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DHAKA, SUNDAY, AUGUST 2, 1998

Chartered accountants say absence of guidelines makes them scapegoats

Star Business Report

Chartered accountants said yesterday that they did not have any comprehensive guidelines to follow while writing company prospectus and financial statements.

As a result, they said, chartered accountants were being blamed for an act of irregularity by company management when it fails to pay dividend and fulfil other commitments to its shareholders.

The accountants gathered yesterday at Institute of Chartered Accountants of Bangladesh (ICAB) for a discussion on "Role of Chartered Accountants in the Development of the Capital Market Vis-à-vis Disclosures of Information by Listed Companies".

Finance Secretary Akbar Ali Khan, Industries Secretary Ejazul Haq, former ICAB president Jamal Uddin Ahmed and ICAB president Abbas Uddin Khan also spoke.

"The profession has now become dangerous for the accountants," said Zamal Uddin Ahmed, also a former deputy prime minister.

"The SEC does not take any responsibility" for preparing a prospectus and financial documents of a company when it

came to disclosures, Ahmed said and lamented chartered accountants were blamed for failure of a company "that does not act accordingly... pay dividend or fulfil their other commitments towards shareholders".

Hinting at the absence of credit rating companies in the capital market (for one of which he had applied long ago), Ahmed said that there was no market monitoring agency (other than SEC) on which investors could rely for a company's credibility, transparency and genuineness.

A credit rating company acts independently to rate listed companies and tell an investor about possible risks and gains in investing in a company.

The former minister also said chartered accountants should try to maintain an international standard while preparing documents for public disclosure.

Termining the current documentation guidelines "vague", Ahmed said, "Should there be any failure, our role would be questioned. We are in a very bad situation."

"I am unhappy that entire

responsibility on disclosure are on us. I urge the Institute to take immediate actions to protect the ICAB members," he said.

The Dhaka Stock Exchange president Rakibur Rahman said the bourse had taken massive reform programmes to modernise it and bring back investors' confidence in the capital market.

Rahman said investors had lost their confidence in the market after a crash in 1996.

He described the already taken steps such as selection of nominated councillors and dissemination of proper market information. He said the DSE had now councillors from among retired judges, chamber leaders, insurers, bankers and academicians to make the DSE council more transparent and accountable.

While trying to defend the brokers, the DSE chairman said it was not fair that brokers would be held responsible for any failure of company's fulfilment of commitments to their investors.

He, however, urged all market actors to behave professionally to rebuild the image of the capital market.

Finance Secretary Akbar Ali Khan put emphasis on development of institutions, reform of existing laws and regulations to build a robust capital market.

He told the chartered accountants that the market needed more transparency and accountability and that it required international standard documentation to instil confidence among the investors.

The secretary said that the government was under pressure from international organisations to make the operation of capital market more efficient and transparent.

"There is a pressure to recruit international Chartered Accountants" to prepare company prospectus and financial statements, Khan said.

Mohammed Abdul Barea, FCA, in his keynote paper said that lack of investors confidence in the capital market was not the cause for the present crises in the market.

"It's the lack of fiscal and administrative policies of the government, professionalism of the bourse members, efficiency level of the Security and Exchange Commission (SEC)," Barea said.

Sonali Bank chairman emphasises recovery of public sector loans

Chairman of the Board of Directors of Sonali Bank, Mohammad Asafuddin, has said the steps initiated for the recovery of non-performing loans from the private sector borrowers should also be undertaken in case of defaulting public enterprises, reports BSS.

This is because a major portion of loans given by nationalised commercial banks to such enterprises remained unpaid," he said while addressing as chief guest the inaugural session of a two-day annual conference or regional, corporate and district chiefs of the bank here yesterday.

With Deputy Managing Director of the bank, Zahiruddin Ahmed, in the chair, the inaugural session was also addressed by members of the board Dr Atiur Rahman and Mrs Khushi Kabir, a press release of Sonali Bank said.

The main objective of the conference is to identify and remove problems at regional level and initiate steps to improve the quality of service, the press release said.

Asafuddin said Sonali Bank was continuing its operations through 1313 branches all over the country and that why modernisation of these branches was essential to ensure improved service to the

clients. The participants of the conference through exchange of their views and experience will help formulate an appropriate working plan in that line, the press release said.

