

## Question on notice

### Question 2

*Senator WHISH-WILSON: Lastly, in terms of us looking at metrics for audit quality, corporate collapse, if I could use that term, has been raised a lot in the context of the UK. Could you give us a list of companies that you were auditor of when there was a liquidation process or—I won't use 'corporate collapse'—wind-up so that kind of thing? Timbercorp would be a good example; it's one I do know. This is so we can put that list together as a committee and have a look at how much corporate collapse—*

We believe that audit has a critical role to play in upholding trust and confidence in financial markets. In those cases where mitigating actions can be taken in time to prevent (or reduce the impact of) a corporate failure, audit can serve as an essential early warning system for company directors and management. However, companies can fail or enter liquidation for many reasons, and there is no systemic, causal link between corporate failure and audit quality in Australia.

A range of internal and external factors can impact company performance. Examples of internal factors include the strategic choices and financial decisions made by the entity's management. External factors also play a role and can include economic conditions, a disruption to the industry or the entity's business model.

The following table identifies listed companies audited by Deloitte that entered administration and/or liquidation during the last 10 years.

**Table 1: Listed companies audited by Deloitte that entered administration and/or liquidation within the last 10 years**

Year	Entity name	Last Audit Report or Review Report issued
2018	RCR Tomlinson	<p>The Audit Report on the financial report for the year ended 30 June 2018 included bringing to the user's attention a Material Uncertainty Related to Going Concern.</p> <p>Voluntary Administrators were appointed on 21 November 2018 and then as Liquidators in March 2019.</p>
2018	Cleveland Mining	<p>An Interim Financial Report was prepared for the period ended 31 December 2015. Deloitte issued a Disclaimer of Review Conclusion on 15 March 2016 bringing to the user's attention multiple uncertainties related to going concern.</p> <p>An Administrator was appointed on 9 May 2018.</p>
2016	Dick Smith	<p>The Audit Report for the year ending 30 June 2015 did not contain a qualification or an Emphasis of Matter Related to Going Concern.</p> <p>A Voluntary Administrator and Receiver were appointed on 5 January 2016. Liquidators were appointed in July 2016.</p>
2015	Viento	<p>The first engagement Deloitte completed for this entity was the review of the Interim Financial Report for the period ended 31 December 2014. Deloitte disclaimed the review conclusion due to the pervasiveness of the uncertainties in relation to going concern and due to an inability to obtain appropriate evidence to support the carrying value of certain assets.</p> <p>The entity entered administration on 22 April 2015.</p>
2014	Western Desert Resources Ltd	<p>The Audit Report for the year ended 30 June 2013 and the Review Report for the period ended 31 December 2013 did not contain a qualification or an Emphasis of Matter Related to Going Concern.</p> <p>Voluntary Administrators were appointed on 5 September 2014. Liquidators were appointed in April 2015.</p>
2012	Hastie Group Limited	<p>The Review Report on the Interim Financial Report for the half year ended 31 December 2011 included an Emphasis of Matter of Material Uncertainty as to Hastie's ability to continue as a going concern. This report was issued on 29 February 2012.</p> <p>Voluntary Administrators were appointed in May 2012. Receivers and then liquidators were appointed in January 2013.</p>
2010	Clive Peeters	<p>The Audit Report for the year ended 30 June 2009 and the Review Report on the Interim Financial Report for the period ended 31 December 2009 did not contain a qualification or an Emphasis of Matter Related to Going Concern.</p> <p>The entity entered Voluntary Administration on 19 May 2010. Following this, most stores were sold to Harvey Norman in July 2010.</p> <p>Liquidators were appointed for the remaining stores on 19 October 2010.</p>
2009	Timbercorp Group	<p>The Audit Report for the year ended 30 September 2008 included bringing to the user's attention an Emphasis of Matter Related to Going Concern.</p> <p>The entity entered Voluntary Administration on 23 April 2009.</p>