

Annual Report



For the year ended
30 June 2025



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

Cover page: Little learners at Encounter Lutheran College's Lighthouse Early Learning celebrate the first birthday of the state-of-the-art facility built with the aid of an LLL Loan, Victor Harbor, SA.

Above: Students at the official Opening Dedication of the groundbreaking Hope Building, which is the first facility to be built with the support of an LLL Loan at Good News Lutheran College's brand-new Mambourin campus, Vic.

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In this Annual Report a reference to the Lutheran Laypeople's 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



Transition complete

LLL successfully transitioned to a Religious Charitable Development Fund after a 15-month journey. As an RCDF, we will actively pursue more opportunities to support grassroots projects that genuinely make a difference in communities across the country. We thank you, our customers, for your continued support.



Funding with impact

LLL provided over \$50.11m in funding for missional loans designed to support organisations that commit to a great purpose of community transformation. Providing more than just finance we worked in partnership with many of these projects to plant churches, build schools and provide for future generations.



Investing in ministry

For over 40 years LLL has invested in the ministry of congregations around Australia by providing General Ministry Pastors with a Private Communion Set upon their ordination. This year LLL resolved that, moving forward, Specific Ministry Pastors will also be awarded this same gift to further invest in the ministry of the wider Lutheran Church.



Telling our story

Providing up-to-date stories of impact to its investors, LLL launched the *Mission Matters* repository on their website, giving customers tangible feedback on where their funds make a difference.



Product set expanded

To meet the needs of investors seeking higher returns for a shorter term, LLL expanded the number of tenures available on Term Investments to four, adding a 3 month option.



Strategic pillars developed

To strengthen the methods by which LLL delivers on its Vision and Purpose, five strategic pillars were developed. Refer to page 14.



Steps to soapy success

Thanks to the generous missional hearts of our investors LLL has been able to match dollar-for-dollar, up to \$75k and sponsor ALWS' Walk My Way initiatives. This has successfully benefited an Ethiopian entrepreneurial soap-making business.



Spreading the Word of God

Lutheran Tract Mission shared 375,500 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 online at lll.org.au/tim and lll.org.au/missionmatters

Performance at a glance

New loans approved



Schools and Kindergartens = \$46.41 million
 Congregations = \$70,000
 Aged Care = \$3.63 million
 Total = \$50.11 million

Board grants and distributions



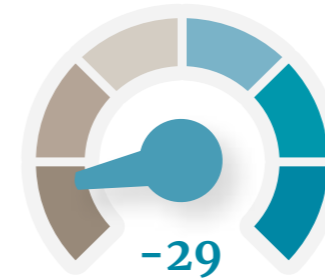
\$1.4 million*

LLL Loan Rate



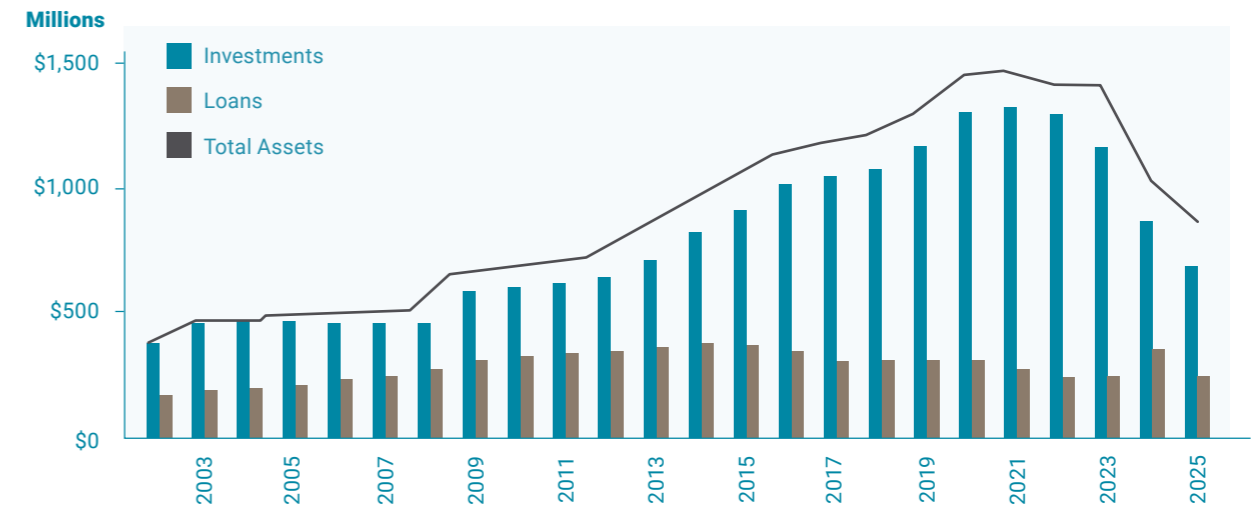
Secured **4.95%** p.a.#
 Unsecured **5.45%** p.a.#

Net Promoter Score (NPS) | 2025

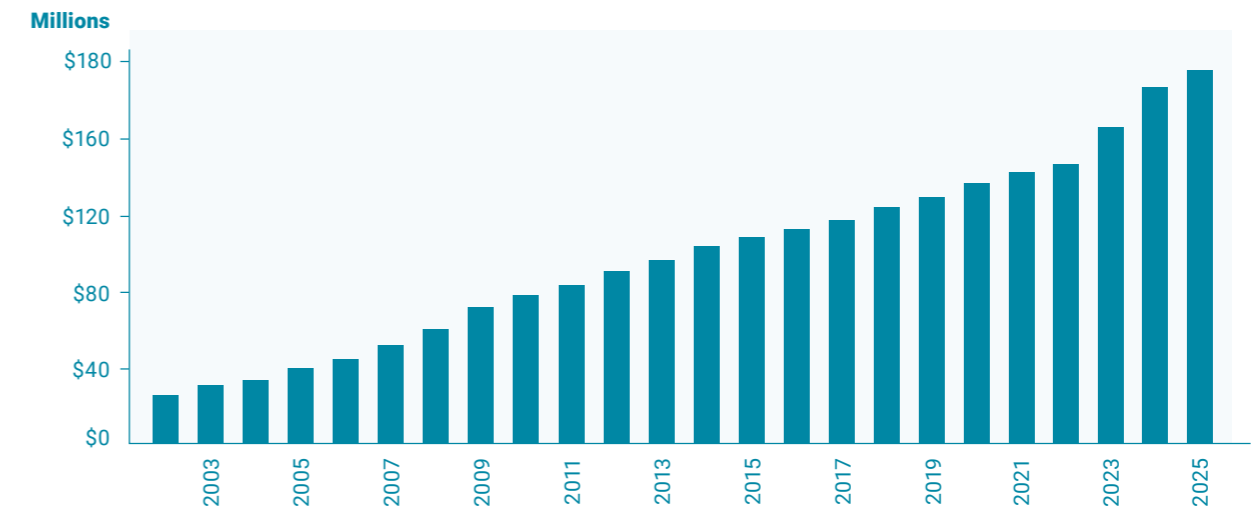


Throughout our transition, we actively considered the feedback provided by our customers. We recognise that the unprecedented inconvenience caused by the transition was reflected in this NPS score and in face-to-face conversations with customers. Our future initiatives are focused on enhancing the customer experience.

