

ICMAB seeks to remain with Financial Reporting Council

The institute smells foul play in formation of council

STAR BUSINESS REPORT

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) has urged the government to make sure the institute is represented in the proposed Financial Reporting Council (FRC).

The FRC is expected to be formed after the passage of the Financial Reporting Act (FRA) to prevent financial misreporting.

The ICMAB made the appeal on Wednesday saying that it has come to know that some quarters are trying to persuade the government to exclude representatives of cost and management accountants from the FRC.

"We have come to know that failing to prevent the government from implementing FRA, the same quarter is now trying to convince the government to bring changes in certain provisions of this law including composition of the council, which in our view, will make the basic purpose of this law redundant," ICMAB President Mohammad Salim, said at a press

conference at Sonargaon Hotel.

The government moved to frame FRA to establish an independent body to monitor and control accounting and auditing practices of the public interest entities.

The ICMAB urged the government not to pay heed to persuasion and to pass the FRA in line with the approval of the cabinet to form the FRC.

The draft of the FRA, approved in the cabinet in last August, provides for the formation of FRC with representatives from the different professional and regulatory bodies, including ICMAB, the institute said.

The proposed FRC act, awaiting approval in parliament, is to comprise representatives from different regulatory and professional bodies, including two specialist accounting members—one each from the ICMAB and ICAB.

"One main purpose of the FRA is to establish FRC to oversee accounting and auditing environment by a group of experts having varied interests in the whole process," said Salim.

He said the FRC will ultimately

regulate both ICAB and ICMAB, and will be incomplete without the representation of the latter, and run the risk of missing independent opinion of a strong professional accounting body.

"In order to get effective results, professional accountants should be included from both the professions," ICMAB said, citing Institute of Chartered Accountants of Bangladesh and ICMAB.

"Efforts to exclude cost and management professionals will only defeat the principal objective to eliminate conflict of interest," he said.

"This would also eliminate the possibility of getting opinions from professional accountants who do not have any conflict of interest but possess global accounting and auditing knowledge and hence would enhance the probability of an ineffective FRC."

The ICMAB said FRC is present in countries such as the UK, Australia and Canada where representatives from different accounting professions, regulatory bodies and chartered accountants are included.



Officials of highest VAT paying firms at national and district levels for 2012-13 receive awards at a programme at Raowa Convention Hall in Dhaka yesterday.



Md Mahtabul Haq, senior general manager at BRAC Nursery, receives the first prize of the National Tree Fair 2014 for maintaining good standards in plant varieties, display, customer service and overall presentation from Abdullah Al Islam Jakub, deputy minister of the environment and forests ministry, at a programme recently.



Sunil Kapoor, regional director of Fortis HealthCare, and SM Saifur Rahman, managing director of AFC Health, pose after signing an agreement at Sonargaon Hotel in Dhaka yesterday. Fortis will operate the cardiac care centre that AFC Health will open in Khulna in October. Story on B1.

Confusion over category change of Lafarge on DSE

SARWAR A CHOWDHURY

Confusion has arisen whether Lafarge Surma Cement will come out of Z category on the Dhaka bourse after the multinational company declared interim dividend.

The Z category is an area for companies that do not hold annual general meetings regularly and declare dividends.

The cement manufacturer announced 5 percent interim cash dividend a month ago and completed the disbursement of the dividend on Monday. It has also been holding AGMs regularly. As per rules, companies that hold AGMs regularly but declare dividend below 10 percent will be placed in the B category.

But the Dhaka Stock Exchange is yet to change its category as the rules do not say anything about interim dividend.

"Our regulatory affairs department is examining the rules," said Swapan Kumar Bala, managing director of the DSE.

He, however, said Lafarge is yet to comply with settlement regulations of the stock exchange to enter B category.

If Lafarge is transferred to B-category, its trading cycle or settlement period will be changed to T+2, from existing T+9.

The T+2 categorisation means the buyer must make payments and the seller must transfer ownership of the stock to the buyer within two days after the trade was made.

The changed trading settlement period will enhance the liquidity flow to the market and increase the supply of Lafarge shares.

Lafarge Surma Cement declared its maiden dividend of Tk 0.50 per share on June 10 after a decade of being listed as the lone green field company on the stockmarket in 2003.

The multinational company, which started commercial operations in 2007, announced the dividend after it covered up accumulated losses at the end of May.

Lafarge's consolidated net profit in the first five months this year was Tk 114.41 crore, enough to offset the accumulated loss of Tk 31.62 crore after the first quarter to March this year. Earnings-per share of the manufacturer of Supercrete brand cement stood at Tk 0.99 at the end of May with net asset value per share at Tk 10.51.

Inflation drops to a 17-month low

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Looking in to the new fiscal year, the government has set the target of containing inflation to within 6 percent throughout the year. Hussain said achieving the target will depend on international price trends as well as domestic macroeconomic policies.

Internationally, despite favourable prospects for cereal supplies, several uncertainties hang over the near-term future, such as the weather in the US and possible escalation of geopolitical tensions in the Arab world or Ukraine, which has been exerting upward pressures on prices, he said.

"However, what will matter most for Bangladesh are domestic supply conditions and macroeconomic management."

The 5 percent budget deficit target, if achieved, is unlikely to be inflationary if it is not monetised. "We expect the forthcoming monetary policy statement to maintain a cautionary stance to ensure price and exchange rate stabil-

Stocks continue to be enveloped in gloom

STAR BUSINESS REPORT

Stocks ended flat yesterday as investors cautiously observed the market fearing further slips.

