

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা
কর্তৃপক্ষ কর্তৃক প্রকাশিত

শনিবার, জানুয়ারি ১১, ২০১৪

[বেসরকারি ব্যক্তি এবং কর্পোরেশন কর্তৃক অর্থের বিনিময়ে জারীকৃত বিজ্ঞাপন ও নোটিশসমূহ]

NOTIFICATION

August 18, 2013

No. SEC/CMRRCD/2009-193/150/Admin/51.—Whereas, the Bangladesh Securities and Exchange Commission deems it fit that the consent already accorded by the Commission, or to be accorded by it in future, to the issue of capital in Bangladesh, or to the public offer of securities for sale, should be subject to certain further conditions in the interest of investors and the capital market;

Now, therefore, in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Bangladesh Securities and Exchange Commission hereby imposes the following guidelines for revaluation of assets to the consent already accorded by it, or to be accorded by it in future, to the issue of capital in Bangladesh, or to the public offer of securities for sale:

A. General Requirements :

1. The decision of valuation and appointment of the valuer shall be taken by the board of directors of the company concerned. The board decision should clearly mention, among others, the purpose of valuation and the asset classes to be revalued;
2. The valuer shall submit the valuation report to the board along with all workings and documents and the board shall decide next course of action. If the board decides for financial reporting of the valuation, it shall instruct the management of the company to do so mentioning the reporting period;

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3. The valuer shall provide a report and fairness opinion duly signed by its chief executive which shall form integral part of the valuation report. In their report, the valuer shall confirm that the valuation has been undertaken in accordance with the International Valuation Standards (IVS) and that they have maintained the Fundamental Principles of Ethical Conduct namely Integrity, Objectivity, Competence, Confidentiality and Professional Behaviour regarding the valuation;
4. The revalued amounts of assets and liabilities shall be included in the financial statements in accordance with the applicable provisions of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). The valuation report shall be presented as annexure of the financial statements of the period in which the valuation has been made;
5. After preparation of the financial statements, the management shall handover the same to the auditors along with all workings and documents provided by the valuer;
6. The auditor shall examine all relevant documents and furnish their opinion in the auditors' report regarding whether the valuation report has been prepared and treated in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules, regulations and guidelines or not. They shall also certify whether proper accounting treatments, including provisions, tax and other liabilities, have been made in the financial statements to consider the valuation or not;
7. The management of the company concerned shall extend all co-operations to the valuer and the auditors regarding the valuation and auditing. The valuer shall also cooperate the auditors for clarification of the valuation;
8. Time-lag between two valuations for the same class of assets shall not be less than three years; provided that no upward revaluation of an asset shall be made within two years of its acquisition;
9. **Upward revaluation of the following assets are not allowed:**
 - i. Leasehold lands and buildings on such lands having no transferring rights, total lease period below 99 years and remaining lease period below 10 years;
 - ii. Plants and machineries acquired in second hand condition, acquired in brand new condition but having remaining economic life of less than 50% of its total useful life, as estimated at acquisition;

- iii. Tin-shed buildings, buildings having remaining economic life of less than 50% of its total useful life, as estimated at construction;
 - iv. Vehicles, furniture & fittings, office equipments, loose tools and intangible assets.
10. No dividend shall be issued out of any revaluation surplus;
 11. The valuer shall be a partnership firm or a company registered with the Registrar of Joint Stock Companies and Firms;
 12. The valuer shall be independent from the company, its directors, auditors and other stakeholders;

B. Disclosure Requirements :

The valuation report shall be prepared in a manner so that it can communicate the information necessary for proper understanding of the valuation. A valuation report shall not be ambiguous or misleading and shall provide the intended reader with a clear understanding of the valuation.

To provide comparability, relevance and credibility, the valuation report shall set out a clear and accurate description of the scope of the assignment, its purpose and intended use, Confirmation of the basis of value used and disclosure of any assumptions, special assumptions or limiting conditions that directly affect the valuation.

Among others, the following information shall be disclosed in a valuation report:

1. Identification of the valuer and confirmation of competence:

A statement confirming the competence of the valuer shall be included. If the valuer has obtained assistance from others in relation to any aspect of the engagement, the nature of such assistance and the extent of reliance shall be recorded in the report, Names, qualifications and experiences of all the persons involved in the valuation process have to be disclosed;

2. Identification of the client and any other intended users:

The party commissioning the valuation shall be identified together with any other parties whom it is intended may rely on the valuation;

3. Nature of instructions and the purpose of the valuation:

Details of instructions received from the client regarding the job shall be stated along with the purpose of the valuation;

4. Identification of the asset or liability to be revalued:

Where a valuation is required of assets that are held in conjunction with other complementary or related assets it shall be clearly defined whether it is the group or portfolio that is to be valued or the individual assets. If the latter, it is also important to establish whether each asset is assumed to be valued as part of the whole group or portfolio, as an individual item but assuming that the other assets are available or not available;

5. Basis of value:

The definition and source of the basis of value used should be cited. A basis of value is a statement of the fundamental measurement assumptions of a valuation, which does not contradict with the applicable Accounting Standard;

