	13	808,540,487	803,390,635	Level 2
Other assets	22	8,170,813	8,170,813	Level 2
Total financial assets		1,343,197,141	1,338,807,413	

Financial liabilities				
Depositors' funds	16	1,181,211,172	1,181,211,172	Level 2
Trade and other payables	17	2,879,582	2,879,582	Level 3
Other liabilities	23	3,231,336	3,231,336	Level 3
Total financial liabilities		1,187,322,090	1,187,322,090	

Notes to the Financial Statements for the Year Ended 30 June 2024

Other Assets and Liabilities

Note 21 Property and Equipment

Accounting Policy

Property and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value, based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Board conduct Board valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Equipment

Equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in income and expenditure or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are recognised as expenses in income and expenditure in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings (other than a revaluation year) but excluding freehold land, is depreciated on a straight line basis over the assets useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets for the current and comparable period are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Plant and equipment	10.0 - 33.3%
Furniture and fittings	10.0 - 33.3%
Motor vehicles	20.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in income and expenditure. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surpluses.

Key judgements and estimates

Impairment

The freehold land and buildings were independently valued at 30 June 2023 by McGees Property. The valuation was based on fair value less costs of disposal. The critical assumptions adopted in determining the valuation included location of the land and buildings, strong demand in the locality of the premises and recent sales data.

Useful lives of property and equipment

The Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

Notes to the Financial Statements for the Year Ended 30 June 2024

	2024	2023
	\$	\$
Freehold Land at:		
Independent valuation 2023	6,660,000	6,660,000
Total land	6,660,000	6,660,000
Buildings at:		
Independent valuation 2023	1,830,000	1,830,000
Additions at cost	-	-
Less: accumulated depreciation	(45,750)	-
Total buildings	1,784,250	1,830,000
Total land and buildings	8,444,250	8,490,000

	2024	2023
	\$	\$
Furniture and fittings	277,757	277,757
Less: accumulated depreciation	(273,282)	(264,381)
	4,475	13,376

Motor vehicles	-	-
Less: accumulated depreciation	-	-
	-	-

Plant and equipment	886,756	873,155
Less: accumulated depreciation	(766,004)	(717,879)
	120,752	155,276

Total equipment	125,227	168,652
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Total property and equipment	8,569,477	8,658,652
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Asset Revaluations

The freehold land and buildings were independently valued at 30 June 2023 by McGees Property.

Property	Date	\$
Flats (8) - North Adelaide	June 2023	2,880,000
Office building and land - North Adelaide	June 2023	5,610,000
Total property		8,490,000

Notes to the Financial Statements for the Year Ended 30 June 2024

Movement in carrying amounts for each class of property and equipment between the beginning and end of the financial year.

2023	Land and Buildings Occupied	Land and Buildings Leased	Furniture and Fittings	Motor Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	4,942,812	2,560,873	21,820	-	129,380	7,654,885
Additions	11,672		1,865		92,714	106,251
Disposals					(417)	(417)
Depreciation expense	(29,521)	(21,250)	(10,309)		(66,401)	(127,481)
Adjustment	22,123	(22,123)				
Revaluation movement	662,914	362,500	-	-	-	1,025,414
Carrying amount at the end of the year	5,610,000	2,880,000	13,376	-	155,276	8,658,652

2024	Land and Buildings Occupied	Land and Buildings Leased	Furniture and Fittings	Motor Vehicles	Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	5,610,000	2,880,000	13,376	-	155,276	8,658,652
Additions					13,601	13,601
Disposals						-
Depreciation expense	(25,000)	(20,750)	(8,901)		(48,125)	(102,776)
Adjustments						-
Revaluation movement						-
Carrying amount at the end of the year	5,585,000	2,859,250	4,475	-	120,752	8,569,477

Leased land and buildings

The company leases buildings to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	Current (< 1 year)	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
2024 - Undiscounted annual lease payments	83,150	2,720	-	-	-	-	85,870
2023 - Undiscounted annual lease payments	77,410	-	-	-	-	-	77,410

Risk Management

The leased properties are residential properties subject to residential tenancies. The North Adelaide Flats are generally subject to renewable lease agreements of up to 12 months in duration. The Company manages the risks relating to leased properties by having residential lease agreements in place, whereby the tenant is required to compensate the Company in respect of early termination of lease agreements and damage other than acceptable 'wear and tear'.

