

LIXI Limited
(a company limited by guarantee)
ABN 53 095 299 835

Financial Report
Year Ended 30th June 2011

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Directors' Report

Your directors present this report on the entity for the financial year ended 30 June 2011.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr John Hearne
Mr Simon Elwig (resigned 4 Nov 2010)
Mr Mike Thanos
Mrs Joanne Mather (resigned 4 Nov 2010)
Mr Curtis Brager
Mr Simon Libbis
Mr John de la Torre
Mr Phillip Naylor
Mr Glenn Lees (resigned 4 Nov 2010)
Mr Martyn Beer
Mr James Sheffield (appointed 4 Nov 2010)
Mr Jason Millett (appointed 4 Nov 2010)
Mr John McDonald (appointed 4 Nov 2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the company during the year were the development of standards for financial transactions.

The entity's short term objectives are to:

- Develop standards for financial transactions

The entity's long term objectives are to:

- to facilitate business-to-business exchange of information in the lending industry, with particular reference to mortgage lending;
- to develop and adopt standards relevant to the lending industry and to promote their use by members, and other participants in the lending industry;
- to undertake research in connection with business-to-business exchange of information and its application to the lending industry; and
- to educate members and other participants in the lending industry in the use of standards and related technologies.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

To achieve these objectives the entity has adopted the following strategies:

- continuing engagement with members through various forums to provide and enhance a collaborative environment for the specification of standards and facilitation and promotion of their adoption;
- developing standards that conform to member requirements;
- undertaking research on relevant subjects for distribution to our members; and
- conducting training on the use of standards and related technology.

Information on Current Directors

Mr John Hearne	Chairman
Qualifications	MBus
Experience	Head of Information & Knowledge Services, QBE
Special Responsibilities	Chairman of the Board, member of the Finance sub-committee, member of the Intellectual Property sub-committee
Mr Mike Thanos	Director
Qualifications	BComm, LLB
Experience	CEO, LTX
Special Responsibilities	Chair of the Intellectual Property sub-committee and member of the Technical sub-committee
Mr Curtis Brager	Director
Qualifications	
Experience	Former Commercial Manager, Nextgen.Net
Special Responsibilities	Member of the Technical sub-committee, member of the Finance sub-committee
Mr Simon Libbis	Director
Qualifications	B Jurisprudence, B Laws
Experience	Executive Director, NECO
Special Responsibilities	Chair of the Communications sub-committee, member of the Intellectual Property sub-committee
Mr John de la Torre	Director
Qualifications	MappFin, BBus, BLegs, Dip Bus, Dip CD
Experience	Managing Director, the Home Loan Centre
Special Responsibilities	Chair of the Technical sub-committee, member of the Finance sub-committee
Mr Phillip Naylor	Director
Qualifications	B Comm
Experience	CEO, MFAA
Special Responsibilities	Company Secretary, Member of the Communications sub-committee

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FOR THE YEAR ENDED 30 JUNE 2011

Mr Martyn Beer	Director
Qualifications	B.Bus
Experience	Lending Solutions Group Manager, Sandstone
Special Responsibilities	Member of the Technical sub-committee, member of the Finance sub-committee
Mr James Sheffield	Director
Qualifications	
Experience	General Manager, Mortgage Wealth, CBA
Special Responsibilities	
Mr Jason Millett	Director
Qualifications	
Experience	General Manager Process Excellence and Productivity, Westpac
Special Responsibilities	
Mrs John McDonald	Director
Qualifications	B.Ec, ACA
Experience	CFO, Aussie Home Loans
Special Responsibilities	

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

Director	Meetings eligible to attend	Meetings attended
John Hearne	7	5
Simon Elwig	4	3
Mike Thanos	7	7
Joanne Mather	4	3
Curtis Brager	7	7
Simon Libbis	7	6
John de la Torre	7	5
Phillip Naylor	7	6
Glenn Lees	4	2
Martyn Beer	7	7
James Sheffield	3	2
Jason Millett	3	3
John McDonald	3	2

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Guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each toward meeting any outstanding obligations of the entity. At 30 June 2011 the collective liability of members was \$870.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 15 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Signed:  _____

Name of Director: JOHN HEARNE

Signed:  _____

Name of Director: JOHN McDONALD

Dated this 25 day of OCTOBER, 2011

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FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME (P&L)
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	This Year \$	2010 \$
Income			
Membership/Licence Fees		383,444	360,591
Other Income		22,909	50,073
Interest		21,048	17,109
Total Income		<u>427,401</u>	<u>427,772</u>
Expenses			
Audit Fees		2,400	2,310
Business SC		224,866	175,390
Communication SC		44,172	67,215
Intellectual Property SC		5,326	14,675
Technical SC		165,187	204,431
Total Expenses		<u>441,951</u>	<u>464,020</u>
Profit/(Loss) for the year	2	<u>(14,550)</u>	<u>(36,248)</u>

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	This Year \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	483,104	479,942
Trade and other Receivables	4	33,273	945
TOTAL CURRENT ASSETS		516,377	480,887
TOTAL ASSETS		516,377	480,887
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	50,837	797
TOTAL CURRENT LIABILITIES		50,837	797
TOTAL LIABILITIES		50,837	797
NET ASSETS		465,540	480,090
EQUITY			
Retained earnings	6	465,540	480,090
TOTAL EQUITY		465,540	480,090

