

*The Auditor's Communication With Those Charged
With Governance*

Tobolar Copra Processing Authority
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2023



September 18, 2025

Board of Directors
Tobolar Copra Processing Authority

We have performed an audit of the financial statements of the Tobolar Copra Processing Authority (TCPA), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated September 18, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board of Directors (the Board) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of TCPA is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 12, 2024 and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements, required supplementary information, supplementary and other information are the responsibility of TCPA's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the March 2025 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

TCPA's recurring losses from operations raise substantial doubt about its ability to continue as a going concern. We concluded that the existing substantial doubt about TCPA's ability to continue as a going concern for a reasonable period of time has been alleviated by management's plans as disclosed in footnote 12 to the financial statements.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in Note 2 of the financial statements.

We are not aware of any significant accounting policies used by TCPA in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Related party relationships and transactions

We noted no significant matters regarding TCPA's relationships and transactions with related parties. A discussion of related party relationships and transactions is included in Note 6 of the financial statements.

Changes to the terms of the audit with no reasonable justification for the change

None.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by TCPA.

Difficult or contentious matters subject to consultation outside of the audit team

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to “Management Representations Letter” in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to “Management Representations Letter” in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses and significant deficiencies have been identified.

Instance of noncompliance has been identified during the course of our audit have been included in our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards* dated September 18, 2025.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the March 2025 meeting during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with TCPA's management on financial accounting and reporting matters during the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with TCPA or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Engagement team’s involvement with preparation of the financial statements

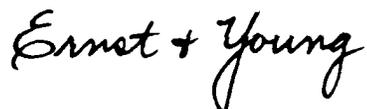
Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 Provision of Nonaudited Services to Audited Entities explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document the consideration of management’s ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of TCPA.
- The preparation of the financial statements is based on TCPA’s trial balance with our understanding that TCPA’s underlying books and records are maintained by TCPA’s accounting department and that the final trial balance prepared by TCPA is complete.
- TCPA’s Chief Accountant have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

Appendix

A - Management Representations Letter

A - Management Representations Letter



September 18, 2025

Ernst & Young (RMI) Inc.
PO Box 1288, 96960,
Majuro, Marshall Islands

In connection with your audits of the financial statements of the Tobolar Copra Processing Authority (TCPA), a component unit of the Republic of the Marshall Islands, as of September 30, 2023 and 2022 and for the years then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of TCPA and the changes in financial position and cash flows thereof in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, considering surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 12, 2024, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US GAAP applied on a basis consistent with that of the preceding years.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TCPA's ability to continue as a going concern for one year after the financial statement date.

We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation, and other matters.

A - Management Representations Letter, continued

- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within TCPA from whom you determined it necessary to obtain evidence.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From December 13, 2024 through the date of this letter, we have disclosed to you to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Governmental entities

We recognize that we are responsible for TCPA's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

Corrected misstatements

We have reviewed and approved the adjustments summarized in the accompanying schedule and reflected these adjustments in the financial statements. Refer to the "Schedule of Corrected Misstatements" in Appendix A.

A - Management Representations Letter, continued

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current audit and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

We have communicated to you all instances of noncompliance. There have been no significant changes in internal control since September 30, 2023. There have been no significant changes in internal control since September 30, 2023.

Minutes and contracts

The dates of meetings of the Board of Directors from October 1, 2022, to the date of this letter are as follows:

Meeting type	Date	Meeting type	Date
Special Executive	October 26, 2022	Special	December 05, 2023
Special Executive	October 27, 2022	Special	December 14, 2023
Regular	December 13, 2022	Special	December 20, 2023
Special Executive	January 05, 2023	Special	January 05, 2024
Special Executive	February 28, 2023	Special	January 25, 2024
Regular	May 09, 2023	Special	February 05, 2024
Regular	June 22, 2023	Special	February 22, 2024
Special	August 15, 2023	Special	February 29, 2024
Special	August 26, 2023	Regular	March 19, 2024
Special	August 30, 2023	Regular	May 13, 2024
Special	September 22, 2023	Special	July 17, 2024
Executive	October 11, 2023	Regular	August 06, 2024
Special	October 20, 2023	Regular	October 22, 2024
Special	November 10, 2023	Special	November 05, 2024
Regular	November 15, 2023	Regular	February 12, 2025
Special	November 24, 2023	Special	March 24, 2025

We have made available to you all the minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

A - Management Representations Letter, continued

We also have made available to you all significant contracts, including amendments and agreements, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Ownership and pledging of assets

Except for assets accounted for in accordance with GASB Statements No. 87, 94 and 96 - as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), TCPA has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which TCPA has satisfactory title appear in the statements of net position.

Receivables and revenues

Adequate provision has been made for any receivable as of the statement of net position date(s) that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Inventories

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2023 and none are contemplated.

Leases

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87 - as amended. We have appropriately considered any modifications, termination, or purchase options in the contract.

