



## AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

**Date:** 09 July 2014

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### Press Release

#### **Subject: Auditor General's report to the shareholders and Board of Directors of Felivaru Fisheries Maldives Limited**

We have issued an audit report on the financial statements of Felivaru Fisheries Maldives Limited on 30 June 2014 and published the same on our website [www.audit.gov.mv](http://www.audit.gov.mv).

Due to the significance of certain issues relating to items in the statement of financial position of the company, the Auditor General (AG) has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Thus, the AG has not expressed an opinion on the financial statements.

1. The company which was functioning as a unit of Maldives Industrial Fisheries Company Limited (MIFCO) until MIFCO was split into three separate companies in 2010, started operating as a separate independent entity with effect from 1 June 2010 and was registered as a Company on 31 October 2010. On functioning as a separate entity the Company accounted as assets taken over and liabilities assumed, the assets and liabilities that were accounted in the books of account while it was operating as a unit of MIFCO. In the absence of finalization of the separation of MIFCO, the AG was unable to conclude whether the value at which the assets were taken over and the liabilities assumed by the Company were accurate, complete and valid. Due to this and other matters, the AG has not expressed an opinion on the financial statements as at 31 December 2011 and 2012.
2. The value of property, plant and equipment shown in the statement of financial position does not include the fair value of fully depreciated items of property, plant and equipment taken over by the Company from MIFCO when the Company was operating as a unit of MIFCO. The value of those fully depreciated assets amounted to



MVR 255,297,636 as at 31 December 2013, of which some of the assets are in operational condition. Further, fixed assets register has not been updated since 2008 when the Company was operating as a unit of MIFCO and the Company has not maintained a fixed assets register from the date of takeover of assets to the Company and determined the useful lives of the assets taken over. Therefore the AG was unable to conclude whether property, plant and equipment shown in the balance sheet, the depreciation amounting to MVR 6,656,261 charged to income statement and therefore whether the profit earned during the year are fairly stated.

3. Trade and other receivables include MVR 11,634,621 receivable from North Province Office, which has been outstanding for more than three years as at the date of the audit report. Although the Company has repossessed the building from North Province Office during the previous year, the building has not been valued and accounted to set off the receivables. Therefore the AG was unable to conclude whether the receivables, property, plant and equipment and the result for the year are fairly stated.
4. The capital clause in the Memorandum of Association of the Company states that the authorized capital of the Company is MVR 116,000,000 of which, MVR 100,000,000 is paid up. The books of account of the Company show only MVR 2,000,000 as share capital. Accordingly, the AG is unable to determine the status of the Company's share capital.
5. Payables as at 31 December 2013 include payable to related parties amounting to MVR 100,216,409 as disclosed in Note 25 to the financial statements. In the absence of inter-company balance confirmations the AG is unable to conclude whether the payables balances to related parties represent obligations as at 31 December 2013.

Stakeholder Relations  
Auditor General's Office

