

MEDIA RELEASE

DATE 17 MARCH 2022

CADB SUSPENDS THE REGISTRATION OF NEW SOUTH WALES COMPANY AUDITOR

The Companies Auditors Disciplinary Board (CADB) has made orders that:

1. The registration of Mr Jakin Leong Loke as a Company Auditor be suspended for twelve months.
2. Mr Loke provide undertakings to ASIC including:
 - a) To undertake 45 additional hours of professional education comprising at least 15 hours annually for the next three years.
 - b) At his cost to retain a registered company auditor approved in advance by ASIC, as a peer reviewer to oversee the first three company audits he conducts following the resumption of his registration as a Company Auditor.

Mr Loke was registered as a Company Auditor on 24 February 2016. His principal place of practice as an auditor is Ecovis Clark Jacobs (ECJ), 1Market St Sydney, NSW.

The matters the subject of ASIC's application to CADB arose from Mr Loke's involvement in the 2017 Audit of Big Un Ltd. At the time Big Un Ltd was a public company listed on the Australian Stock Exchange. Mr Loke participated in the 2017 Audit of Big Un as a member of the ECJ audit team.

ASIC contended that Mr Loke failed to perform his duties as an auditor adequately and properly within the meaning of s1292(1)(d)(i) of the Corporations Act because:

1. Mr Loke, carried out audit duties when he should have known that his firm ECJ had a conflict of interest that affected his (and ECJ's) capacity to demonstrate the requisite independence that was required by the Code of Ethics for Professional Accountants (APES110) in force at the time, because ECJ was performing other accounting services for Big Un Ltd over the relevant period, which included one of his ECJ colleagues being the appointed Company Secretary of BigUn Ltd.
2. Mr Loke failed to obtain reasonable assurance that the June 2017 Financial Report prepared by BigUn Ltd was free from material misstatement in relation to the value of share based payment transactions and the existence and value of the share option reserve.
3. Mr Loke failed to set Performance Materiality for the BigUn 2017 Audit at an appropriately low level.
4. Mr Loke failed to gather sufficient appropriate audit evidence from BigUn's previous auditor.
5. Mr Loke failed to obtain reasonable assurance and sufficient appropriate audit evidence to reduce the risk in relation to Big Un's ability to continue as a going concern, to an acceptably low level.

The Board was satisfied that ASIC's contentions were established by the evidence. The full reasons for its decision have been published on its website.

<https://www.cadb.gov.au>

The Companies Auditors Disciplinary Board is a statutory body established under Pt 11 of the ASIC Act to act as an independent tribunal to hear and determine disciplinary matters within s1292(1) Corporations Act with respect to registered Company Auditors.

<https://www.cadb.gov.au>