



Tasmania

Liquidators seek court quiz over Gunns debt

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THE liquidators of timber firm Gunns Limited want to quiz the company's auditors over their role in the 2012 collapse involving \$3 billion of liabilities.

PPB Advisory has summonsed Leigh Franklin and David Lumley of KPMG's Hobart office to a public examination under the Corporations Act in the Supreme Court of Victoria early next year.

A hearing on December 15 was adjourned with the consent of both parties.

Gunns collapsed in September 2012 owing secured creditors \$635 million, employees \$10 million, unsecured creditors \$134 million and \$2.2 million in intercompany loans.

Associate Justice Simon Gardiner has ordered that Mr Franklin and Mr Lumley produce the books and financial records in their possession, custody or control relating to the examinable affairs of Gunns.

A Supreme Court of Victoria file reveals PPB Advisory liquidator Daniel Bryant wants to examine KPMG about its review of Gunns' 2008 financial statements, the audit of Auspine to June 2009 and all financial models relating to the audits of Gunns group's financial statements between June 30, 2009, and June 30, 2011.

Liquidators have asked for documents about the \$2.5 billion Bell Bay pulp mill, land valuations, biological assets and receivables in relation to the managed investment schemes.

The 2011 documents sought include the Bell Bay pulp mill project financial model dated June 2011, pulp mill cost summary dated May 31 and the pulp mill capitalised cost summary.

A public examination is an investigative process used by liquidators to search for assets, inquire into potential claims, discover any offences and provide some sense of resolution to creditors.

Examinations are conducted under oath and anyone not attending without reasonable cause can be arrested and imprisoned.

Liquidators believe Gunns may have been insolvent as early as March 2012.

A report to creditors in 2013 said that a liquidator would investigate whether \$1.4 billion of writedowns in assets values between 2010 and 2012 were sufficient.

“A liquidator will continue to investigate these matters and whether any Australian Auditing Standards may have been breached,” the report said.

In the Gunns 2011 annual report KPMG pointed out that the recoverability of \$213 million of pulp mill expenditure was uncertain and there was uncertainty about the group’s financing arrangements.