Investments, Loans & Total Assets



Total Equity



* Figure includes LLL Permanent Fund, Mission Outreach, Camping Ministry and Bursary. # As at 30 June 2025

LLL Permanent Fund Grants



\$780,097

LLL Mission Outreach Grants



\$125,000 congregational-inspired projects

LLL Bursary Grants



\$135,000 – 2025 school year

LLL Camping Ministry Grants



\$125,000

LLL deposits



\$691 million#

Total legacies



\$826,472 from 7 Estates

Donations



\$46,722

Your Board of Directors



Steven Podlich
Chair



David Kalisch
Vice-Chair



Deepa Justus



Andrew Leithhead



Cathy Oster
(Appointed January 2025)



Nicolle Rantanen Reynolds



Karen Pienaar
(Leave of absence August 2025)



Geoffrey Thiel



Raewyn Williams
(Appointed January 2025)

Your Executive Committee



Ross Smith
Chief Executive Officer
(Resigned August 2025)



Karen Pienaar
(Interim CEO commenced August 2025)



Chris Deery
Chief Operating Officer



Briony Mitchell
Chief Risk Officer



Scott Ross
Chief Relationship Officer



Tania Sargent
Chief Financial Officer/
Company Secretary



Lori Scardigno
Head of People and Culture

Directors' Information

Particulars of each 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 2024 and up to the date of this report are: Karen Pienaar (leave of absence 31 July 2025), Steven Podlich, Geoffrey Thiel, David Kalisch, Deepa Justus, Andrew Leithhead, Nicolle Rantanen Reynolds, Cathy Oster (appointed 20 January 2025) and Raewyn Williams (appointed 20 January 2025).

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

Chair & CEO Message

Thank you

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

In March 2025 we completed our transition from an Authorised Deposit-taking Institution (ADI) to a Religious Charitable Development Fund (RCDF). Changes to ADI regulations, outside of our control, meant that we had to become an RCDF to continue to serve our missional purpose of supporting the Lutheran Church of Australia (LCA). The most important thing that we have to say about that is “thank you” – both to those investors who have continued to support us, and to those who were not able to continue to do so because of the resulting changes to our product offering.

Thank you.

Vision, purpose and strategic focus

We remain deeply committed to 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

We seek to meet that vision and purpose by working with communities – congregations, schools, youth camps, and aged care/retirement living providers. Now, with the work of the transition behind us, we have shifted our strategic focus to four key areas:

- **Enhancing our customers’ experience by streamlining processes and delivering consistent quality service.** You have told us how much you appreciate dealing with our people. We have also heard you say that there is a need to streamline our systems, so we are investing in long-term renewal and refreshment of these.

- **Strengthening our engagement with the Lutheran Church through deeper relationships.** With your support, we provide millions of dollars of financial support to the Church and church bodies such as congregations, schools, aged care and youth camps each year – both directly by way of grants and indirectly in lower interest loans. As an RCDF there is a renewed opportunity to work more closely with the Church to ensure that support is strategically aligned.
- **Adapting our governance structures and responsibilities to align with the requirements of an RCDF to enhance long-term growth.** As an ADI we were subject to all the same regulatory requirements as the major banks. As an RCDF we are subject to regulatory requirements that better suit our scale and level of complexity. This provides an opportunity to continue to maintain our high standards of governance with a simpler framework.
- **Driving financial performance to support and sustain mission and ministry within communities.** We are implementing measures to improve the financial performance of our investments, as well as our management of market and interest rate risk. This will increase our capacity to provide discounted lending to Lutheran Church bodies.



Financial performance

In the financial year ended 30 June 2025, we generated a net surplus before grants to the LCA of \$3.6m (2024: \$12.5m). While we generated a comfortable surplus, our financial performance in the financial year to 30 June 2025 was lower than usual because of an Australian Prudential Regulation Authority (APRA) requirement that we hold very high levels of liquidity during the transition from an ADI to an RCDF. While we did not agree with that requirement, the nature of the ADI licence at the time meant that we had no choice. Holding our investment book in such liquid assets significantly reduced the income that we generated. On completion of the transition to an RCDF, that requirement to hold extra liquidity was removed, and we are budgeting for a surplus before grants to the LCA for the year ended 30 June 2026 at similar levels to those our supporters are accustomed to.

In the financial year ended 30 June 2025 we paid total grants to the LCA of \$1.4m (2024: \$2.7m). As this was lower than we would like, driven by the lower surplus, we intend to pay a further \$1.7m in grants to the LCA in the coming months. We expect to return to our usual level of financial support for the LCA at the end of the 2026 financial year.

With our transition to an RCDF, we saw a reduction in investments with LLL, which was expected, as the different regulations meant that we could not provide the products that suited the needs of those customers. This reduction in investments has had no impact on our ability to make loans to Lutheran Church bodies. With our reserves at historically high levels and growing, it also has no impact on our financial stability. It will have a marginal impact on the surplus that we generate in the future and this has been considered in our budgets.

Interest rates

We intentionally set interest rates for our borrowers at, or below, commercial rates to support their missional work and strategic objectives. During the sustained period of interest rate increases set by the Reserve Bank of Australia in FY2023/24, we mitigated the impact on borrowers by absorbing a portion of those increases. We do that whilst still seeking to pay our mission-minded investors at rates that are at, or close to, the market rate on their investments.



Chair & CEO Message

Leadership

Our previous CEO Ross Smith resigned in August 2025 to return to Sydney to live and work to support his family. We are so very grateful to God for the provision of Ross and his experience, leadership and dedication as we navigated the transition.

Karen Pienaar has taken a leave of absence from the LLL Board to act as interim CEO while we undertake a national recruitment search for the next CEO who will lead us into our next chapter as an RCDF.

An invitation

LLL exists to serve the Lutheran Church. It does that by providing loans at favourable interest rates to Lutheran Church bodies. It also generates a surplus that funds grants to support the mission of the Church and adds to reserves for future growth. LLL is not your usual financial institution. We work hard to ensure the protection of investors' funds and we seek to provide a reasonable interest rate to those investors. The difference is that we operate in partnership with each of you, to serve the LCA.

We encourage each of you to consider how you structure your investment strategy and to apply the same mindset to your LLL investments that

you bring to your tithing. Between you and God, prayerfully consider what you will set aside to hold as a long-term investment with LLL to form a missional partnership with us that enables our support of the many different ministries of the Lutheran Church.

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 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

Karen Pienaar
Interim CEO



Who we are

LLL was established **over 100 years ago** by the laypeople of the Lutheran Church.

Our **identity** is in the Lutheran Church. Our faith is in the Word of God.

'**Empowering steps of faith**' is a standard we set for ourselves with every investment we manage, loan we lend, experience we share and every community we help.

We **invest** in communities, people and their ambitions.

We create products and provide services that enable people to be part of the **change** they want to see.