Asafuddin said the way the World Bank and other modern banks were planning steps through workshops to identify problems and find out ways for their removal, Sonali bank would also do the same.

He expressed the hope that such workshop would create skilled workforce, develop talents and generate initiatives for a better and modern banking service in the country.

Dr Atiur Rahman referred to lack of efficiency hindering improvement of the standard of banking services and said talents were not being developed among the bankers leading to no expected expansion of business in the country.

"We have taken steps to bring all these aspects along with use of modern banking technologies including computers during the workshop of the two-day conference," he said adding, "we will get a good result of such practice very soon."

Mrs Khushi Kabir said traditional banking practices took the bankers to such a level that they could not think of going

ahead in a planned way.

"We will not be able to come out of such a situation unless we are able to formulate a scientific working plan," she said.

Mrs Kabir also said that issues like improving the quality of banking services, recovery of non-performing loans, raising deposits and profit-earning will be discussed during the workshop.

"These issues will be discussed in a way that reaching the target in a planned way become easier," she also said.

Zahiruddin Ahmed in his presidential address said Sonali Bank as the largest banking institution in the country would have to accomplish a lot of social responsibilities to develop a good image of the bank besides fulfilling expectations of the people.

"We have to give equal attention to realising non-performing loans apart from making new investments," he said adding, "awards and punishments are ensured for success and failures in accomplishing these tasks."

Zahiruddin Ahmed referred to the scopes for creative work at individual as well as institutional levels and said everyone should shun negligence to work for over all development of the bank.

Business Briefs

Manila budget deficit \$585m

MANILA: The Philippine government suffered a budget deficit of 24 billion pesos (\$585 million) in the first half of 1998, a sharp reversal from the 4.5 billion peso (\$110 million) surplus it enjoyed a year earlier, according to official figures released Wednesday.

Finance Secretary Edgardo Espiritu blamed a drop in revenues for the government's dismal fiscal performance.

He said a slowdown in business activities spawned by the region's financial crisis reduced tax payments. The slowdown also triggered a decline in imports, which in turn reduced duties collected by the Bureau of Customs.

The administration of newly inaugurated President Joseph Estrada hopes to improve the government's finances by offering an amnesty for tax cheaters who agree to pay back taxes, cutting a deal with the family of former dictator Ferdinand Marcos to split the half billion dollars in Swiss bank accounts and withholding funds for pork barrel public works projects sought by Congress members.

On Tuesday, Espiritu warned that the budget deficit could swell to 70 billion pesos (\$1.7 billion) this year if no steps are taken to cut expenditures and raise tax revenues. However, if the political will is there, the deficit can be reduced to around 20 billion pesos (\$488 million), he said.

Prudential enters Japan market

TOKYO, Aug 1: Prudential Insurance Co has become the latest US company to jump into Japan's fast-changing financial market, announcing plans Wednesday to establish a joint fund management company with Mitsui Trust and Banking Co.

Foreign companies have been rushing to get a foothold in Japan ahead of a deregulation programme that is expected to give more competitors a crack at the world's largest pool of personal savings — an estimated 9 trillion dollars.

The new venture, to be named Prudential Mitsui Trust Investments Co, aims to take advantage of deregulation that will allow banks to sell investment trusts — Japan's version of mutual funds — and opens the way for retirement saving plans similar to the 401k common in the United States.

The alliance will give Prudential, a US insurance and brokerage giant, instant access to Mitsui Trust's nationwide network of well-heeled clients.

Mitsui Trust is Japan's third largest "trust bank," a category that specialises in managing funds for corporations and big investors.

Mitsui will gain Prudential's expertise both in fund management and in the more advanced financial products offered in the United States.

Adaptec lays off 300 S'pore staff

SINGAPORE: US electronics firm Adaptec Inc. has laid off a third of the workforce at its Singapore operations, the company said Wednesday.

As part of the company's on-going global restructuring, the Milpitas, California-based company is cutting back in Singapore where it produces cards for personal computers by laying off 350 people.

The cuts amount to approximately 10 per cent of the company's worldwide staff.