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FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN MEMBER'S FUNDS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	This Year	2010
		\$	\$
Total member's funds at the beginning of the year		480,090	516,338
Profit/(Loss) for the year		(14,550)	(36,248)
Other comprehensive income		-	-
Total comprehensive income for the year		(14,550)	(36,248)
Total member's funds at the end of the financial year		465,540	480,090

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	This Year \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		420,038	458,191
Payments to suppliers (inclusive of GST)		(437,925)	(519,926)
Interest received		21,048	17,109
Net cash provided by (used in) operating activities	7	<u>3,161</u>	<u>(44,626)</u>
Net increase (decrease) in cash held		3,161	(44,626)
Cash at beginning of year		479,942	524,568
Cash at end of year		<u>483,103</u>	<u>479,942</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 Statement of Significant Accounting Policies

The company has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning 1 July 2009.

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AAS 5: Materiality

No other applicable Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenue, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

2 Profit

	This Year \$	2010 \$
Expenses		
Audit Fees	2,400	2,310

3 Cash and Cash Equivalents

	This Year \$	2010 \$
Current		
Cash at Bank	10,595	31,594
NAB Investment Account	41,084	11,443
Macquarie Bank Term Deposit	431,401	436,905
Debit Card	24	-
	483,104	479,942

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at Bank	10,595	31,594
NAB Investment Account	41,084	11,443
Macquarie Bank Term Deposit	431,401	436,905
Debit Card	24	
	483,104	479,942

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

4 Trade and Other Receivables

	This Year \$	2010 \$
Current		
Trade Debtors	27,250	800
GST Outstandings	6,023	145
	33,273	945

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

5 Trade and other payables

Current		
Trade Creditors	50,337	797
Financial liabilities at amortised cost classified as trade And other payables		
Trade and other payables:		
- Total current	50,337	797
Financial liabilities as trade and other payables	50,337	797

6 Retained Earnings

	This Year \$	2010 \$
Retained earnings at the beginning of the financial year	480,090	516,338
Net profit/(loss) attributable to members of the company	(14,550)	(36,248)
Retained earnings at the end of the financial year	465,540	480,090

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

7 Cash Flow Information

	<u>This Year \$</u>	<u>2010 \$</u>
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax	(14,550)	(36,248)
Changes in assets and liabilities, net of the effects of any purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(26,450)	6,300
Increase/(decrease) in trade and other payables	49,103	(15,239)
Increase/(decrease) in tax liabilities	(4,942)	561
	<u>3,161</u>	<u>(44,626)</u>

8 Company Details

LIXI LIMITED is a company limited by shares, incorporated and domiciled in Australia.

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 13 present fairly the company's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed: 

Name of Director: JOHN HEARNE Date: 25/10/11

Signed: 

Name of Director: JOHN MCEWAN Date: 25/10/11

MEAGHER, HOWARD & WRIGHT
CERTIFIED PRACTISING ACCOUNTANTS
ABN 42 664 097 441

Suite 505
Level 5 / 55 Grafton Street
BONDI JUNCTION NSW 2022
PO Box 653
BONDI JUNCTION NSW 1355

PARTNERS
K.J. WRIGHT J.P. M.COMM. F.C.P.A.
G. MIDDLETON B.COMM. ACA

FINANCIAL PLANNING
MARK MAYCOCK

ASSOCIATE
L.J. HOWARD O.A.M. J.P. B Ec. F.C.P.A.

Phone: 02 9387 8988
Fax: 02 9387 8388
greg@mhw.net.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIXI LIMITED 53 095 299 835

Scope

The Financial Report and Director's Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the director's declaration for LIXI Limited, for the year ended 30 June 2011.

The director of the company is responsible for the preparation and true and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirement of the company's constitution and are appropriate to meet the needs of members. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting requirements under the Company's Constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Audit Approach

I conducted an independent audit in order to express an opinion to the members of the company. My audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the accounting policies as described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate for the needs of the members.

I formed my audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and -disclosures in the financial report, and

MEAGHER, HOWARD & WRIGHT

CERTIFIED PRACTISING ACCOUNTANTS

ABN 42 664 097 441

PARTNERS

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FINANCIAL PLANNING

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ASSOCIATE

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53 095 299 835

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I formed my audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

assessing the appropriateness of the accounting policies and disclosures used and the -reasonableness of significant accounting estimates made by the director.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, my audit was not designed to provide assurance on internal controls.

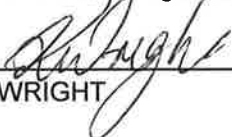
Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of LIXI Limited as at 30 June 2011 and the results of its operations and its cash flows for the year then ended.

Name of Firm: Meagher Howard & Wright
Certified Practising Accountants

Name of Partner: 
K J WRIGHT

Address: Suite 505, 55 Grafton Street BONDI JUNCTION NSW 2022

Dated this day of 25 October 2011

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Name of Firm: Meagher Howard & Wright
Certified Practising Accountants

Name of Partner:



K J WRIGHT

Address: Suite 505, 55 Grafton Street BONDI JUNCTION NSW 2022

Dated this day of 25 October 2011