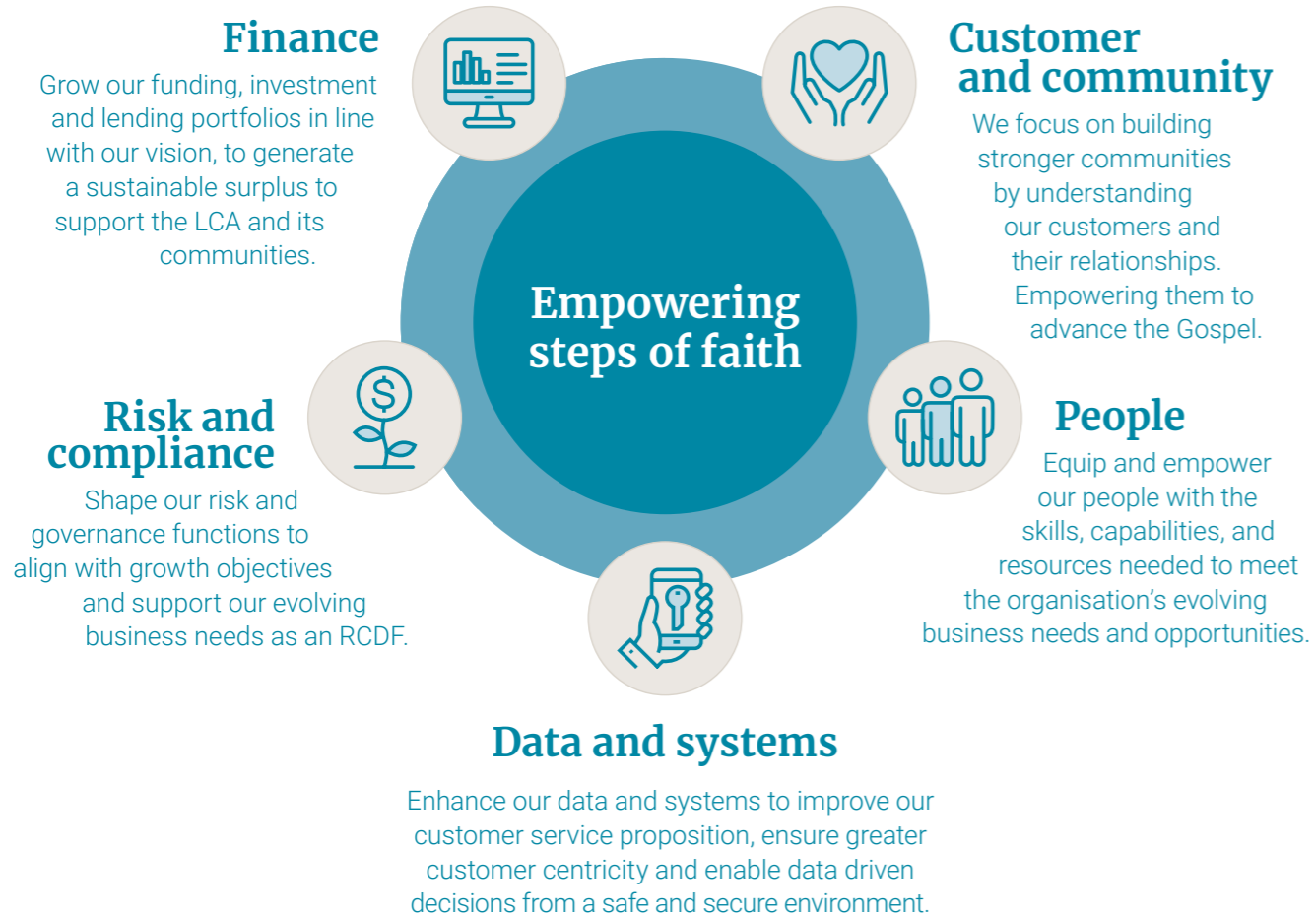
Who we are

Our Strategic Focus






LLL's strategic focus is reinforced by our five Strategic pillars, which are underpinned by our five Core values.

- **Enhance the customer experience** by streamlining processes and delivering consistently high-quality service.
- **Strengthen engagement with the Church** through deeper relationships that reinforce shared values.
- **Adapt to RCDF governance** aligning structure and responsibilities to support long-term growth.
- **Drive strong financial performance** to support and sustain mission and ministry within communities.

Our Strategic Pillars



Our Core Values

 <p>Partner in faith</p> <p>We work together in partnership to achieve our missional purpose and further the spread of the Gospel.</p> <p><i>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, being confident of this, that he who began a good work in you will carry on to completion until the day of Christ Jesus - Philippians 1:4-6 (NIV)</i></p>	 <p>Respect</p> <p>We value and respect all people, ensuring everyone is treated equally and their voices are heard.</p> <p><i>Live as those who are free to do only God's will at all times. Show respect for everyone - 1 Peter 2:16 (TLB)</i></p>	 <p>Strive for excellence</p> <p>To deliver on our purpose, we are always seeking new and better ways to do things.</p> <p><i>Whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable - if anything is excellent or praiseworthy - think about such things - Philippians 4:8 (NIV)</i></p>	 <p>Care</p> <p>We are an inclusive community who look out for each other and act in love through Christ's example.</p> <p><i>And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God - Micah 6-8 (NIV)</i></p>	 <p>Relationship centric</p> <p>We seek to build strong, meaningful and trusted relationships with each other, our customers and stakeholders.</p> <p><i>Do nothing out of selfish ambition or vain conceit. Rather, in humility value others above yourselves, not looking to your own interests but each of you to the interests of others. In your relationships with one another, have the same mindset as Christ Jesus - Philippians 2:3-5 (NIV)</i></p>
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Who you support

Soapy success

For more than a century, LLL has supported the Lutheran Church of Australia by providing its schools, congregations and agencies with funding to grow their ministry and mission. Now, as ALWS marks 75 years of service, a Platinum Partnership between LLL and ALWS is unlocking new ways to bring love to life together – across Australia and around the world.

Partnership is more than just words on a page.

It's feet on the footpaths of North Adelaide. Training in the conference room of The Gabba in Brisbane. Getting hands cold and wet selling drinks at the Adelaide Walk My Way. Soap-making in a shed in Ethiopia.

As Platinum Partner of our Lutheran Church's overseas aid agency, ALWS, LLL is providing precious support for ALWS Walk My Way, training for teachers in Lutheran schools at ALWS Ambassador Boot Camps, and direct support for ALWS projects in countries like Ethiopia.

ALWS Executive Director Michael Stolz says the LLL Platinum Partnership is crucial. 'These are challenging times,' he says.



'We have droughts, floods, conflict around the world, a cost-of-living crisis for many here in Australia and a changing Lutheran Church. In the face of such challenges, some may feel overwhelmed and turn inward.

'That's where the LLL Platinum Partnership with ALWS is so powerful. It enables ALWS to do things we could not do on our own. I think of the Ambassador Boot Camps, where ALWS trains teachers from Lutheran schools to be advocates for the poor and messengers of Jesus' compassion in their school community.