"Significant changes in the PC industry continue to impact almost every leading computer-related manufacturer, including Adaptec," chairman Grant Saviers said in a company statement issued from the United States.

"This difficult but necessary step is one of many that will assist us in aligning expenses with revenue."

According to the Singapore branch's human resources director, the company had introduced a number of cost cutting measures in the last few months, including shorter work weeks and temporary staff downs.

But worsening economic conditions and the general slowdown in global demand for its products finally compelled the company to reduce its work force. No further retrenchments are planned, however.

Adaptec has been operating in Singapore since 1987, and is currently constructing a new manufacturing facility due for completion and operation later this year.

S'pore bourse stops Mid-Continent trade

SINGAPORE: The Stock Exchange of Singapore suspended trading Friday in the shares of oil and gas equipment supplier Mid-Continent Equipment Group Ltd. pending an investigation into its volatile movements.

The stock, which debuted last week on the Sesdaq junior board, had been among the most active in speculative trading until the suspension.

The Stock Exchange gave no further information about the suspension or the investigation. — AP reports

Chittagong Stock Prices

Price index increases by two points

CHITTAGONG, Aug 1: The Chittagong Stock Exchange experienced a bullish trend in its trading on the opening day of the week today with increase of turnover both in terms volume and value, reports UNB.

The All Securities Price Index at the country's second bourse rose by 1.91 points or 0.68 per cent to 279.49 points from Thursday's 277.58 points. Shares of 63 listed securities traded today, of which 52 gained, 13 incurred loss and four remained unchanged.

Some 653,420 shares and debentures valued at Tk 3.31 crore were traded as against

486,525 shares worth of Tk 2.53 crore on the previous day.

Beximco Pharma (271,200), Chic Textile (118,500), Quasem Drycells (92,250), RH Ball Pen (80,000) and Shine Pukur (18,700) were among the volume leaders.

Aziz Pipe (+Tk 22.72) and Beximco Infusion (+Tk 15.33) were among the major gainers.

The major losers included Key & Que (-Tk 71.00) and Wata Chemicals (-Tk 14.90).

The market capitalisation stood at Tk 48,77 billion equivalent to 1.04 billion US dollar.

Monno Fabrics	99.82	99.89	-0.07	1100
Eagle Star	8.20	8.20	0.00	11300
Alltex Ind.	63.47	62.88	+0.59	1850
BD Dyeing	195.50	190.00	+5.50	40
Dynamic Textile	25.50	25.44	+0.06	2480
Ashraf Textile	17.27	17.28	-0.01	6000
Delta Millers Ltd.	61.00	59.50	+1.50	40
Amelta Yarn	105.63	95.75	+9.88	200
Square Pharma	763.76	754.50	+9.26	420
ACI Ltd	40.75	40.30	+0.45	35880
Beximco Infusion	355.00	339.67	+16.33	10
Beximco Pharma	68.72	66.64	+2.08	271200
Reckit & Colman	115.00	119.00	-4.00	100
Ambee Pharma	40.36	40.25	+0.11	1050
Imam Button	103.57	102.33	+1.24	350
BCIL Ltd	166.33	165.00	+1.33	60
Ibn Sina Pharma	165.00	172.22	-7.22	10
Wata Chemical Ltd	305.33	320.23	-14.90	60
Shine Pukur	88.94	87.98	+0.95	19700
Eastern Housing	135.95	135.34	+0.61	2420
Confidence Cement	288.77	287.03	+1.74	560
Cig Cement	726.04	728.86	+9.18	1925
Meghna Cement	234.85	223.17	+1.68	850
Niloy Cement Inds.	168.70	166.50	+2.20	250
Apex Tannery	295.07	292.65	+2.42	660
Apex Footwear	268.00	265.00	+3.00	40
Mark Bangladesh	125.00	119.75	+6.25	50
Excelsior Shoes	59.25	59.29	-0.04	1100
Usmania Glass	427.00	425.00	+2.00	15
Aramit	48.63	48.45	+0.18	500
Beximco	74.58	72.61	+1.97	2400
Monno Ceramic	629.66	622.50	+7.15	50
GQ Ball Pen	162.31	160.28	+2.03	650
RH Ball Pen Ltd	23.64	23.25	+0.39	60000
Fu-Wang Ceramic Ind.	135.76	132.00	+3.76	1050
Central Insurance	220.00	224.00	-4.00	20
BGIC	340.00	340.00	0.00	40

