

**Enforceable Undertaking**

RICHARD ALBERT DEAN

**Australian Securities & Investments Commission Act 2001****Section 93AA**

The commitments in this Enforceable Undertaking are offered to the Australian Securities and Investments Commission ('ASIC') by:

**All the Partners of PKF Victoria (a firm)**

Level 11  
485 La Trobe Street  
**MELBOURNE** Victoria 3000

**1 BACKGROUND****PKF Auditors**

- 1.1 The Victorian partnership of PKF ('PKF Victoria') is a firm of chartered accountants and business advisers. George Paul Andreola ('Andreola') and Michael John Phillips ('Phillips') are partners of PKF Victoria and each of them is registered as an auditor pursuant to s1280 of the *Corporations Act 2001* ('the Act'). As registered auditors, Andreola and Phillips must each comply with statements issued by the ICAA as to audit engagements and ensure that financial statements audited by them comply with the Australian Accounting Standards ('AASB') issued by the Australian Accounting Standards Board.
- 1.2 PKF Victoria shares resources with the national practice of PKF, which is responsible for maintaining a professional standards manual ('PKF International Professional Standards manual') in relation to the conduct of audit engagements for all PKF partnerships.
- 1.3 On 13 September 2005, Andreola and Phillips each and individually offered to ASIC an Enforceable Undertaking pursuant to section 93AA of the Act, which ASIC accepted on 13 September 2005 ('the PKF partner EUs').
- 1.4 All the Victorian partners of PKF Victoria ('the Victorian PKF partnership') hereby acknowledge that they are aware of the matters and things to which the PKF partner EUs relate.
- 1.5 ASIC has formed the view that each of Andreola and Phillips may have failed to adequately or properly perform their duties as auditors with regard to certain audits. The Victorian PKF partnership acknowledges that the partnership has a responsibility to ensure that its audit members comply with statements issued by the ICAA as to audit engagements and ensure that financial statements audited by them comply with AASB. ASIC has formed the view that the Victorian PKF partnership may have failed to take all appropriate steps to ensure such compliance.

- 1.6 While PKF Victoria does not agree with all aspects of ASIC's concerns the equity partners of PKF Victoria have offered and ASIC has agreed to accept an enforceable undertaking in terms of paragraphs 2.2 to 2.4 below.

## **2. UNDERTAKINGS**

- 2.1 Pursuant to section 93AA of the ASIC Act, the equity partners of PKF Victoria enter into the following undertakings.

### **The Victorian Partnership of PKF – ('PKF Victoria')**

- 2.2 PKF Victoria undertakes to ensure compliance with all matters and things required of Andreola and Phillips respectively by the PKF partner EU's.
- 2.3 PKF Victoria undertakes to ensure that all future audit work is conducted in accordance with the PKF International Professional Standards manual, including quality assurance requirements.

### **Consequences of non-compliance with undertakings in this Enforceable Undertaking**

- 2.4 PKF Victoria undertakes that, on becoming aware of non-compliance with any of the undertakings set out in paragraphs 2.2 to 2.3 above, and without derogating from any other rights and remedies available to ASIC, PKF Victoria or the National Technical Partner of PKF will notify ASIC in writing immediately of any such non-compliance occurring.

## **3. GENERAL ACKNOWLEDGMENTS**

- 3.1 Any written notification to ASIC pursuant to this Enforceable Undertaking is to be provided to ASIC Assistant Director Enforcement, Melbourne.
- 3.2 PKF Victoria acknowledges that they have each had the opportunity to obtain legal advice in relation to the content and effect of this Enforceable Undertaking.
- 3.3 PKF Victoria acknowledges that ASIC:
- a. may issue a media release/media releases on execution of this Enforceable Undertaking referring to its terms and the concerns of ASIC which led to its execution; and
  - b. may from time to time publicly refer to this Enforceable Undertaking; and
  - c. will make this Enforceable Undertaking available for public inspection.
- 3.4 PKF Victoria acknowledges that this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC, or any other person

or entity arising from any conduct described in this Enforceable Undertaking or the PKF partner EU's.

- 3.5 PKF Victoria acknowledges that ASIC's acceptance of an Enforceable Undertaking does not affect its power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary penalty order in relation to any or all of the conduct described in this enforceable undertaking or any contravention arising from future conduct.
- 3.6 ASIC acknowledges that nothing in this enforceable undertaking constitutes an admission by PKF Victoria.
- 3.7 ASIC acknowledges that this enforceable undertaking ceases to apply to any party immediately that party ceases to be an equity partner of PKF Victoria.
- 3.8 The provisions of this Enforceable Undertaking take effect on the date it is accepted by ASIC and terminate on 30 September 2006.

**MICHAEL JOHN PHILLIPS**

*Michael Phillips*  
.....  
Victorian Partner PKF

(Registered Auditor (No. 7453))

*MICHAEL PHILLIPS*  
.....

Name (Please print)

**NOEL FRANCIS MAY**

*Noel May*  
.....  
Victorian Partner PKF

*NOEL MAY*  
.....

Name (Please print)


**SIMON JOHN MARSH**

*Simon Marsh*  
.....  
Victorian Partner PKF

*Simon MARSH*  
.....

Name (Please print)

**DENNIS ANTHONY TURNER**

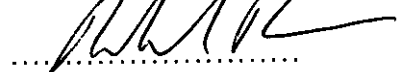


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Victorian Partner PKF

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DENNIS TURNER

Name (Please print)

**RICHARD ALBERT DEAN**



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Victorian Partner PKF

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RICHARD DEAN

Name (Please print)

**JOHN PASIAS**

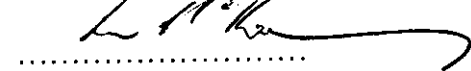


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Victorian Partner PKF

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JOHN PASIAS

Name (Please print)

**SCOTT MICHAEL MCKAY**



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Victorian Partner PKF

.....  
SCOTT MCKAY

Name (Please print)

**JOHN PAOLACCI**



.....  
Victorian Partner PKF

.....  
JOHN PAOLACCI

Name (Please print)

Accepted by the Australian Securities and Investments Commission pursuant to section 93AA of the *Australian Securities and Investments Commission Act* by its duly authorised delegate.

Dated this 16<sup>th</sup> day of September 2005

Mark Steward.  
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