Notes to the Financial Statements for the Year Ended 30 June 2024

Fair Value

The Company measures and recognises land and buildings at fair value on a recurring basis in the statement of financial position after initial recognition.

30 June 2024					
Recurring fair value measurements in the statement of financial position	Notes	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Non-financial assets					
Freehold land		-	6,660,000	-	6,660,000
Buildings		-	1,830,000	-	1,830,000
Total non-financial assets measured at fair value		-	8,490,000	-	8,490,000

30 June 2023					
Recurring fair value measurements in the statement of financial position	Notes	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Non-financial assets					
Freehold land		-	6,660,000	-	6,660,000
Buildings		-	1,830,000	-	1,830,000
Total non-financial assets measured at fair value		-	8,490,000	-	8,490,000

Land and buildings are measured on a Level 2 basis using a market approach. The market approach uses prices and other relevant information generated by transactions involving similar or comparable assets. The income approach is then used to validate the estimated fair value of the asset by applying a capitalisation rate to the net sustainable income from rent of the property. Capitalisation rates and estimates of market rent are based on prices and other relevant information generated by transactions involving similar or comparable assets.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalised income approach The valuation model estimates the market net rental yield for the property if the property were leased to arms-length tenants, having regard to rental yields observed for comparable properties. A capitalisation rate is then applied to the estimated rental yield to derive the market value of the property.	Offices Net market rent \$259,525 per annum Capitalisation rate 4.50% - 4.75%	The estimated market value would increase if: <ul style="list-style-type: none"> • Net market rent was higher • Capitalisation rate was lower
Market approach The valuation model estimates market value by comparing against sale prices observed for other similar properties.	Offices \$2,100 per sqm Flats \$360,000 per flat	The estimated market value would increase if: <ul style="list-style-type: none"> • Land values increased • Buildings were improved

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 22 Other Assets

	2024	2023
	\$	\$
Interest accrued - investment securities	2,172,668	8,170,809
Interest accrued - loans and overdrafts	10	4
Total	2,172,678	8,170,813

Note 23 Other Liabilities

	2024	2023
	\$	\$
Other financial liabilities		
Accrued interest	5,241,926	3,137,293
Accrued expenses	15,207	94,043
Total other financial liabilities	5,257,133	3,231,336
Goods and Services Tax	49,798	161,817
Total other liabilities	5,306,931	3,393,153

Note 24 Provisions

Accounting Policy

Short term employee provisions

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short term benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered their service including wages, salaries and annual leave. Short term benefits are measured at the undiscounted amounts expected to be paid.

Long term employee provisions

Provision is made for employees' long service leave not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees rendered their service. Long term employee benefits are measured at the present value of the expected future payments. Expected future payments incorporate anticipated future wage and salary levels, durations of service and expected departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations the net change is recognised in income and expenditure as part of provision expense.

Notes to the Financial Statements for the Year Ended 30 June 2024

	2024	2023
	\$	\$
Employee benefits - Annual leave	386,740	308,356
Employee benefits - Long service leave	208,130	151,551
Employee benefits - Other	-	-
Unclaimed monies	65,149	38,224
Unclaimed depositors	501	501
Total	660,520	498,632

Analysis of short term provisions

	2024	2023
	\$	\$
Settled within 12 months	463,367	228,088
Settled greater than 12 months	197,153	270,544
Total	660,520	498,632

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have been vested due to employees having completed their required period of service. Based on past experience, the Company does not expect the full amount of annual or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement on these amounts in the event employees wish to use their leave entitlements.

Note 25 Intangible Assets

Accounting Policy

Software is recognised at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and five years. It is assessed when there is an indication of impairment.