CSE at a glance

CSE All Securities Price Index	279.49
Day's Change in Points	1.91
Day's Change in Percent (%)	0.6881
Turnover in Value (Taka)	33,160,815.00
Turnover in Volume	653,420
Total Issued Capital (Taka)	23,639,670,590.00
Total Market Capital (Taka)	48,770,437,483.94
Total Market Capital (US\$)	1,048,826,612.56
Total Number of Contracts	1641
Total Issues Traded	52
Issues Gained	13
Issues Declined	4
Issues Unchanged	144
Total Listed Securities	131
Listed Companies	9
Listed Mutual Funds	4
Listed Debentures	4

Commodity market: Prices of gold down, oil up, tea irregular

LONDON, Aug 1: Grains continued to lose ground as this year's wheat harvest pressed on in the United States and France and as beneficial rains fell on the American "corn belt", reports AFP.

The rains came to quench parched plantations in the Midwest, adding to forecasts of a bumper grain harvest. Australia, too, was thought likely to reap a plentiful supply of wheat.

Analysts were trying to assess the likely size of Europe's wheat harvest, damaged in some countries such as Britain by the wet and windy summer, as harvesting got underway in France.

Many have predicted a record wheat and barley crop in France of about 49 million tonnes, but some have warned that grain quality is unlikely to be high.

Robusta coffee prices, meanwhile, built up a head of steam as weather in Brazil turned cold.

Forecasters had anticipated a record crop, but market analysts took heart from attempts by Brazilian officials to bolster the country's capacity to stockpile beans, thus cutting export volumes.

GOLD: Dull. Gold prices fell by almost five dollars during the week under pressure from South African producer selling and the strengthening of the US

dollar. Gold ended at 289.75 dollars an ounce, down 4.75 dollars, as South African producers compensated for the depreciation of the rand by selling large quantities of gold, analysts said.

The strength of the dollar against the yen is drawing investors away from gold and into the currency market, while other traders are looking to the stock markets.

Peru, the top producer in Latin America, said it had produced 41.9 tonnes in the first half of this year, an increase of 14.9 per cent over the same period last year.

SILVER: Soft. Silver prices fell slightly this week under profit taking, amid quiet trading as investors left for the currency markets.

A new drop on New York's comex market did not affect the market because the change was relatively slight compared to last week's bigger drop, which sent prices upwards.

Silver on the London bullion market traded at 5.54 dollars an ounce, down 13 cents.

COPPER: Tarnished. Profit taking after last week's highs and persistent fears of reduced demand from Asia undermined copper prices on the London Metal Exchange (LME).

3,750 tonnes to 260,150 tonnes. LEAD: Heavy. Lead prices fell on technical trades amid extremely thin trading volume, dealers said.

Three-month metal fell by 8.75 dollars to 555.25 dollars per tonne.

LME stocks rose by 825 tonnes to 107,825 tonnes.

ZINC: Dull. Zinc prices fell on profit-taking after last week's gain and a rise in warehouse stocks.

Three-month prices fell by 28.50 dollars to 1,088.50 dollars per tonne, after LME reserves rose by 1,325 tonnes to 371,175 tonnes.

ALUMINUM: Canned. Aluminium prices fell under the weight of speculative selling and profit-taking, despite a fall in London Metal Exchange reserves.

Traders were hit by gloomy predictions for the Japanese economy and renewed weakness of the yen. Three-month prices fell 41.20 dollars to 1,350.30 dollars a tonne, while LME stocks fell by 10,950 tonnes to 476,025 tonnes.

NICKEL: Tumble. Nickel followed copper and other base metals lower, losing 352.50 dollars to 4,367.50 dollars a tonne.

LME warehouse stocks fell 450 tonnes to 61,050 tonnes.

TIN: Slip. Profit taking, technical trading and a modest rise in market reserves eroded

tin prices. Three-month tin fell 32.50 dollars to 5,537.50 dollars a tonne.

Analysts said that the metal was unlikely to show major price movements in the coming sessions, in the absence of fundamental news.