6. Valuation date:

The valuation date is the date on which the estimate of value applies. This may be different from the date of the valuation report or the date on which investigations are to be undertaken or completed. These dates should be clearly mentioned in the report;

7. Extent of investigation:

The extent of the valuers' investigations undertaken, including the limitations on those investigations set out in the scope of work shall be recorded in the report;

8. Nature and source of the information relied upon:

The nature and source of any information used in the valuation process should be recorded;

9. Assumptions and any special assumptions:

Different valuation assumptions may be appropriate depending on the classification of the asset or liability. The assumptions those are applicable to each class of asset shall be included;

10. Valuer's Report and Fairness Opinion:

The valuer shall provide a report and fairness opinion duly signed by its chief executive which shall form integral part of the valuation report. In their report, the valuer shall confirm that the valuation has been undertaken in accordance with the International Valuation Standards (IVS) and that

they have verified that the ownership, possession and use of the assets are due to the company. Where a statement is made that a valuation has been undertaken in accordance with these standards it is implicit that all relevant individual standards are complied with. If a departure is necessary to comply with any legislative or regulatory requirements, this should be clearly explained.

The valuer shall also confirm that, they have maintained the Fundamental Principles of Ethical Conduct namely Integrity, Objectivity, Competence, Confidentiality and Professional Behaviour regarding the valuation and have taken all possible steps to avoid or mitigate possible threats to compliance of these principles;

11. Valuation approach and methodology:

To understand the valuation figure in context, the report shall make reference to the approach or approaches adopted, methodology used for the valuation and the key reasons for the conclusions reached;

12. Valuation Sheet:

The valuation sheet shall contain, among others, the acquisition date, cost, written down value, amount and basis of the valuation and the applicable currency. The valuer shall also allocate, where applicable, an age and “remaining useful life” to each asset valued for recording purposes considering expected use of the asset, expected physical wear and tear, technical or commercial obsolescence, legal or similar limits on the use of the asset and any other factors that will affect the useful life of the asset;

13. Date of the valuation report:

The date on which the report is issued should be included. This may be different from the valuation date.

C. Ethical Principles for the Valuer:

The valuer shall maintain five Fundamental Principles of Ethical Conduct namely Integrity, Objectivity, Competence, Confidentiality, and Professional Behaviour and shall adhere to the following to avoid or mitigate possible threats to compliance of these principles:

1. The valuer shall be straightforward and honest in all professional and business relationships. They shall not be associated with any statement or information that are materially false or misleading or omits or obscures information required to be included and such omission or obscurity would be misleading;

2. The valuer shall not compromise their professional or business judgement because of business, conflict of interest or undue influence of others and should not be perceived as supporting the views of any interested party, including the company;
3. The valuer shall take all steps necessary to avoid threats to their independence. In particular, they shall not accept an assignment where the company, or any other stakeholder in the transaction, seeks to unreasonably limit the investigations to be undertaken or to direct or otherwise influence the methods adopted or the conclusions reached;
4. The valuer shall not accept an assignment, if there is any existing or proposed relationships, they or their firm or organization have that may impair, or create the appearance of impairing, their independence and evaluate the extent of that impairment. Such as, relationships with the company, its directors, management, controlling shareholders, auditors, other stakeholders or any relationship that creates, or may reasonably be perceived as creating, the valuer with an interest in the outcome of a contemplated transaction;
5. The valuer shall not be engaged in any act that could give rise to the perception that the valuer is taking instruction from the company or other interested parties on the approach, valuation methods to be used or the conclusions to be reached;
6. The valuer shall maintain professional knowledge and skill at the level required to ensure that clients receives competent professional service and shall act diligently in accordance with applicable technical and professional standards when providing professional service;
7. The valuer shall employ, for valuation purpose, only those individuals with appropriate knowledge, experience and high standards of integrity;
8. The valuer shall refrain from disclosing outside the firm or employing organization confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to disclose. They shall not use confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of any third party;
9. The valuer shall comply with relevant laws and regulations and avoid any action that the professional valuer knows may discredit the profession. They shall be honest and truthful and not make exaggerated claims for the services they offer, the qualifications they possess, the experiences they have gained;

10. The valuer shall not accept data and analysis from the company or other interested parties without critical review;
11. The valuer shall not enter into an agreement where the fee or the fee amount is dependent upon outcome of the report;
12. The valuer shall not change their report following a factual review of a draft by the company for a reason other than a change in the facts on which it was based;
13. If an assignment requires the exercise of judgement of the valuer, that judgement must be applied properly and shall not be used to overstate or understate the valuation result. The proper exercise of judgement should always have regard to the stated objectives of the standards applicable to the valuation;
14. The valuer shall have appropriate technical skills, experience and knowledge of the subject of the valuation, the market and the purpose of valuation. If requires, the valuer shall seek assistance from specialists in certain aspects of the overall assignment, providing this is disclosed in the valuation report;
15. When a valuer identifies a potential threat to their ability to comply with the Fundamental Principles, they shall decline or discontinue the assignment.

This shall have immediate effect.

By order of the Bangladesh Securities
and Exchange Commission

PROF. DR. M. KHAIRUL HOSSAIN
Chairman.