A - Management Representations Letter, continued

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Prepayments

We believe that all material expenditures for which recognition has been deferred to future periods are recoverable.

Long-lived assets used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets used, including intangible assets that are subject to amortization, may not be recoverable.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 - as amended, has been considered and appropriate adjustments or disclosures are made in the financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Events of default under debt agreements

No events of default have occurred with respect to any of TCPA's debt agreements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62 - as amended.

A - Management Representations Letter, continued

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62 - as amended, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

We have consulted legal counsel concerning litigation, claims or assessments.

Oral or written guarantees

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

Purchase commitments

At September 30, 2023, TCPA had no purchase commitments for inventories more than normal requirements or at prices that were more than market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 because of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that TCPA's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation, and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated because of fraud.

A - Management Representations Letter, continued

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in TCPA's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of TCPA.

Independence

We have communicated to you the names of the Funds' affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for TCPA.

We are not aware of any business relationship between TCPA and Ernst & Young LLP (RMI) or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP (RMI) would not be independent for purposes of TCPA's audits.

Conflicts of interest

There are no instances where any officer or employee of TCPA has an interest in a company with which TCPA does business that would be considered a "conflict of interest." Such an interest would be contrary to TCPA's policy.

Effects of new accounting principles

As discussed in Note 2, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

TCPA is therefore unable to disclose the effects that adopting the amendments of the GASB Statements will have on its financial position and the changes in its financial position when such amendments are adopted.

Going concern

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

A - Management Representations Letter, continued

Required supplementary information

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which has been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Other representations

- We have identified and disclosed to you all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and change in net position.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Capital assets, including infrastructure, are properly capitalized, reported and, if applicable, depreciated.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

A - Management Representations Letter, continued

- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

Subsequent events

Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to TCPA affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, changes in net position and, where applicable, cash flows of TCPA.

Financial statements approval

We have received a draft copy of the financial statements of TCPA as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of TCPA.

You have assisted in the preparation of TCPA's financial statements based on the information in TCPA's trial balance and accounting records. It is our understanding that:

- TCPA's underlying books and records are maintained by TCPA's accounting department and that the final trial balance prepared by TCPA is complete;
- All adjusting journal entries posted to the trial balance have been approved by TCPA's management, and
- TCPA has designated a competent representative to oversee your services and that there are TCPA personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge, that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

A - Management Representations Letter, continued

We understand that your audit was conducted in accordance auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of TCPA and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Patrick Langrine, General Manager



Lenie Sigman, Chief Accountant

A - Management Representations Letter, continued

Appendices

A- Schedule of Corrected Misstatements

B - Schedule of Uncorrected Misstatements

A - Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity:		Toblar Copra Processing Authority		Period ended:	30-Sep-2023	Currency:	USD		
No.	W/P ref.	Account	Analysis of misstatements Debit/(Credit)						
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
AJE#1	E/E-05	To correct AR balances							
	1125	Accounts Receivable - MOF	50,117						
	1140	Prov'n for Doubtful Debts	(50,117)						
	1140	Prov'n for Doubtful Debts	30,366						
	1125	Accounts Receivable - PCG	(30,366)						
Total of corrected misstatements before income tax			0	0	0	0	0	0	0
Financial statement amounts			2,799,669	1,051,684	(909,046)	(137,882)	(2,804,425)	(234,909)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

A - Management Representations Letter, continued

Appendix B – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: Tobolar Copra Processing Authority

Period Ended: 30-Sep-2022

Currency: USD

No.	W/P ref.	Account (Note 1)	Analysis of misstatements Debit/(Credit)						Income statement effect of the prior period		
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Prior period Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description)			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)			
Factual misstatements:											
PAJEFT E/E-05		To record additional allowance									
8200		Bad Debts Expense	(42,010)								31,887 X
1140		Provn for Doubtful Debts									
Total of uncorrected misstatements before income tax			(42,010)	0	0	0	0	0	0	0	31,887
Total of uncorrected misstatements			(42,010)	0	0	0	0	0	0	0	31,887
Financial statement amounts			2,799,699	1,051,684	(969,046)	(137,862)	(2,804,425)				(765,701)
Effect of uncorrected misstatements on FIS amounts			-1.5%	0.0%	0.0%	0.0%	0.0%				-4.1%
Memo: Total of non-taxable items (marked 'X' above)											31,887
Uncorrected misstatements before income tax									17.9%	42,010	31,887
Less: Tax effect of misstatements at current year marginal rate									0%	0	0
Uncorrected misstatements in income tax										0	0
Cumulative effect of uncorrected misstatements after tax but before turnaround									-17.9%	42,010	31,887
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:											
Judgmental misstatements (Note 3):											
Cumulative effect of uncorrected misstatements, after turnaround effect									-4.3%	10,123	0
Current year income before tax											234,909
Current year income after tax											(234,909)