LME stocks rose by 105 tonnes to 6,900 tonnes.

OIL: Firmer. Brent, the reference North Sea crude, ended the week at about 13.05 dollars a barrel, up from 12.68 dollars the week before. Prices were pushed up after the US Senate approved the purchase of 28 million barrels of crude for the country's strategic petroleum reserve.

Traders were also eyeing Iraq, which said it is considering all options for achieving an end to the economic embargo imposed on it in 1991.

RUBBER: Flat. Rubber prices fell this week due to Asian economic worries undermining demand.

September and October rubber on the London Market traded at 472.50 and 477.50 pounds a tonne, down from 482.50 pounds last week.

Thailand confirmed that it may withdraw from the International Natural Rubber Organisation. Thailand is the world's main producer, with 2-2.2 million tonnes forecast this year, or 30 per cent of total produc-

tion. It criticised the INRO for its handling of rubber prices during the deep slump caused by the wave of economic problems in Asia.

Thal authorities are to take their decision at the meeting in late August of the Association of Natural Rubber Producing Countries.

COFFEE: Cold. Cocoa bean prices retreated this week to about 1,051 pounds a tonne for September delivery, down 24 pounds over the week, after the International Cocoa Organisation revised its 1997-98 production estimates to 2,680,000 tonnes, 8,000 tonnes higher than previously estimated.

The upward revision came in reaction to better than expected harvests in Brazil, Ghana, Indonesia, Nigeria and Papua New Guinea. Each country is expecting about 5,000 tonnes in extra harvests, but Malaysia and Ecuador are expecting lower harvests.

COFFEE: Strong. Robusta coffee for September rose this week on the Life Futures market to about 1,598 dollars a tonne, up 23 dollars, as poor winter weather hit producing regions in Brazil.

The fall in temperature and heavy rain in several Brazilian states has not damaged crops, but given traders an excuse for short covering.

TEA: Tepid. Demand strengthened at the Mombassa tea auctions, but prices were irregular, the tea broker's association in London said.

BPI tea, one of the most sought after, went up between five and 20 cents a kilo. PFI tea rose five to 25 cents a kilo, while low quality teas fell by five to 15 cents.

Rwandian tea is picking up and the 1998 harvest is predicted to reach 16,620 tonnes in 1998, 3,432 tonnes higher than last year, the Rwanda tea authority said. The country gets 27 per cent of its revenue from tea.

SUGAR: Strong. Sugar prices rose on a strengthening of demand, especially a tender from Indonesia for 200,000 tonnes of white sugar and 300,000 tonnes of unrefined sugar. Indonesia is considering putting out a tender for another 500,000 tonnes of unrefined sugar, which although unconfirmed is giving some optimism to traders.

On the London futures market, December sugar closed at 252.60 dollars a tonne, up 2.20 dollars.

VEGETABLE OILS: Mixed US vegetable oils fell in price this week against strong competition from South American, especially Brazilian, competitors.

Weather conditions were ideal, with good rainfall and a drop in temperature also lowered prices, overcoming pickets

of dry weather in the north of the Midwest region.

Even an Indonesian tender for 120,000 tonnes of soya did not have a significant effect prices.

GRAINS: Lower. Wheat prices fell on the US market, as the local harvest gathered pace and dealers predicted that Australia would reap a bumper crop.

The US Agriculture Department said that it would buy up 500,000 tonnes of wheat as part of an aid package to Indonesia, but even such a large order failed to lift prices. Maize prices were subdued given favourable weather conditions in producer regions.

COTTON: Threadbare. Cotton prices thinned on technical trades and selling by investment funds, despite continued drought in Texas that has ruined this year's crop there, putting upward pressure on prices.

Cash prices covered by the cotton outlook index fell by 75 cents to 68.15 cents per pound.

WOOL: Cold. Low demand which continues to suffer from Asia's financial woes, and the summer lull in the north kept wool on ice this week.

Britain's wooltops index fell by five pence to 305 pence per kg.

The Australian market remained closed and will open on August 3.



A two-day conference and workshop of the chiefs of Sonali Bank's regional, corporate and district branches began Saturday at the conference room of the IDB building in the city