	2024	2023
	\$	\$
Computer software - at cost	2,731,833	2,290,253
Less: accumulated amortisation	(2,308,397)	(2,115,602)
	423,436	174,651

Movement in carrying amounts

2024	Note	Acquired computer software	Total
		\$	\$
Balance at the beginning of year		174,651	174,651
Additions		441,580	441,580
Disposals		-	-
Write offs		-	-
Amortisation expense	9	(192,795)	(192,795)
Impairment losses		-	-
Balance at the end of year		423,436	423,436

2023	Note	Acquired computer software	Total
		\$	\$
Balance at the beginning of year		64,662	64,662
Additions		190,896	190,896
Disposals		-	-
Write offs		-	-
Amortisation expense	9	(80,907)	(80,907)
Impairment losses		-	-
Balance at the end of year		174,651	174,651

Notes to the Financial Statements for the Year Ended 30 June 2024

Capital Management

Note 26 Reserves

Accounting Policy

The Company maintains reserves as part of its equity to represent net assets that are held and utilised for specific purposes consistent with the objects of the company.

This is consistent with the policy of the Company's Board that moneys contributed by various supporters are identified as part of its capital base and aid the long-term sustainability of the LLL.

The Company makes annual grants to various LCA projects in relation to some of these reserves. The grants are recorded as part of 'benefits and services' costs as reported at Note 10 and are calculated using the standard loan lending rate of the Company as applied to the balance of the underlying reserve.

When LLL receives a bequest where the wish of the deceased was for the monies to support a particular ministry of the LCANZ in perpetuity, those monies are transferred to the relevant one of the following reserves:

- LLL Church Worker Support Fund Reserve
- LLL ALWS Support Fund Reserve
- LLL Local Mission Support Fund Reserve
- LLL Lutheran Media Support Fund Reserve
- LLL Ministry Support Fund Reserve
- LLL International Mission Support Fund Reserve
- LLL Training and Development Support Fund Reserve
- LLL Special Purposes Fund Reserve
- LLL Child, Youth & Family Support Fund Reserve

Historically, LLL had also transferred some of its annual surplus to selected reserves at the request of the LCANZ in order that future grants would flow to those respective ministries. During the year ended 30 June 2024, the LCANZ determined that the ministry needs of the LCANZ would be better served if future grants from LLL were not tied to those specific ministries but could be better applied at the discretion of the LCANZ. Accordingly, in accordance with a request from the LCANZ, on 20 December 2023 LLL resolved to transfer \$44.1m of such surpluses from the following, to the Capital Reserve.

- LLL Church Worker Support Fund Reserve
- LLL Local Mission Support Fund Reserve
- LLL Lutheran Media Support Fund Reserve
- LLL Ministry Support Fund Reserve
- LLL International Mission Support Fund Reserve
- LLL Training and Development Support Fund Reserve
- LLL Special Purposes Fund Reserve
- LLL Child, Youth & Family Support Fund Reserve

No amounts were reallocated in respect of specific bequests from supporters. The total capital position of LLL remained unchanged after the reallocation.

A brief explanation of each reserve account is as follows:

Asset Revaluation Reserve

The Asset Revaluation Reserve records revaluation increments and decrements arising from the revaluation of land and buildings.

Capital Reserve

The Board uses this reserve to set-aside funds from accumulated surpluses to aid the capital adequacy of the Company. This reserve contains those allocations and is an important component of the prudential management practices of the Company. The Capital Reserve is also used to offset increases or decreases in the general reserve for credit losses to ensure non-distributable reserves are maintained in accord with mandatory prudential requirements.

General Reserve for Credit Losses

The General Reserve for Credit Losses (GRCL) is a reserve maintained voluntarily by the Company to provide freely available capital which may be used to meet credit losses should they arise in the future. This reserve is maintained in addition to prudential requirements with respect to provisioning for credit losses referred to in these financial statements.

Donations Reserve

General donations received from supporters of the LLL are set-aside to this reserve account. These moneys are specifically identified in this way to ensure that donated money is reflected in the capital base of the Company.

Notes to the Financial Statements for the Year Ended 30 June 2024

In-Memoriam Donations Reserve

Donations received in honour of deceased persons are set-aside to this reserve account and form part of the capital base of the company.

