



# COPRA MILLERS OF FIJI LIMITED

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25 May 2018

Hon. Ashneel Sudhakar  
The Chairman  
Public Accounts Committee  
Parliament of the Republic of Fiji  
Parliament Complex, Constitution Avenue  
Suva.

Dear Sir

## **RE: CLARIFICATION OF ISSUES – 2015 AUDIT REPORT**

We refer to the letter dated 16<sup>th</sup> May 2018 in respect to the anomalies for 2015 Audit Report for Copra Millers of Fiji Limited. Outlined below are the actions and plans that the company has undertaken / intends to execute to address the audit issues.

### 1. Grouping

We will review the Fixed Asset Register and properly group the assets into their correct classes. Property, plant and equipment as at 31 December 2017 will be correctly presented.

### 2. Impairment Assessment and Negative Book Values

The Fixed Asset Register has been updated in respect to assets with zero written down values.

We have carried out full physical verification of property, plant and equipment. The written down values of fixed assets have also been reviewed to ensure it correctly reflects its carrying values as at 31 December 2017.

We present below some of our major assets which require replacement or disposal and our action plan in respect to these assets.

Major Fixed Asset	Assessment	Action								
<p data-bbox="358 1629 391 2049"><b>1.0 Crude Coconut Oil Expellers</b></p>  <table border="1" data-bbox="748 1570 1031 2053"> <thead> <tr> <th data-bbox="753 1885 824 2049">Expeller reference</th> <th data-bbox="753 1570 824 1885">Date of Manufacture</th> </tr> </thead> <tbody> <tr> <td data-bbox="829 1885 901 2049">Mark 3A</td> <td data-bbox="829 1570 901 1885">1947</td> </tr> <tr> <td data-bbox="906 1885 977 2049">Mark3B</td> <td data-bbox="906 1570 977 1885">1980</td> </tr> <tr> <td data-bbox="982 1885 1031 2049">Mark2</td> <td data-bbox="982 1570 1031 1885">1942</td> </tr> </tbody> </table>	Expeller reference	Date of Manufacture	Mark 3A	1947	Mark3B	1980	Mark2	1942	<p data-bbox="354 957 597 1562">There is a need to replace the current expellers that is over 30 years old and incurs lots of repair and maintenance cost. The cost of replacing major parts is more than smaller version of new expeller. Currently, only one expeller is working. In view of above, it was resolved to replace the old expellers.</p>	<p data-bbox="345 306 483 932">We have purchase the new machines from a renowned company in India – Kumar Metal Industries who have also supplied machines to various companies in Fiji.</p> <p data-bbox="521 306 586 932">The machines are expected to be installed by 31 July 2018</p>
Expeller reference	Date of Manufacture									
Mark 3A	1947									
Mark3B	1980									
Mark2	1942									
<p data-bbox="1073 1650 1105 2049"><b>2.0 Sales of Idle Storage Tank</b></p> 	<p data-bbox="1065 947 1308 1562">The copra supply has reduced significantly and only 1 storage tank is used. 4 tanks are idle and has not been used for the last 2 years. The idle asset incurs the repair and maintenance costs. It was resolved to advertise and sell the storage tanks.</p>	<p data-bbox="1057 296 1227 932">We have called Expression of Interest for sale of Storage Tanks. No offers received. It was decided to approach individuals /companies interested and sell the storage tank.</p>								

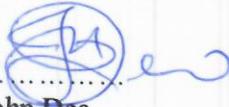
<p><b><u>3.0 Surplus Land</u></b></p> 	<p>The company has surplus land area of – 15,000 sq. mtrs (3.7 acres). This has not been used since 26 years.</p> <p>The company has sufficient land for future expansion purposes therefore, it was resolved to sell the surplus.</p>	<p>We have done the land valuation and have called Expression of Interest for sale of land. We have received offers below valuation amount.</p> <p>We have now engaged Real Estate agents for sale of surplus land</p>
<p><b><u>4.0 Mooring System/Buoy</u></b></p> 	<p>The mooring system/buoy is no longer required by the company.</p> <p>The mode of coconut oil shipment has changed from bulk loading direct from shore tank to bulk liner vessel anchored 350m from shore via floating pipelines to container shipment from Suva Port.</p> <p>Mooring system – repair works of \$15,000 were identified.</p>	<p>Currently, the buoy is used by Pacific Energy with a service fee paid to CMFL. The asset was fully depreciated and revalued to \$5,000 in the Fixed Asset Register.</p>

3. Major Renovations

We had separately capitalised major renovations and alternation works to buildings for ease of identification and reference for internal purpose. We will maintain this for our internal purpose, however will provide updated register grouping these together with the initial cost of building for the purpose of audit.

Please do not hesitate to contact us should you require any further information or clarification.

Yours faithfully



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John Deo  
General Manager

cc. The Board Chairman – Mr. Raj Sharma