

Proposed financial reporting act sparks debate

ICAB honours Transcom Group Chairman Latifur Rahman at its members' conference

STAR BUSINESS DESK

The enactment of the Financial Reporting Act and the setting up of the Financial Reporting Council will be irrational now, said Md Syful Islam, president of the Institute of Chartered Accountants of Bangladesh (ICAB).

He said the act will increase the cost of doing business and fail to achieve the ultimate objectives of financial transparency, accountability and efficiency.

He spoke at the members' conference of the ICAB on "entrepreneurship and ethics of business" at the ICAB auditorium at CA Bhaban in Dhaka on Monday.

The event's chief guest, Law Minister barrister Shafique Ahmed said the government is determined to root out the unholy practices that a section of traders are adopting.

"The businessmen who make excessive profit by taking unusual means will be punished", he said.

He also said nothing would be included in the proposed act that contradicts the existing chartered accountants laws.

Termining the role of the chartered accountants important, the minister urged them to perform their tasks with integrity, honesty and sincerity.

On the act, Mahbubur Rahman, president of the International Chamber of Commerce-Bangladesh (ICCB), said: "I understand that the Financial Reporting Act 2010 is almost at the final stage. This act is of utmost importance for businesses to ensure



Law Minister Barrister Shafique Ahmed, third from right, and ICAB President Md Syful Islam, third from left, hand a crest to Transcom Group of Companies Chairman Latifur Rahman, centre, as Rahman recently received Oslo Business for Peace Award 2012, at ICAB's members' conference in Dhaka on Monday.

transparency in audits and accounts."

"A Financial Reporting Council will be formed after the act is passed. I would strongly urge the ICAB to extend all support to the council so that it becomes an effective financial regulatory body."

ICAB President Islam said ethics have an enormous role to play in business as they give a guideline as to which business practices are socially and morally acceptable and which are not.

In cases, where there are no laid-down rules on the right and wrong ways of doing business, ethics fill the gap and give the much-needed direction, he said.

It is through awareness of ethics that

entrepreneurs abstain from engaging in business practices that lead to the violation of human rights or bring about gain at the unfair cost of the public interest, he said.

Islam also congratulated Latifur Rahman, chairman and chief executive officer of Transcom Group of Companies, who recently received the internationally acclaimed Oslo Business for Peace Award 2012.

"We appreciate his reverence for the accounting professionals; there are 20 members of qualified chartered accountants and as many as 100 partly qualified CA professionals, besides 10,000 employees, in his corporate management."

"His smart handling of corporate governance is the proof of accountability, transparency, efficiency and effectiveness through every corner of business," Islam said.

On ethics, Rahman of the ICCB said: "In today's free market global economy, it is necessary for our entrepreneurs to maintain certain ethical business norms to be in line with the international businesses."

About the Oslo peace award, he said the award is an honour for the Bangladeshi businesses as a whole. This is the highest distinction given to a businessperson for outstanding accomplishments in the area of ethical business, Rahman said.

"So we can see that following internationally accepted business ethics will not only bring recognition to our businesses but also help them in executing international business transactions."

There are companies in Bangladesh who are doing good and have been proved to be at par with global standards, said Latifur Rahman of Transcom. "But we have to hold our position in the long run."

For that, good financial reports contribute a lot, he said. In this respect, he urged the authorities concerned to give due attention to the opinions of the ICAB.

The law minister handed a crest to Latifur Rahman on behalf of the ICAB for winning the award.

Md Humayun Kabir, a former president of the ICAB, presented the conference paper, while AKM Rafiqul Islam, another former president of the institute, was present.



From left, Omar Shamsie, chief executive officer of Maersk Line for the WCA region; Lucas Vos, chief commercial officer, and Shamim Ul Huq, managing director of Maersk Bangladesh, cut a cake to celebrate the 20th anniversary of the company's operation in Bangladesh, at Westin Hotel in Dhaka recently.

VAT Day observed in Ctg

OUR CORRESPONDENT, Ctg

The Chittagong Customs, Excise and VAT Commissionerate arranged a rally and meeting to mark the Value Added Tax (VAT) Day and Week in the port city yesterday.

This year, the week between July 10 and July 16 has been marked to increase mass awareness on VAT and create a service oriented mentality in collecting taxes.

In a function held at a local hotel, the seven highest VAT paying organisations in Chittagong, whose names were declared last year, were awarded crests.