LLL Church Worker Support Fund Reserve

This reserve account was formerly known as the Mission Lay Helper Fund and reflects moneys set aside and donated for the support of ministry performed by Lutheran Church of Australia Incorporated church workers. The reserve was created in honour of two esteemed church workers, Ben Koch and John Dolling. Both men were former leaders of The Company in its development and growth. Annual grants are paid in relation to this reserve and made available for appropriate church worker support.

Legacies Reserve

This reserve sets-aside as capital all moneys bequeathed to the Company other than those moneys that are bequeathed for special purposes. Special purpose legacies are allocated directly to appropriate specified reserves.

LLL ALWS Support Fund Reserve

This reserve is moneys set aside for the support of Australian Lutheran World Service (ALWS). The reserve amount records moneys donated to the Company for this purpose together with allocations made by the Board. Annual grants are paid in relation to this reserve and made available for ALWS mission purposes.

LLL Local Mission Support Fund Reserve

Moneys allocated by the Board together with specific donations and bequests for the purpose of providing resources for new local ministry in the LCA. Annual grants are paid in relation to this reserve and made available to the LCA to support local mission projects.

LLL Lutheran Media Support Fund Reserve

Moneys set aside by the Board together with donations and legacies have created and added to this reserve for the purposes of Lutheran Media Ministries. Annual grants are paid in relation to this reserve and made available to the Lutheran Church for the specific purpose of media ministry.

LLL Ministry Support Fund Reserve

The Board established the Ministry Support Fund Reserve for the purposes of setting aside additional funding for the LCA in its endeavours of faith development and evangelism. Annual grants are paid in relation to this reserve for these purposes.

LLL International Mission Support Fund Reserve

This reserve account was formerly known as LLL Overseas Mission Fund. Funds set aside by the Board together with specified donations and bequests for the direct support of overseas evangelism and ministry of the LCA. Annual grants are paid in relation to this reserve for these purposes of expending on appropriate international mission projects.

LLL Training and Development Support Fund Reserve

This reserve account was formerly known as LLL Scholarship Fund. Funds set aside by the Board together with specified donations and bequests for the direct purpose of providing training and development funding. Annual grants are paid to the LCA in relation to this reserve for training and development purposes.

LLL Special Purposes Fund Reserve

This reserve represents a composite of moneys set aside for specific purposes and arises from specified donations and bequests including Board allocations. A subsidiary schedule of purposes is maintained by the Company to honour the intended purposes of the moneys pledged and that are held for specific purposes. This reserve includes the capital component of LLL Tract Mission Fund. Annual grants are made available commensurate with this reserve for direct project expenditure for the relevant special purposes.

LLL Child, Youth & Family Support Fund Reserve

Capital set aside by the Board together with accumulated donations for the purpose of child, youth and family ministry support of the LCA. Annual grants are paid to the LCA in relation to this reserve for these ministry purposes.

Notes to the Financial Statements for the Year Ended 30 June 2024

Asset Revaluation Reserve

The Asset Revaluation reserve consists of the following;

	2024	2023
	\$	\$
Valuation increments on Flats (8) - North Adelaide	2,507,355	2,507,355
Valuation increments on Office building and land - North Adelaide	3,483,871	3,483,871
Total	5,991,226	5,991,226

Other Reserves

	2024	2023
	\$	\$
Capital Reserve	81,103,167	36,975,924
General Reserve for Credit Losses	2,000,000	2,000,000
Donations Reserve	1,229,942	1,213,109
In Memoriam Donations Reserve	215,257	215,002
LLL Church Worker Support Fund Reserve	570,271	1,620,495
Legacies Reserve	27,612,109	27,444,933
LLL ALWS Support Fund Reserve	2,013,183	1,996,794
LLL Local Mission Support Fund Reserve	1,455,693	11,731,107
LLL Lutheran Media Support Fund Reserve	86,192	584,191
LLL Ministry Support Fund Reserve	6,000	18,003,500
LLL International Mission Support Fund Reserve	105,995	5,705,995
LLL Training and Development Support Fund Reserve	9,421	1,509,421
LLL Special Purposes Fund Reserve	11,059,915	16,800,964
LLL Child, Youth & Family Support Fund Reserve	8,167	1,108,167
Total	127,475,312	126,909,602
Total reserves	133,466,538	132,900,828

Unrecognised Items

Note 27 Contingent Liabilities and Credit Commitments

As at the reporting date, the Company had approved credit facilities to LCA bodies that were not as yet drawn. This included standard principal and interest loan facilities that were authorised but not advanced together with short term overdraft facilities provided to some educational bodies.