Another way in which LLL supports the work our Lutheran family does through ALWS is this year's \$75,000 matching appeal. The appeal, which ties in with ALWS' 75th anniversary, matches dollar-for-dollar any donations from LLL facility holders to the ALWS '75,000 children' appeal.

The response from LLL investors has been overwhelming, donating the \$75,000 to be matched more than a month before the 30 June deadline! What's exciting about the partnership between LLL and ALWS is that it is more than just

words on a page and dollars transferred between accounts. Former LLL CEO Ross Smith said that staff are encouraged to 'add their personal efforts to our corporate support of ALWS'. 'They step out in the ALWS Walk My Way, receive the same training as teachers do when they attend ALWS Ambassador Boot Camp and volunteer their own time to offer their expertise and energy for ALWS, including volunteering and selling ice-cold drinks to participants at the Adelaide Walk My Way,' he said.

'This exemplifies LLL's commitment to "empowering steps of faith". It demonstrates the incredible power of people united in faith, working together towards a common purpose. We are proud to support the vital work of ALWS.

'This partnership is just one example of our mission in action.'

Recently, the entire staff of LLL and all board members heard firsthand the impact of their partnership in a remote community in Ethiopia.

Here, a group of young women have received Lutheran support to build an aloe vera soap-making business.

The aloe vera is planted on slopes at risk of erosion. It's hardy enough to survive the tough conditions and helps prevent run-off in extreme weather.

The young women were trained how to make the soap and received all the safety gear needed to protect them from one of the product's key ingredients – caustic soda.



They now produce 50 bars of aloe vera soap per batch and make enough profit to support their families, as well as saving money each week in a group bank account. As their balance grows, they can provide low-interest loans for members to start new businesses.

This is very similar to how hard-working visionary people, who save their money with LLL, enable LLL to provide loans at a competitive interest rate to support Lutheran churches and schools to expand their mission, while building the wealth of those who choose to invest with them.

The young women in Ethiopia plan to use their profits to buy a milling machine, so members of their community can have easy, cheap access to grind their crops into flour.

Keyro, one of the group members, describes the project's impact as life-changing.

'The "Lutheran" has a good reputation with me,' she says. 'I left school in Grade 7 and had no idea how to change my life. But now with this training, I can.'

Changing lives. This is the true power of the partnership between LLL and ALWS – and Lutheran schools and the wider Lutheran Church. Together is how we bring love to life.

Jonathan Krause
ALWS Community Action Manager

1-3. LLL staff and Board members actively take part in ALWS Walk My Ways in Adelaide and Brisbane. Staff and friends use their charity leave days to volunteer for ALWS and sell icy cold drinks to raise funds during the Adelaide Walk My Way. 4. The beneficiaries of the Australian fundraising efforts with women in Ethiopia establishing their sustainable businesses.

Who you are

Western Australia

No. RCDF Inv.	228
Bal \$ RCDF Inv.	5,786,751
No. Borrowers	3
Total Loans \$	9,616,883

Queensland

No. RCDF Inv.	1,694
Bal \$ RCDF Inv.	199,093,298
No. Borrowers	18
Total Loans \$	56,438,456

Northern Territory South Australia

No. RCDF Inv.	6,098
Bal \$ RCDF Inv.	345,057,329
No. Borrowers	42
Total Loans \$	161,977,299

New South Wales

No. RCDF Inv.	599
Bal \$ RCDF Inv.	51,762,290
No. Borrowers	5
Total Loans \$	10,871,057

Victoria/Tasmania

No. RCDF Inv.	1,315
Bal \$ RCDF Inv.	88,016,178
No. Borrowers	15
Total Loans \$	127,485,960

Australia Total

No. RCDF Inv.	9,934
Bal \$ RCDF Inv.	689,715,846
No. Borrowers	83
Total Loans \$	366,389,655

Overseas

No. RCDF Inv.	41
Bal \$ RCDF Inv.	954,939
No. Borrowers	-
Total Loans \$	-

Overall Total

No. RCDF Inv.	9,975
Bal \$ RCDF Inv.	690,670,785
No. Borrowers	83
Total Loans \$	366,389,655

Your impact

Mission in action

During the past financial year, LLL provided \$1.4m in missional financial grants throughout the LCA at a congregation, school, district and churchwide level. This includes more than \$780k 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 \$125,000 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, the Board has once again extended this same financial commitment annually for a further three years (2026-28), to support the spiritual journey of our young people around Australia.

\$125,000 Mission Outreach Grants

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

- \$25,000 Worship space extension – St Peter's Lutheran Church, Port Macquarie, NSW
- \$25,000 Church plant – Everhope Church, Secret Harbour, WA
- \$25,000 Community Connections Facilitator – Our Saviour Lutheran Church, Rochedale, Qld
- \$25,000 Cross-cultural Ministry - Nunawading and Waverley Lutheran Church, Vic
- \$20,000 Building refurbishment/AV upgrade – St Peter's Lutheran Church, Elizabeth, SA
- \$5,000 Historic school building upgrade – St John's Lutheran Church, Dutton, SA

Moved by the motivated work of congregations, the LLL Board resolved to increase MOG funding, from \$125k to \$175k annually from 2026-2028, to support the vital work of congregations further and to meet their outreach objectives.

Visit LLL's *Mission Matters* website information hub – lll.org.au/mmm – and read our *Together in Mission* publication - lll.org.au/tim - for more details and progress reports as these grants come to fruition.



\$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.



\$400,000 Sponsorships

LLL proudly sponsored a range of missionally aligned events, organisations, and initiatives to a total value exceeding \$400,000, including:

- District and General Convention Synods and Pastors' Conferences
- Australian Lutheran World Service (ALWS)
- Lutheran Youth Queensland (LYQ)
- Blueprint and LYV appeal dinners
- Lutheran Principals Australia
- Lutheran Care Gala Dinner
- Lutheran Aged Care and Community Services
- LCAQD Synod Art Competition
- Lutheran Disability Services
- School TV
- Lutheran school fetes
- Teacher Education

Visit LLL's *Mission Matters* website information hub – lll.org.au/mmm – and read our *Together in Mission* publication - lll.org.au/tim - for more details and progress reports as these grants come to fruition.

1. Attendees at a Lutheran Youth of Queensland holiday camp. 2. Ross Smith presents a Mission Outreach Grant to Pastor Matt Schubert from Everhope Church, WA. 3. LLL Bursaries continue to support families facing financial hardship, enabling children to attend Lutheran schools. 4. Blueprint Ministries Team Leader Jeanette Mann welcomes guests to this year's Blueprint Dinner.

Directors' Report

Directors and Directors' Meetings

The Board of the LLL met 13 times during the year ended 30 June 2025. Each Director is normally a member of at least one Board Committee. In addition, Directors attended a Board Strategy session during the year. The table below includes:

- Names of Directors holding office at any time, or since the end of, the financial year; and
- The number of scheduled meetings held during the financial year for which each Director was a member of the Board or relevant Board Committee and eligible to attend, and the number of meetings attended by each Director.

Cathy Oster and Raewyn Williams were appointed to the Board in January 2025 and attended meetings from then. As at the date of this report they had not been added as members of a Board Committee.

