

LML PAYMENT SYSTEMS INC
Form 8-K
July 13, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported):
July 9, 2004

LML PAYMENT SYSTEMS INC.

(Exact name of Registrant as specified in charter)

<u>Yukon Territory</u>	<u>0-13959</u>	<u>980-20-9289</u>	<u>6099</u>
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(I.R.S. Employer Identification No.)	(Primary Standard Industrial Classification Code)

1680-1140 West Pender Street
Vancouver, B.C. V6E 4G1

(Address of principal executive offices)

(604) 689-4440

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

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ITEM 4. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On July 7, 2004, the Board of Directors of LML Payment Systems Inc. ("LML" or the "Corporation") and its Audit Committee decided to no longer engage Ernst & Young LLP ("Ernst & Young") as the Corporation's independent auditors. The Corporation and its Audit Committee requested, received and accepted Ernst & Young's resignation effective July 9, 2004. The Corporation and its Audit Committee has engaged Grant Thornton LLP ("Grant Thornton") to audit the Corporation's financial statements for the year ending March 31, 2005 effective July 12, 2004.

Ernst & Young has represented the Corporation as its independent auditors during the fiscal years ending March 31, 2004, 2003 and 2002. Ernst & Young's report on the financial statements of the Corporation for the two most recent fiscal years for which Ernst & Young was the Corporation's independent auditors, did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two most recent fiscal years and any subsequent interim periods preceding the date of this report there were no:

- (i) disagreements between the Corporation and Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Ernst & Young, would have caused them to make reference to the subject matter of the disagreement or disagreements in their reports on the financial statements for such years.
- (ii) reportable events involving Ernst & Young that would have required disclosure under Item 304(a) (1) (v) of Regulation S-K.
- (iii) written or oral consultations between the Corporation and Grant Thornton regarding either the specific application of accounting principles or the type of audit opinion that might be rendered on the Corporation's financial statements that was considered an important factor by the Corporation in reaching a decision as to an accounting, auditing or financial reporting issue, or any matter that was the subject of a disagreement or a reportable event, that would have required disclosure under Item 304 (a)(2) of Regulation S-K.

The Corporation requested and received from Ernst & Young a letter addressed to the Securities and Exchange Commission stating that it agrees with the statements set forth above, in connection with this filing. A copy of that letter, dated July 12, 2004 is attached as Exhibit 16 with this filing.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 16. Letter of Ernst & Young addressed to the Securities and Exchange Commission dated July 12, 2004.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LML PAYMENT SYSTEMS INC.

By: /s/ Carolyn Gaines
Carolyn Gaines
Corporate Secretary

Date: July 13, 2004