	2024	2023
	\$	\$
Loan commitments		
Loans approved but not yet advanced	96,098,183	76,637,993
Undrawn overdraft facilities	-	-
Total loan commitments	96,098,183	76,637,993

Notes to the Financial Statements for the Year Ended 30 June 2024

Other Disclosures

Note 28 Capital Adequacy

The Company is an Authorised Deposit-taking Institution (ADI) subject to regulation by the Australian Prudential Regulation Authority (APRA) under the authority of the Banking Act 1959 (Cth). APRA has set minimum Prudential Capital Requirements (PCR) for ADIs consistent with the Basel Committee on Banking Supervision (BCBS) capital adequacy framework. PCR are expressed as a percentage of total risk-weighted assets. APRA requirements are summarised below with respect to all ADI's in Australia:

Common Equity Tier 1 (CET 1)	Tier 1 Capital	Total Capital
4.5% minimum	6.0% minimum	8.0% minimum
Comprises the highest quality of capital that consists of retained profits, plus certain other items recognised as the highest quality components of capital.	CET1 capital plus certain securities with complying loss absorbing characteristics.	The sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes subordinated instruments and other components of capital that, to varying degrees, do not meet the criteria for Tier 1 Capital, but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

APRA also requires ADIs to hold additional CET1 buffers comprising of:

- A capital conservation buffer above the PCR for CET1 capital. The capital conservation buffer is 2.5% of the ADI's total risk-weighted assets.
- A countercyclical capital buffer. The countercyclical buffer is set on a jurisdictional basis and APRA is responsible for setting the requirement in Australia. The countercyclical buffer requirement is currently set to 1% of total risk-weighted assets for Australia.

Collectively, the above buffers are referred to as the "Capital Buffer" (CB). The PCR that APRA has set for the Company is confidential under authorising conditions set by APRA. The Company complied with all Prudential Capital Requirements set by APRA at all relevant times during the year ended 30 June 2024.

APRA may determine higher PCR for an ADI and may change an ADI's PCR at any time. A breach of the required ratios under APRA's Prudential Standards may trigger legally enforceable directions by APRA, which can include a direction to raise additional capital.

Capital ratios are monitored against internal capital targets that are set by the Board over and above minimum capital requirements set by APRA.

The Board and Senior Executive Team manage the capital of the Company to ensure protection of depositors' funds and to fulfil the constitutional objects of the Company in support of the Lutheran Church of Australia.

The Company has a very strong and responsible management policy in relation to capital management of funds including the establishment and growth of permanent funds through reserves. Its guidelines ensure minimisation of credit risk and maximisation of capital preservation. The guidelines are extremely conservative and limit the Company to investments of a non-speculative nature.

Notes to the Financial Statements for the Year Ended 30 June 2024

The table below represents all items included in the prudential capital of the Company, in accordance with APS 111 Capital Adequacy: Measurement of Capital.

	2024	2023
	\$	\$
Common Equity Tier 1 Capital		
Retained Surpluses	39,998,285	30,743,077
Capital Reserve	81,103,167	36,975,924
Donations Reserve	1,229,942	1,213,109
In Memoriam Donations Reserve	215,257	215,002
LLL Church Worker Support Fund Reserve	570,271	1,620,495
Legacies Reserve	27,612,109	27,444,933
LLL ALWS Support Fund Reserve	2,013,183	1,996,794
LLL Local Mission Support Fund Reserve	1,455,693	11,731,107
LLL Lutheran Media Support Fund Reserve	86,192	584,191
LLL Ministry Support Fund Reserve	6,000	18,003,500
LLL International Mission Support Fund Reserve	105,995	5,705,995
LLL Training and Development Support Fund Reserve	9,421	1,509,421
LLL Special Purposes Fund Reserve	11,059,915	16,800,964
LLL Child, Youth & Family Support Fund Reserve	8,167	1,108,167
Asset Revaluation Reserve	5,991,226	5,991,226
Adjustments to Common Equity Tier 1 Capital		
Capitalised expenses - IT software costs	(423,436)	(174,652)
Unrealised losses on debt securities	(6,049,955)	(11,439,768)
Total Common Equity Tier 1 Capital	164,991,432	150,029,485
Tier 2 Capital		
General Reserve for Credit Losses	2,000,000	2,000,000
Collective Provisions	299,000	404,000
Total Tier 2 Capital	2,299,000	2,404,000
Total Prudential Capital	167,290,432	152,433,485
Regulatory Capital Ratio	30.60%	19.95%