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

(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 services and benefits. This is achieved by operating as a charitable financial institution in Australia.

As a charitable financial institution, LLL receives investments 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.

During the reporting period, LLL returned to its longstanding RCDF status, with this taking effect from 10 February 2025. The return to its RCDF status ensures LLL continues to fulfil its purpose of providing finance with a mission. As it no longer operates under certain conditions previously imposed by APRA, LLL can now also lend to non-LCANZ Church Bodies.

Preliminary discussions have already occurred with several non-LCANZ Church Bodies with respect to their commercial lending requirements post the RCDF transition.

Strategic priorities

During the year LLL reviewed its Vision, Purpose and Strategic Pillars.

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, LLL members endorsed a revised Constitution, which includes an expanded Objects clause that now allows the LLL to lend to non-Lutheran entities following the successful transition to an RCDF. The changes have also enhanced the ability for the Board to draw on necessary skills and experience with a broader composition that includes up to four non-congregational directors.

With the exceptions specific to completing the transition to an RCDF on 10 February 2025 and the changes to the LLL Constitution, there have been no other significant changes in the state of affairs of LLL during the financial year other than those referred to in the Chair's and CEO's Report and the Financial Statements.

Financial performance disclosures

Result and review of operations

LLL recorded a surplus for the year from operations excluding legacies and donations amounting to \$1,338,702 (\$2,211,896 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	1,040,097
Benefits to Lutheran schools	135,000
Other grants to the LCA	255,000
Sundry donations	NIL
Total	\$1,430,097

Directors' 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 2025 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 2025, the RBA decreased the cash rate in February 2025 and May 2025, each time lowering the cash rate by 0.25 percentage points. LLL decreased rates across the various Instant Access, Notice of Withdrawal and Term Investments following both RBA cuts, in some instances not by the full 0.25 percentage points.

A review of lending rates was also undertaken post the two RBA cuts, with a 0.20 percentage point decrease applied following the February cut and a 0.10 percentage point decrease applied following the May cut.

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 2025, LLL received legacies of \$826,472 and donations of \$46,722. 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 from the following donors:

Donor
Schache, Ivan
Hausler, Ian
Roach, Shirley
Schultz, Greta
Rohrlach, Rita
Rohrlach, Erwin
Schapel, Helen
Edser, Myrtle
Elsner, June

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.

	2025 \$	2024 \$
Financial benefits metrics		
LCA grants and distributions	1,430,097	2,700,000
Total assets	873,685,735	1,049,784,002
Growth in total assets	-16.8%	-22.3%
Total reserves	132,372,456	133,466,538
Growth in reserves	-0.8%	0.4%

Customer metrics

Loan book balance (before ECL)	244,752,496	261,834,063
Growth in loan look balance	-6.5%	4.3%
Depositors funds held	690,670,785	866,960,047
Growth in deposits	-20.3%	-26.6%

Non-Financial metrics

Critical Systems uptime	99.99%	99.99%
Staff satisfaction	90%	90%
Net Promoter Score*	-29	45

* 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

The LLL's Chief Executive Officer (CEO), Mr Ross Smith, tendered his resignation as CEO with this announced on 1 July 2025. The resignation takes effect from 15 August 2025, with the Board appointing Ms Karen Pienaar as interim CEO. Ms Pienaar is a current Director of LLL and will be taking a leave of absence from her position as director from the 31 July 2025.

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 to the extent permitted by the *Corporations Act 2001*. 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.

Directors' Report

Transition from an ADI to an RCDF

As highlighted previously, LLL returned to its longstanding RCDF status, with this taking effect from 10 February 2025.

Increased expenses for staffing, consultancy and legal services were again incurred through to the transition date, with investment income also reduced due to the tight Liquidity Strategy adopted during the transition period.

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 27.



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AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-C SECTION 60-40 OF THE 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 2025 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; and
- (b) any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

11 September 2025

Advisory. Tax. Audit.

Nexia Edwards Marshall (ABN 38 238 591 759) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

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Statement of Income and Expenditure and Other Comprehensive Income for the year ended 30 June 2025

	Note	2025	2024
		\$	\$
Gross interest income	6	44,764,363	59,068,208
Gross interest expense	6	(25,490,211)	(29,928,888)
Net interest income		19,274,152	29,139,320
Legacies		826,472	415,263
Donations		46,722	123,193
Other income	7	370,816	269,985
Impairment release on loans and investments	18	74,000	105,000
Operating income before operating expenses and grants and donations		20,592,162	30,052,761
Employee benefit expenses	8	(7,888,544)	(7,276,518)
Other expenses	9	(8,591,778)	(8,949,519)
Other benefits and services	10	(469,847)	(1,305,806)
Grants and distributions	11	(1,430,097)	(2,700,000)
Net surplus		2,211,896	9,820,918
Other comprehensive income		-	-
Items that will not be reclassified subsequently to income and expenditure		-	-
Gain on revaluation of land and buildings		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		2,211,896	9,820,918

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2025

	Note	2025	2024
		\$	\$
Assets			
Cash and cash equivalents	12	106,987,053	439,210,377
Investments	13	508,836,600	337,145,254
Trade and other receivables	14	530,082	614,652
Other assets	22	3,862,049	2,172,678
Loans receivable	15	244,581,496	261,648,128
Property and equipment	21	8,478,382	8,569,477
Intangible assets	25	410,073	423,436
Total assets		873,685,735	1,049,784,002
Liabilities			
Payables – interest bearing	16	690,670,785	866,960,047
Trade and other payables	17	1,882,208	3,391,681
Other liabilities	23	4,742,588	5,306,931
Provisions	24	713,435	660,520
Total liabilities		698,009,015	876,319,179
Net assets		175,676,719	173,464,823
Equity			
Accumulated funds		43,304,263	39,998,285
Reserves	26	132,372,456	133,466,538
Total equity		175,676,719	173,464,823

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2025

	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 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
Comprehensive income								
Net surplus for the year	2,211,896	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	2,211,896	-	-	-	-	-	-	-
Transfer to reserves	1,094,082	-	5,227	-	43,809	43,809	(51,870)	43,810
Balance as at 30 June 2025	43,304,263	5,991,226	2,018,410	8,167	130,001	149,804	11,008,045	53,231

Statement of Changes in Equity for the year ended 30 June 2025

	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 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
Comprehensive income									
Net surplus for the year	-	-	-	-	-	-	-	-	2,211,896
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	2,211,896
Transfer to reserves	330	3,500	29,519	718,094	(2,000,000)	1	23	69,666	-
Balance as at 30 June 2025	215,587	27,615,609	1,259,461	81,821,261	-	570,272	1,455,716	75,666	175,676,719

The accompanying notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Interest received		43,392,873	64,823,787
Interest paid		(26,054,555)	(27,824,255)
Net decrease in loan facilities		17,116,632	(10,872,383)
Net decrease in payables-interest bearing		(176,289,262)	(314,251,125)
Sundry receipts from operations		173,377	257,443
Payments to suppliers, employees and allocations		(19,530,497)	(19,493,825)
Legacies received		826,472	415,263
Donations received		46,722	123,193
Net cash from operating activities	28	(160,318,236)	(306,821,902)
Cash flows from investing activities			
Proceeds from sale of property and equipment		-	-
Purchase of property and equipment		-	(13,601)
Purchase of intangibles		(237,742)	(441,580)
Purchase of interest bearing securities		(548,761,744)	(132,119,140)
Disposal of interest bearing securities		377,094,398	795,161,697
Net cash from investing activities		(171,905,088)	662,587,376
Net increase in cash and cash equivalents		(332,223,324)	355,765,474
Cash and cash equivalents, beginning of the year		439,210,377	83,444,903
Cash and cash equivalents, end of the year	12	106,987,053	439,210,377

Notes to the Financial Statements for the Year Ended 30 June 2025

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 2025. 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 September 2025.

