



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 16th 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 it 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>1.0 <u>Crude Coconut Oil Expellers</u></p>  <table><tr><th>Expeller reference</th><th>Date of Manufacture</th></tr><tr><td>Mark 3A</td><td>1947</td></tr><tr><td>Mark3B</td><td>1980</td></tr><tr><td>Mark2</td><td>1942</td></tr></table> | Expeller reference | Date of Manufacture | Mark 3A | 1947 | Mark3B | 1980 | Mark2 | 1942 | <p>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>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>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>2.0 <u>Sales of Idle Storage Tank</u></p>  | <p>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>We have called Expression of Interest for sale of Storage Tanks.</p> <p>No offers received.</p> <p>It was decided to approach individuals /companies interested and sell the storage tank.</p> | | | | | | | | |

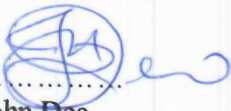
| | | |
|---|--|--|
| <p><u>3.0 Surplus Land</u></p>  | <p>The company has surplus land area of – 15,000 sq. mtrs (3.7 acres). This has not been used since 26 years.</p> <p>The company has sufficient land for future expansion purposes therefore, it was resolved to sell the surplus.</p> | <p>We have done 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><u>4.0 Mooring System/Buoy</u></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



John Deo
General Manager

cc. The Board Chairman – Mr. Raj Sharma