The organisations are Berger Paints (Bangladesh) Ltd, Concord Entertainment, Perfety Vangely Bangladesh Ltd, Chittagong Asian Papers Mills Ltd, Apon Garden Community Centre, Green Line Transportation and Parjatan Hotel (Meghla in Bandarban).

ABM Abul Kashem MP, chairman of the parliamentary standing committee of the commerce ministry, was present at the function as chief guest while Md Jamal Hossain, customs commissioner, presided over the event.

The chief guest said since the system of VAT was initiated in 1991, people, including businessmen in Chittagong, have been paying taxes regularly.

Business leaders urged authorities to ease the VAT collection system, initiate a One Stop Window for VAT registration and automate the process.

Mahbubul Alam, senior vice president of Chittagong Chamber of Commerce and Industry, Dr Maruful Islam, commissioner of Chittagong Customs House, and Mahbub Chowdhury, vice president of Metropolitan Chamber of Commerce and Industry, were also present.

Downtrend delays IPO subscription of Summit Purbanchol

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The lacklustre performance of the primary market is mainly due to a sluggish secondary market.

The primary market deals with the issuance of new securities. Previously issued securities and financial instruments in the primary market such as stocks, bonds, options and futures are bought and sold in the secondary market.

Market insiders said the primary and the secondary markets are inter-related. It is very usual that the primary market will remain attractive as long as the secondary market is bullish.

As the secondary market is not performing well right now, it is obvious that it will leave an impact on the primary market as well, they said.

Since the price debacle in the secondary market in January last year, a downward trend continues in the price indices. DGEN, the benchmark index of the Dhaka bourse, saw a sharp fall yesterday too, declining 156 points or 3.76 percent.

At yesterday's meeting, the SEC also asked the stockbrokers and merchant banks to submit a report on implementation of the compensation package, which was recommended by the government for retail investors.

The stockbrokers and merchant banks will have to submit the report to the stock exchanges within August 14, and the bourses will send a comprehensive report to the commission within August 30.

As per the compensation package, the small investors, who suffered losses due to the last year's debacle, will get a waiver of up to 50 percent of the interest on margin loans.

The interest to be waived must be accrued within the calendar year of 2011 or the financial year of 2011-12. It also recommended giving the adversely affected small investors the scope to pay the remaining 50 percent of the interest through quarterly instalments in three years.

As per the compensation package, the retail investors are also given 20 percent quota of all IPOs - government and private -- to be issued in 2012 and 2013. It means, if an IPO size is Tk 100 crore, Tk 20 crore will be allotted for the small investors who

Top VAT payers get awards

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But he said he would suggest that the parliamentary standing committee on the finance ministry discuss the draft with stakeholders, mainly the businesses.

Earlier FBCCI President AK Azad in his speech urged the government to discuss the draft VAT law with businessmen before finalising it.

PM's Adviser Mashiur Rahman said the government in the draft law has tried to solve various problems firms are facing in the current VAT system.

NBR Member Md Farid Uddin said the government is not getting the expected amount of VAT although there is scope for a further boost in VAT collection given the size of the economy.

He said 60-65 percent of the total VAT comes from a handful of sectors such as tobacco and cigarettes, mobile phones and natural gas.

The remaining amount is collected from hundreds of other sectors such as manufacturing, wholesale and retail trade, he said, adding that the



Khurshid Irfan Chowdhury, executive director of Transcom Beverages, receives a crest from AMA Muhith, finance minister, as the company was one of the highest VAT payers for 2010-11, at Bangabandhu International Conference Centre in Dhaka yesterday. The National Board of Revenue gave the award. Related story on B1



Ghulam Muhammed Quader, commerce minister, opens the fifth Asian International Trade Expo 2012 at Bangabandhu International Conference Centre in Dhaka yesterday. CEMS-Global USA in association with CEMS Bangladesh is organising the eight-day show. Aftab ul Islam, president of American Chamber of Commerce in Bangladesh, and Meherun N Islam, president of CEMS-Global USA and Asia-Pacific, were also present.

412MW power project in Haripur on course: JICA

STAR BUSINESS REPORT

The project to set up a 412-megawatt gas-based power plant in Narayanganj by August 2013 is well on schedule, officials said yesterday.

"We are very much on schedule. Already 53 percent of the physical work has been completed," said Mostafa Kamal, managing director of Electricity Generation Company Bangladesh (EGCB).