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 18 Provision for expected credit losses.
- Note 21 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 2025

c. Newly Adopted Accounting Standards

There were no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that were relevant to the Company's operations for the reporting period ending 30 June 2025.

d. New Standards Not Yet Effective

- *AASB 18 Presentation and Disclosure in Financial Statement*
- *AASB 2024-2 Amendments to Australian Accounting Standards - Classification and measurement of financial instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11*

The Company plans on adopting the amendments when the new accounting standards become effective. The amendments are not expected to have a material impact on the financial statements once adopted.

e. Comparative figures

Certain comparatives in the statement of profit or loss and other comprehensive income, the statement of financial position and notes to the financial statements have been reclassified, where necessary, to be consistent with current year presentation.

f. 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.

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.

	2025	2024
	\$	\$
Interest income		
Investments	31,918,741	46,098,209
General church loans	12,845,622	12,969,999
Gross interest income	44,764,363	59,068,208
Interest expense		
Payables-interest bearing	25,490,211	29,928,888
Gross interest expense	25,490,211	29,928,888
Net interest income	19,274,152	29,139,320

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

	2025	2024
	\$	\$
Rental income	145,946	131,403
Lutheran Tract Mission	45,834	43,382
Other income	179,036	95,200
Total	370,816	269,985

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.

	2025	2024
	\$	\$
Annual leave	453,915	510,365
Fringe benefits	42,010	36,217
Long service leave	168,207	72,235
Salaries and wages	6,352,229	5,868,207
Superannuation contributions	872,183	789,494
Total	7,888,544	7,276,518

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

	2025	2024
	\$	\$
Amortisation expense	207,255	192,795
APRA fees	45,172	39,720
Audit fees	147,950	341,825
Computer expenses	1,328,250	950,695
Consulting and legal	4,806,316	5,319,364
Depreciation	91,095	102,776
Insurance	385,970	393,291
Lease payments on low value assets	49,061	40,623
Lutheran Tract Mission costs	70,747	91,676
Occupancy costs	91,285	97,703
Other administration expenses	1,368,677	1,379,051
Total	8,591,778	8,949,519

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.

	2025	2024
	\$	\$
Collection costs - School banking services	-	4,659
Subsidy on Children's new investments	5	565
Interest benefits to Lutheran schools	48,801	919,637
Other Grants to the LCA	408,817	372,294
Sundry donations	12,224	8,651
Total	469,847	1,305,806

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

	2025	2024
	\$	\$
Board Allocations	1,040,097	2,111,000
Benefits to Lutheran Schools	135,000	135,000
Other grants to the LCA	255,000	454,000
Total	1,430,097[^]	2,700,000

[^] Refer to CEO/Chair report.

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.

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

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.

	2025	2024
	\$	\$
Cash and cash equivalents	106,987,053	439,210,377

Total **106,987,053** **439,210,377**

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	2025	2024
		\$	\$
Term deposits	19	94,500,000	11,725,323
Debt securities	19	414,390,600	325,497,931

Total gross investments **508,890,600** **337,223,254**

Allowance for expected credit losses	18	(54,000)	(78,000)
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Total net investments **508,836,600** **337,145,254**

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

	2025	2024
	\$	\$
Prepayments	317,042	77,001
Interest debtors	156,823	474,704
Other receivables	56,217	62,947
Total	530,082	614,652

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	2025	2024
		\$	\$
General Church Loans			
General Church		1,792,873	1,957,606
New South Wales		8,442,419	3,619,138
Queensland		40,001,892	43,986,939
South Australia		103,629,449	113,382,866
Victoria		81,234,519	89,008,591
Western Australia		9,616,883	9,878,923
Total		244,718,034	261,834,063
Other Loans			
Other sundry loans		34,462	35,065
Total		34,462	35,065
Total gross loans receivable		244,752,496	261,869,128
Allowance for expected credit losses	18	(171,000)	(221,000)
Total net loans receivable		244,581,496	261,648,128

Notes to the Financial Statements for the Year Ended 30 June 2025

Note 16 Deposits

Accounting Policy

The company's financial liabilities including interest-bearing payables are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost.

Payables – Interest-bearing based on actual maturity date

	2025	2024
	\$	\$
Investments – Instant Access and Notice of Withdrawal Facilities	443,323,515	637,077,340
Investments – Term Investments Facility	247,347,270	229,882,707

Total **690,670,785** **866,960,047**

Payables – Interest bearing based on withdrawal experience

	2025	2024
	\$	\$
Current Liabilities – payable not later than 12 months		
Investments from Associates	232,245,220	216,361,135
Investments from Non-Associates	168,814,015	211,863,615

Total **401,059,235** **428,224,750**

Non-Current Liabilities – payable later than 12 months

Investments from Associates	228,240,099	216,361,135
Investments from Non-Associates	61,371,451	211,863,615

Total **289,611,550** **428,224,750**

Investments are classified in the above table according to the forecast behaviour of investors in the Company which is based on historic experience of LLL.

Payables – Interest bearing – maturity analysis

	2025	2024
	\$	\$
At Call	288,780,123	548,379,544
Longer than at call and not longer than 6 months	308,947,921	251,056,933
Longer than 6 months and not longer than 12 months	92,942,741	67,523,570
Total	690,670,785	866,960,047

Notes to the Financial Statements for the Year Ended 30 June 2025

Note 17 Trade and Other Payables

Accounting Policy

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

	2025	2024
	\$	\$
Trade creditors	725,860	979,181
Total	725,860	979,181

Grants and donations payable

LCA & District allocations	780,097	2,111,000
Special purpose allocations	376,251	301,500
Total	1,156,348	2,412,500

Total trade and other payables **1,882,208** **3,391,681**

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.

Notes to the Financial Statements for the Year Ended 30 June 2025

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.

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 2025

2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL Not credit impaired	Stage 3 Lifetime ECL Credit impaired	Total
	\$	\$	\$	\$
Opening loss allowance - Loans	153,000	68,000	-	221,000
Charges for the period	(37,000)	(13,000)	-	(50,000)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Loans	116,000	55,000	-	171,000
Opening loss allowance - Investments	78,000	-	-	78,000
Charges for the period	(24,000)	-	-	(24,000)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing loss allowance - Investments	54,000	-	-	54,000
Total loss allowance	170,000	55,000	-	225,000

Notes to the Financial Statements for the Year Ended 30 June 2025

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 2025

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.