DSEX, the benchmark general index of the Dhaka Stock Exchange, closed at 4,363.87 points, after dropping 7.92 points or 0.18 percent. DSES, the shariah index of the Dhaka bourse, gained 1.82 points or 0.18 percent.

The benchmark index closed the week in the red after a losing streak spanning the past seven days, while the D530 and DSES continued to gain as few multinationals, financial and pharma stocks saw buying interest, said LankaBangla Securities.

The market turnover is hovering below the Tk 200 crore-mark, which indicates that the selling pressure has been muted, the stockbroker said.

The bourse passed a week of negativity in all sessions with tension and dullness, IDLC Investments said. Turnover advanced 12.53 percent from the previous day to Tk 177 crore. The losers took a strong lead over the gainers by 147 to 99, while 51 issues remained unchanged—of the 292 issues that traded on the DSE.

A total of 0.48 lakh trades were executed, with 4.59 crore shares and mutual fund units changing hands on the Dhaka bourse.

Engineering, miscellaneous and tannery became the day's laggards, losing 1 percent, 2.1 percent and 0.8 percent.

Regulator rejects Robi's proposal to transfer assets

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The regulator also decided to prepare a guideline on passive infrastructure service after discussion with the operators. "We will wait until the guideline is ready," said Mohiuddin Babar, the spokesperson for Robi.

AFC Health to build Tk 30cr cardiac hospital in Khulna

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Besides, the centre has also proposed to reimburse or take no charge for the last day of a patient's stay if he/she dies in hospital, he said. AFC Health also plans to set up such centres in Comilla and Sylhet in the next four years, Rahman said.

The International Centre for Diarrhoeal Diseases in Bangladesh projected that the mortality rate from cardiovascular diseases would be 21 times higher in 2025 compared to the corresponding rate in 2003.

Currently, Fortis operates 66 healthcare outlets in India, Singapore, Dubai, Mauritius and Sri Lanka.

Fortis Healthcare has more than 10,000 potential beds and approximately 280 diagnostic centres, employing more than 17,000. Active Fine Chemicals is a chemical reagent and active pharmaceutical ingredients maker in the country. It got listed on Dhaka Stock Exchange in 2010.

Top VAT payers honoured

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"Revenue officials are seizing documents and accounting records by visiting markets," said Toufiq Hasan, president of the Dhaka City Shop Owners Association.

He said shops register the highest sales in the month leading up to Eid-ul-Fitr, the biggest religious festival in the country, which is marked by a shopping frenzy in all walks of life.

At this time, the seizure of documents is undesirable, he said.

"We suffered heavily for hartals and blockades last year, but we did not get waiver from VAT for that turbulent period."

Ahmed, in response, criticised the BNP for enforcing violent programmes, hartal and blockades in the second half of 2013 in the run-up to parliamentary election,

which affected businesses severely.

He said the country might have faced a similar fate as Thailand had the election not taken place on January 5.

"We had no other option but to hold the election as per the constitution," he said, adding that BNP Chairperson Khaleda Zia made a 'mistake' by not taking part in the polls.

Mashiur Rahman, economic affairs adviser to the prime minister, suggested businesses maintain accounts properly. He said the tax system is efficient although there may be flaws in implementation.

The NBR aims to collect Tk 55,013 crore from VAT this fiscal year, up 19.9 percent from the revised target of the previous year.

Md Farid Uddin, NBR member-in-charge of customs policy, chaired the programme.

RMG exports hit record \$24.5b

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Echoing with the view of Islam, EPB Vice-chairman Shubhashish Bose said Bangladesh needs to strengthen its supply side as the demand for its garment items is on the rise. Among the new export destinations, Japan is promising, Bose said. "Exports of garment and leather products to Japan are increasing significantly."

Knitwear export to Japan is increasing as the sub-sector has started enjoying a duty benefit under generalised system of preferences, he said.

Bangladeshi manufacturers also need to strengthen their capacity in home textiles as the demand for such products is rising

among the Western customers.

Besides the traditional markets like the US, the EU and Canada, Bangladesh is performing well in Japan, India, China, South Korea, Chile, Brazil, South Africa, Australia and Turkey.

Home textiles have the potential to earn \$1 billion a year as the sub-sector already brought in \$792.53 million in fiscal 2013-14.

Jute and jute goods also have a promising market worldwide, Bose said. Jute and jute goods earned \$824.49 million in fiscal 2013-14. "We are also exporting potatoes to Russia. Our pharmaceutical products are performing very well in the overseas markets," Bose said.



Azam J Chowdhury, chairman of Prime Bank, attends a discussion on Shariah banking organised by the bank at a local hotel in Dhaka on Monday. Md Ehsan Khasru, managing director, was also present.



Md Mofiz Uddin Chowdhury, managing director of FAS Finance and Investment, and Chandan Kumar Das, head of marketing of Concord, attend the signing of a deal at a programme in Dhaka recently. Concord's real estate clients will enjoy special rate for home loans from FAS Finance.



Sayed Nurul Islam, member of Bangladesh Export Processing Zones Authority, and Kim Beom Joon, managing director of Campha Outdoor Ltd, exchange documents of a deal at a programme in Dhaka yesterday. Campha, a South Korean camping items firm, will invest \$7.38 million in Karnaphuli EPZ, creating 1,100 jobs.