"Once fully functioning, the power plant will be the most efficient in Bangladesh," said Kei Toyama, a senior representative of Japan international Cooperation Agency (JICA), a key financier.

They spoke at a press briefing at the project site yesterday. The power plant, extending over 8.573 acres on the banks of Shitalakhyia in Haripur, Narayanganj, will cost Tk 3,500 crore.

JICA is providing 71 percent of the funding by way of soft loans -- that is, at 0.01 percent interest rates -- while the government bears the remaining 29 percent.

The plant will consume 64 million

cubic feet of gas per day and the per kilowatt electricity production will cost approximately Tk 1.91.

"It will have 56 percent thermal efficiency, which is double that of the usual gas-based power plants in the country," said Ahmad Mukammeluddin, a senior programme manager of JICA.

Japan has been one of the leading contributors to the development of Bangladesh's power sector, responsible for 22.5 percent of the country's total electricity production.

Toyama said the country needs continued support from the development partners to achieve the target of electricity for all by 2020; currently, 53 percent of the population have access.

The current power capacity, he feels, might not be able to support accelerated economic growth, poverty reduction and social development.

JICA has so far extended 24 ODA loans for power generation, transmission and distribution, while two more, totalling \$2.7 billion, were under consideration, according to Toyama.

Dhaka-Kuala Lumpur FTA on cards

UNB, Dhaka

Bangladesh and Malaysia are expected to begin negotiations for a proposed free trade agreement (FTA) in near future, said Bangladesh High Commissioner to Malaysia AKM Atiqur Rahman on Monday.

He said the Bangladesh government submitted a proposal to the International Trade and Industry Ministry.

"The FTA negotiations are expected to start once Malaysian counterparts respond to our proposal...when it would be finalised, we do not know. But the important issue is that the talks must start, which we are hoping for soon," he said at a briefing in conjunction with the upcoming Showcase Bangladesh 2012 in Kuala Lumpur, according to Malaysian media reports.

Rahman said, in 2010 International Trade and Industry Minister, Datuk Seri Mustapa Mohamed, and the then commerce minister of Bangladesh, Faruk Khan, verbally agreed for the talks to commence, Business Times reported quoting Malaysian national news agency, Bernama.

"We took nearly two years to work on the proposal and we have presented it to

the Malaysian government...once the FTA is inked, there will be vast potential in trade and investment areas to be explored by both countries...we expect our pharmaceutical, garment and tourism sector to boom after the signing of the FTA," Rahman said.

He said Malaysia has and would benefit immensely from future infrastructure projects dished out by the Bangladeshi government, as part of its redeveloping efforts.

Rahman said the investment relationship between the two countries has reached greater heights under the supervision of the Special Envoy (Infrastructure) to India and Southeast Asia, Datuk Seri S Samy Vellu.

"Malaysia will undertake the Padma Multipurpose Bridge worth \$3 billion and it has been reported that Malaysia has also submitted a proposal to build the proposed Bangabandhu International Airport in Bangladesh with an investment of between \$5 billion and \$6 billion," he said.

Showcase Bangladesh, which will be held for the second time in Malaysia, is expected to address the remittance issue for Bangladeshi banks and exchange houses.

Google Play contents for Banglalink users

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Banglalink users will get the chance to find, try and buy Google Play contents with their mobiles soon, as VimpelCom, the maximum shareholder of Orascom and parent entity of Banglalink, announced the signing of a deal with Google recently.

A dedicated "VimpelCom Channel" will make it easy for VimpelCom customers across its markets to navigate their way among the 600,000 apps available in the Google Play store.

Available via the local Google Play store that brings Google digital goods, including apps, games, Google books, Google music and Google movies, the VimpelCom channel will feature dozens of apps, tailored to

offer local content and services.

The cost of any purchased app will be deducted from a customer's prepaid credit or added to their monthly bill, according to a statement of VimpelCom.

"The collaboration with Google will provide our customers around the world with a convenient way to access and pay for millions of apps, games and songs, significantly enhancing the smartphone experience in countries where banking and credit card services are not widely used," said Mikhail Gerchuk, VimpelCom's group chief commercial officer.

"With the "VimpelCom Channel" we will bring tailored content to millions of our customers around the globe using Android smartphones."



Ferozur Rahman, director of Standard Bank, opens the 11th ATM booth of the bank in Comilla on Monday. Md Nazmus Salehin, additional managing director, was also present.