2025	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	31,000	202,000
All Stage 2 loans returned to Stage 1 Moderate Risk	(17,000)	154,000
All Stage 2 loans returned to Stage 1 Low Risk	(42,000)	129,000

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

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 2025

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. In August 2024, LLL members endorsed a revised Constitution, which includes an expanded Objects clause that now allows the LLL to lend to non-Lutheran entities following the successful transition to a RCDF.

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. Such collateral includes 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 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.
- Investment grade corporate bonds in accordance with internal investment policy.

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

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.

Notes to the Financial Statements for the Year Ended 30 June 2025

The table to the right 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.

2025	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	
	\$	\$	\$	\$
Loans - Education				
Low risk	206,431,921	-	-	206,431,921
Moderate risk	4,015,101	11,155,670	-	15,170,771
Higher risk	-	-	-	-
Total	210,447,022	11,155,670	-	221,602,692
Loans - Congregations				
Low risk	3,571,184	-	-	3,571,184
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	3,571,184	-	-	3,571,184
Loans - Aged Care and Retirement				
Low risk	7,298,499	-	-	7,298,499
Moderate risk	2,421,596	-	-	2,421,596
Higher risk	-	-	-	-
Total	9,720,095	-	-	9,720,095
Loans - Other				
Low risk	8,065,652	-	-	8,065,652
Moderate risk	1,792,873	-	-	1,792,873
Higher risk	-	-	-	-
Total	9,858,525	-	-	9,858,525
Debt Securities and Term Deposits				
AAA to AA-	357,497,746	-	-	357,497,746
A+ to A-	128,280,023	-	-	128,280,023
BBB+ to BBB-	18,612,831	-	-	18,612,831
Not rated	4,500,000	-	-	4,500,000
Total	508,890,600	-	-	508,890,600
Total gross carrying amount	742,487,426	11,155,670	-	753,643,096

Notes to the Financial Statements for the Year Ended 30 June 2025

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 2025

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.

The Company accepts customer investments for the purpose of fulfilling its charitable objects in providing financial support to the Lutheran Church of Australia. Interest is offered on customer investments. Customers may withdraw funds in accordance with the terms and conditions applicable to the particular Investment facility.

Customer investments include monies 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, the Company enjoys stable support from investors who align with the charitable objects of the Company.

To aid the security of Customer investments, the Company maintains strong levels of liquid funds and maintains significant investments in interest bearing securities that are readily convertible to cash.

Notes to the Financial Statements for the Year Ended 30 June 2025

30 June 2025 Maturity Analysis		At call	Less than 12 months	Greater than 12 months	Total
	Notes	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	12	106,987,056	-	-	106,987,056
Term deposits	13	-	94,500,000	-	94,500,000
Debt securities	13	-	116,925,344	297,465,256	414,390,600
Loans receivable	15	-	1,728,356	243,024,140	244,752,496
Total Financial assets		106,987,056	213,153,700	540,489,396	860,630,152

Financial liabilities

Payables-Interest bearing	16	288,782,716	401,888,069	-	690,670,785
Trade and other payables	17	-	1,882,208	-	1,882,208
Other liabilities	23	-	4,742,588	-	4,742,588
Total Financial liabilities		288,782,716	408,512,865	-	697,295,581

30 June 2024 Maturity Analysis		At call	Less than 12 months	Greater than 12 months	Total
	Notes	\$	\$	\$	\$
Financial assets					
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
Loans receivable	15	-	4,796,192	257,072,936	261,869,128
Total Financial assets		439,210,377	135,206,372	463,886,010	1,038,302,759

Financial liabilities

Payables-Interest bearing	16	637,077,340	229,882,707	-	866,960,047
Trade and other payables	17	-	3,391,681	-	3,391,681
Other liabilities	23	-	5,306,931	-	5,257,133
Total Financial liabilities		637,077,340	238,581,319	-	875,658,659

Notes to the Financial Statements for the Year Ended 30 June 2025

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 Instant Access, Notice of Withdrawal facilities 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 investment facility is also subject to interest rate risk as the interest rate is fixed over the term of the investments, however, the balance of term investments 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		
Payables – Interest bearing	Medium	Monies invested with the Company are instant access, Notice of Withdrawal or on term investments with a maximum term of 12 months. Investment facilities 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.

	2025	2024
	\$	\$
Floating rate instruments		
Debt securities	266,883,469	173,587,302
Total floating rate instruments	266,883,469	173,587,302

Notes to the Financial Statements for the Year Ended 30 June 2025

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 investor funds.

Year ended 30 June 2025			
		Profit	Equity
		\$	\$
+ 0.50 bps	Interest rates	2,094,957	2,094,957
- 1.50 bps	Interest rates	(6,284,872)	(6,284,872)

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)

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 investment assets, investment 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 2025

30 June 2025		Gross carrying amount	Fair values	Fair value hierarchy
Financial instruments not measured at fair value	Note	\$	\$	\$
Financial assets				
Cash and cash equivalents	12	106,987,053	106,987,053	Level 1
Term deposits	13	94,500,000	94,500,000	Level 2
Loans and advances	15	244,752,496	244,752,496	Level 3
Trade and other receivables	14	530,082	530,082	Level 3
Debt securities	13	414,390,600	413,192,268	Level 2
Other assets	22	3,862,049	3,862,049	Level 2

Total financial assets

Financial liabilities

Payables-Interest bearing	16	690,670,785	690,670,785	Level 2
Trade and other payables	17	1,882,208	1,882,208	Level 3
Other liabilities	23	4,742,588	4,742,588	Level 3

Total financial liabilities

30 June 2024		Gross carrying amount	Fair values	Fair value hierarchy
Financial instruments not measured at fair value	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

Financial liabilities

Payables-Interest bearing	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

Notes to the Financial Statements for the Year Ended 30 June 2025

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 2025

	2025	2024
	\$	\$
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	(91,500)	(45,750)
Total buildings	1,738,500	1,784,250
Total land and buildings	8,398,500	8,444,250

	2025	2024
	\$	\$
Furniture and fittings	254,466	277,757
Less: accumulated depreciation	(252,674)	(273,282)
	1,792	4,475
Plant and equipment	770,635	886,756
Less: accumulated depreciation	(692,545)	(766,004)
	78,090	120,752
Total equipment	79,882	125,227
Total property and equipment	8,478,382	8,569,477

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 2025

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

2024	Land and Buildings Occupied	Land and Buildings Leased	Furniture and Fittings	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

2025	Land and Buildings Occupied	Land and Buildings Leased	Furniture and Fittings	Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	5,585,000	2,859,250	4,475	120,752	8,569,477
Additions					
Disposals					
Depreciation expense	(25,000)	(20,750)	(2,683)	(42,662)	(91,095)
Adjustment					
Revaluation movement					
Carrying amount at the end of the year	5,560,000	2,838,500	1,792	78,090	8,478,382