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 29 Notes to the Statement of Cash Flows

Reconciliation of cash flows from operating activities with net surplus

	2024	2023
	\$	\$
Surplus from operations	9,820,918	15,132,493

Non cash flows in surplus

Amortisation of intangible assets	192,795	80,907
Depreciation	102,776	127,481
Loss (Profit) on sale of non-current assets	-	417
Unclaimed monies and deposits transferred to income		
Impairment (release) charge on loans and investments	(105,000)	(53,000)
Intangible assets expensed		

Change in assets and liabilities

Increase in trade payables and accruals	348,169	763,724
Increase (Decrease) in provisions	134,963	(156,184)
Decrease (Increase) in accrued interest receivables	5,702,352	(6,133,749)
Increase in accrued interest payable	2,104,633	2,792,558
Net (Increase) in loan facilities	(10,872,383)	(3,565,864)
Net (Decrease) in Depositors' funds	(314,251,125)	(79,739,274)

Total (306,821,902) (70,750,491)

Reconciliation of Cash

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

	2024	2023
	\$	\$
Cash at bank and at call	439,210,377	83,444,903

Total 439,210,377 83,444,903

Cash includes cash at bank and on hand and deposits held at-call with banks.

Note 30 Related Party Disclosures

Remuneration of Key Management Personnel

The Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company. Control is the power to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

Key management personnel comprise the 7 (2023: 8) Directors of the Company, the Chief Executive Officer and six Executive Staff. The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for, but excluding out of pocket expense reimbursements, was as follows:

	2024	2023
	\$	\$
- short term employee benefits	2,517,365	2,465,236
- post employment benefits	273,235	279,253
- other long term benefits	-	-

Total 2,790,600 2,744,489

Notes to the Financial Statements for the Year Ended 30 June 2024

Deposit accounts held by Key Management Personnel

	2024	2023
	\$	\$
Total value of deposit accounts from Key Management Personnel	345,068	394,112
Total	345,068	394,112

Total interest paid on deposit accounts 7,185 3,039

Other related parties

The Lutheran Church of Australia Incorporated and its related entities are related parties of the Company.

	2024	2023
	\$	\$
Loan balances outstanding – LCA and related parties	261,834,084	251,067,412
Total	261,834,084	251,067,412

Total interest received on loans 12,969,999 7,914,881

The above represents outstanding loans made to the LCA and its related entities together with interest received and accrued on those loans for the financial year ended 30 June 2024.

	2024	2023
	\$	\$
Total value of deposit accounts from the LCA and its related entities	485,670,671	501,060,909
Total	485,670,671	501,060,909

Total interest paid on deposit accounts 14,031,117 6,757,216

The above represents total deposits from the LCA and its related entities together with interest paid and accrued on those deposits for the financial year ended 30 June 2024.

Note 31 Auditor's Remuneration

	2024	2023
	\$	\$

Remuneration of the audit firm

Nexia Edwards Marshall		
Auditing the financial report	147,950	-
KPMG		
Auditing the financial report	4,928	255,078
Other regulatory assurance services	188,948	49,483
Other services	18,559	46,478

Total 360,385 351,039

Notes to the Financial Statements for the Year Ended 30 June 2024

Note 32 Transition matters

On 29 November 2023 LLL announced its intention to transition from an Authorised Deposit Institution ADI regulated by the Australian Prudential Regulation Authority (APRA) to an Religious Charitable Development Fund RCDF regulated by the Australian Securities and Investments Commission (ASIC). Since that date, detailed transition plans have been refined and are being implemented, with transition activities continuing with all retail and corporate customers. The transition plans address the key elements of regulatory matters, finance and liquidity management requirements, communications and operations, together with a range of other matters. These plans, up to 1 March 2025 for full transition, are being implemented with some key milestones already achieved.

LLL has continued to consult with APRA and ASIC on key matters regarding the transition to an RCDF. These matters have included:

- Development and approval of a new suite of product offerings consistent with those allowed to be offered by an RCDF;
- Planned cessation of certain existing product offerings not allowed by an RCDF; and
- Planned relinquishment of our ADI license, acknowledged by APRA.

On 31 January 2024, the final significant regulatory approval to facilitate the transition to an RCDF was obtained from ASIC. The form of this approval was the receipt of transitional relief until 1 March 2025 to allow LLL to offer RCDF investment products whilst remaining as an ADI and to run-off existing ADI-only products. This transitional arrangement is necessary because an RCDF is not otherwise permitted to issue or hold ADI deposit products. The impact of this is, by 1 March 2025:

- All funds held by LLL from non-associated depositors in At-Call and Term Deposit accounts must be either repaid or transferred to an RCDF investment product. At 30 June 2024 such funds totalled \$280m.
- LLL will need to relinquish its licence to operate as an ADI.

As at 30 June 2024 LLL held interest bearing investment assets totalling \$775m which included: \$438m of cash and cash equivalents, \$312m of other liquid assets and \$25m of other investments. Additionally, LLL held loan receivable assets of \$262m. As at 30 June 2024 LLL had total deposit liabilities of \$867m including; at call and term deposit liabilities to non-associated retail clients of \$280m; at-call deposit liabilities to associates of \$462m and term deposit liabilities to associates of \$125m.

LLL has continued to update its forward cashflow projections for the period to 28 February 2025. Based on the level of deposits and investments held at 30 June 2024, as well as ongoing evaluation of depositor responses since the announcement on 29 January 2023, the directors believe that LLL will remain sufficiently funded as an RCDF to continue current operations.

Taking into account the plans developed and the transition activities to date, the Directors are confident that adequate liquidity will be available for all reasonably foreseeable scenarios, and further, that LLL will have sufficient scale to continue to deliver its missional purpose of providing financial benefits and services to the LCA.

Note 33 Subsequent events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

In the opinion of the Directors, since the end of the financial year to date of this report, there are no other matters or circumstances that have arisen that significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 34 Entity Details

The registered office of the Company is:

Lutheran Laypeople's League of Australia Limited
175 Archer Street
North Adelaide SA 5006

The principal place of business is:

Lutheran Laypeople's League of Australia Limited
175 Archer Street
North Adelaide SA 5006

Notes to the Financial Statements for the Year Ended 30 June 2024

Directors' Declaration

In the Directors' opinion

- a. The financial statements and notes, as set out on pages 25 to 64 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001 including:
 - i. giving a true and fair view of the financial position of the Entity as at 30 June 2024 and of its performance for the year ended on that date; and
 - ii. complying with Australia Accounting Standards, the Corporations Regulations 2001, Australian Charities and Not-for-profits Commission Regulations 2022.
- b. there are reasonable grounds to believe that Lutheran Laypeople's League of Australia Limited will be able to pay its debts as and when they fall due and payable.

Signed in accordance with a resolution of the Directors.

For and on behalf of the Board by:

Steve Podlich
Director, Chair

David Kalisch
Director, Vice Chair

Dated the 10th day of October 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN LAYPEOPLE'S LEAGUE OF AUSTRALIA LIMITED

Opinion

We have audited the financial report of the Lutheran Laypeople's League of Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Advisory. Tax. Audit.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN LAYPEOPLE'S LEAGUE OF AUSTRALIA LIMITED (CONT)

Other information (cont)

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN LAYPEOPLE'S LEAGUE OF AUSTRALIA LIMITED (CONT)

Auditor's responsibility for the audit of the financial report (cont)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

10 October 2024

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Annual Report

For the year ended 30 June 2024



Lutheran Laypeople's League Of Australia Limited

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