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
2025 - Undiscounted annual lease payments	110,240	18,000	-	-	-	-	128,240
2024 - Undiscounted annual lease payments	83,150	2,720	-	-	-	-	85,870

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 2025

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 2025 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 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	

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 2025

Note 22 Other Assets

	2025	2024
	\$	\$
Interest accrued - investment securities	3,862,049	2,172,668
Interest accrued - loans and overdrafts	-	10
Total	3,862,049	2,172,678

Note 23 Other Liabilities

	2025	2024
	\$	\$
Other financial liabilities		
Accrued interest	4,701,418	5,241,926
Accrued expenses	35,075	15,207
Total other financial liabilities	4,736,493	5,257,133
Goods and Services Tax	6,095	49,798
Total other liabilities	4,742,588	5,306,931

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 2025

	2025	2024
	\$	\$
Employee benefits - Annual leave	365,637	386,740
Employee benefits - Long service leave	306,209	208,130
Employee benefits - Other	-	-
Unclaimed monies	41,589	65,149
Unclaimed depositors	-	501
Total	713,435	660,520

Analysis of short term provisions

	2025	2024
	\$	\$
Settled within 12 months	560,617	463,367
Settled greater than 12 months	152,818	197,153
Total	713,435	660,520

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.

	2025	2024
	\$	\$
Computer software - at cost	2,909,530	2,731,833
Less: accumulated amortisation	(2,499,457)	(2,308,397)
	410,073	423,436

Movement in carrying amounts

2025	Acquired computer software	Total
Note	\$	\$
Balance at the beginning of year	423,436	423,436
Additions	237,742	237,742
Disposals	-	-
Write offs	(43,850)	(43,850)
Amortisation expense	9 (207,255)	(207,255)
Impairment losses	-	-
Balance at the end of year	410,073	410,073

2024	Acquired computer software	Total
Note	\$	\$
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

Notes to the Financial Statements for the Year Ended 30 June 2025

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
- LLL Capital Reserve

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 was retired during the year ended 30 June 2025.

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.

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.

Notes to the Financial Statements for the Year Ended 30 June 2025

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 2025

Asset Revaluation Reserve

The Asset Revaluation reserve consists of the following;

	2025	2024
	\$	\$
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

	2025	2024
	\$	\$
Capital Reserve	81,821,261	81,103,167
General Reserve for Credit Losses	-	2,000,000
Donations Reserve	1,259,461	1,229,942
In Memoriam Donations Reserve	215,587	215,257
LLL Church Worker Support Fund Reserve	570,272	570,271
Legacies Reserve	27,615,609	27,612,109
LLL ALWS Support Fund Reserve	2,018,410	2,013,183
LLL Local Mission Support Fund Reserve	1,455,716	1,455,693
LLL Lutheran Media Support Fund Reserve	130,001	86,192
LLL Ministry Support Fund Reserve	75,666	6,000
LLL International Mission Support Fund Reserve	149,804	105,995
LLL Training and Development Support Fund Reserve	53,231	9,421
LLL Special Purposes Fund Reserve	11,008,045	11,059,915
LLL Child, Youth & Family Support Fund Reserve	8,167	8,167
Total	126,381,231	127,475,312
Total reserves	132,372,456	133,466,538

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.

	2025	2024
	\$	\$
Loan commitments		
Loans approved but not yet advanced	106,344,860	86,950,490
Undrawn line of credits	14,326,761	9,147,693
Total loan commitments	120,671,621	96,098,183

Notes to the Financial Statements for the Year Ended 30 June 2025

Other Disclosures

Note 28 Notes to the Statement of Cash Flows

Reconciliation of cash flows from operating activities with net surplus

	2025	2024
	\$	\$
Surplus from operations	2,211,896	9,820,918

Non cash flows in surplus

Amortisation of intangible assets	207,255	192,795
Depreciation	91,096	102,776
Impairment (release) charge on loans and investments	(74,000)	(105,000)
Intangible assets expensed	43,850	

Change in assets and liabilities

Increase in trade payables and accruals	(1,509,474)	348,169
Increase (Decrease) in provisions	52,915	134,963
Decrease (Increase) in accrued interest receivables	(1,604,800)	5,702,352
Increase in accrued interest payable	(564,344)	2,104,633
Net (Increase) in loan facilities	17,116,632	(10,872,383)
Net (Decrease) in payables – interest bearing	(176,289,262)	(314,251,125)

Total (160,318,236) (306,821,902)

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:

	2025	2024
	\$	\$
Cash at bank and at call	106,987,053	439,210,377

Total 106,987,053 439,210,377

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

Note 29 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 9 (2024: 7) Directors of the Company, the Chief Executive Officer and seven Executive Staff (two of which resigned during the year). 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:

	2025	2024
	\$	\$
- short term employee benefits	2,726,640	2,790,600

Key Management Personnel Compensation

- short term employee benefits 2,726,640 2,790,600

Total 2,726,640 2,790,600

Notes to the Financial Statements for the Year Ended 30 June 2025

Investments held by Key Management Personnel

	2025	2024
	\$	\$
Total value of investments from Key Management Personnel	712,537	658,692

Total 712,537 658,692

Total interest paid on investments 28,037 13,394

Other related parties

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

	2025	2024
	\$	\$
Loan balances outstanding – LCA and related parties	244,718,035	261,834,084

Total 244,718,035 261,834,084

Total interest received on loans 12,845,622 12,969,999

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 2025.

	2025	2024
	\$	\$
Total value of investments from the LCA and its related entities	455,691,644	485,670,671

Total 455,691,644 485,670,671

Total interest paid on investments 16,647,972 14,031,117

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 30 Auditor's Remuneration

	2025	2024
	\$	\$
Remuneration of the audit firm		
Nexia Edwards Marshall		
Auditing the financial report	140,701	147,950
Other services	31,936	-
KPMG		
Auditing the financial report	-	4,928
Other regulatory assurance services	-	188,948
Other services	-	18,559

Remuneration of the audit firm

Nexia Edwards Marshall

Auditing the financial report 140,701 147,950
Other services 31,936 -

KPMG

Auditing the financial report - 4,928
Other regulatory assurance services - 188,948
Other services - 18,559

Total 172,637 360,385

Notes to the Financial Statements for the Year Ended 30 June 2025

Note 31 Subsequent events

The LLL's Chief Executive Officer (CEO), Mr Ross Smith, tendered his resignation as CEO with this announced on the 1st July 2025. The resignation takes effect from the 15 August 2025, with the Board appointing Ms Karen Pienaar as interim CEO. Ms Pienaar is a current Director of LLL and will be taking a leave of absence from her position as director from the 31 July 2025.

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 32 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 2025

Directors' Declaration

In the Directors' opinion

- a. The financial statements and notes, as set out on pages 28-66 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 2025 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



Nicolle Rantanen Reynolds
Director

Dated the 11th day of September 2025

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

Report on the Audit of the Financial Report

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 2025, 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 2025 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 2025, 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.

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)

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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.

Advisory Tax Audit.

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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

11 September 2025

Advisory. Tax. Audit.

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Annual Report

For the year ended 30 June 2025



Lutheran Laypeople's League Of Australia Limited

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