

Internship Report

On

Corporate Governance of Acme Laboratories Limited

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Inception of ACME laboratories ltd

ACME Laboratories Limited is leading Pharmaceuticals Company in Bangladesh established in the year 1954. The company has a very big manufacturing plant located at Dhamrai, 40 kilometer away from the central of Dhaka city. The company produces various types of dosages' forms which include tablets, capsules, oral liquids, ampoules, dry powder vials, powder for suspension, nasal Drops, eye drops, infusion, injection etc. Since its inception, ACME has been launching and innovating products in order to fulfill unmet demand of the medical community. The focus has to bring more new technologically advanced molecules to this country.

The company specialized in value added high technology dosages form like sustained release tablets, quick mouth dissolving tablets, barrier coated delayed release tablets etc. It has established a modern research and development laboratory for the development of new advanced forms of various drugs and devices like poorly soluble drugs, dry powder inhalers, coated pellets, modified release products, taste masked preparation etc.

ACME quickly developed a very competent sales team, which promotes the specialties throughout the country. The company virtually covers every single corner of the rural as well as urban area of Bangladesh. It has own large distribution network having 19 depots all over the country.

ACME has a clear vision to become a leading research based form manufacturing with global presence within a short period of time.

The company operates in a single industry segment, it has its own manufacturing facilities, the principal activities of the company are formulation, manufacturing and sales drugs in home and abroad, the overseas offices and associates of ACME are Srilanka, Myanmar and the exports outlets are Bhutan, Hong Kong, Iraq, Kenya, Nepal, Pakistan, Singapore, Taiwan, Thailand, Vietnam, Philippines, East Timor, Belize, Ethiopia Etc.

History of ACME laboratories Ltd.

The ACME Laboratories Ltd. is a local and export oriented Pharmaceuticals Company situated at Dhaka, incorporated as a proprietorship firm in 1954. The founder of the ACME organization was late Hamidur Rahman Sinha.

The firm was converted into a private Limited company in the year 1976. Commercial operation at the modernized plant equipped with sophisticated and advanced facilities began toward the end of 1983. Many challenges were overcome successfully to transform the company from a small unit to what it is today.

The ACME Laboratories Ltd. is the third largest manufacturer and exporter of Human, Herbal, and Animal Health pharmaceutical products in Bangladesh. It's a global exporter of Human, Herbal and Veterinary pharmaceutical products. The ACME Laboratories Ltd. has expanded their business all over the country.

The ACME Laboratories Ltd.'s local network comprises more than 20 sale centre. The success of The ACME Laboratories Ltd. in the domestic market promoted it to explore the international market as well. Since then it has been expanding worldwide. The volume of sales increased substantially with an average growth rate of 50% almost every year. They exported their products almost 15 countries.

The ACME Laboratories Ltd. continuously seeks to expand its production facilities, add employees and increase its sales and marketing efforts. According to the latest statistics, out of about 300 Pharmaceutical companies in the country, The ACME Laboratories Ltd. is one of the top four.

Achievement of ACME laboratories Ltd

ACME is one of the leading pharmaceuticals company in Bangladesh. It is one of the top most pharmaceuticals companies that have large contribution in the society and controls. The drug market of ACME is possessing huge market shares in Bangladesh ACME laboratories.

1954-ACME laboratories established as a proprietorship for manufacturing pharmaceutical items.

1976- ACME laboratories converted into a private limited company.

1983-Commercial operations with modern facility at Dhamrai, 6 acres land 32 km from Dhaka.

1987-c Cream and ointment added in production.

1990-Achieve average 25% growth rate compared to the 13% registered by pharmaceutical sectors.

1992-Introduce injectable products.

1997-Agrovet Division of manufacturing of veterinary and animal health care drug was introduced as an independent factory.

June 20, 2005-The ACME Agro-vet & Beverage Ltd has launched their new product ' Acme Premium Drinking Water'. Chairman of ACME group Mr. Nasir-Ur-Rahman Shina officially inaugurated the product in the capital city on 20th June. A traditional hackney carriage was also.

Vision statement

A vision statement is the statement or the outline that a company wants to achieve through the business. Vision statement states the purpose and the values of the company. ACME laboratories have its individual vision that they want to achieve.

The vision of ACME is to ensure **“Health, Vigor and Happiness for all and is on a Perpetual quest for excellence.”**

Mission statement

Our holistic approach is to ensure Health, Vigour and Happiness for all by manufacturing ethical medicines of the highest quality at affordable prices and expanding in the local and global market. We view ourselves as partners with the doctors, healthcare professional, all other customers, our employees and harmonize with environmental issue.

Goal of the company

The main objective of the company is to achieve the maximum market share along the whole country within very short time by utilizing good reputations and providing better quality products.

Company core values

The following values are the foundation of ACME’s culture, guiding us in our daily work in how we do business & how we relate to people.

I. Customer Focus:

We always focus on our Customers. We listen to and connect with our customers. We anticipate their needs and make it easy for them to do business with us. We keep promises. We offer them value and quality services to enrich lives and enhance business success. We treat customers with dignity and respect.

ii. Team spirit:

We believe in teamwork. We know that by working together as a team with common goals we can achieve greatness. We recognize, respect and value diversity in a team so that we can develop & maintain a culture of sharing, accepting and rewarding better ideas. Teamwork is the secret of ACME's success.

iii. Desire to win:

We know how to make things happen and we know how to win in the battlefield called the market place. We believe “Everything is possible.” That gives us an edge over our rivals.

iv. Pro-activity:

We anticipate future changes in the industry and we take proactive moves to seize the future opportunities and take measures to resolve possible problems. We adapt quickly with the changes.

v. Integrity:

Our stakeholders’ confidence on us drives us to become more responsible about our commitments. We value all our stakeholders, customers, employees, the community we live in and the society at large. We strive to deliver our best so that we can be preeminent in the industry. We take responsibilities for all our actions.

vi. Personal Excellence:

We achieve leadership and superior performance through the pursuit of personal excellence. We are committed to doing and being the best. We seek continuous improvement and take pride in what we do. We do things to the highest possible standards. We acknowledge potential of the individual and create opportunities for all to grow and excel. Together, we celebrate our success and achievements.

Aspirations of ACME

- ACME wants to discover, develop and successfully market innovative products to cure diseases, to ease suffering and to enhance the quality of life.
- It wants to be recognized for having a positive impact on people’s lives with our products, meeting needs and even surpassing external expectations.
- It strives to create sustainable earning growth. Ranking in the top quartile of the industry and securing long-term business success.
- It wants to build a reputation for an exacting workplace in which people can realize their professional ambitions.

- ACME strives for a motivating environment where the creativity and effectiveness are encouraged and where cutting-edge technologies are applied.

Company quality objectives

- Increase Market Share
- Increase Productivity
- Increase Profitability
- Continual Improvement

Quality policy

The following guidelines/ principles help to make ACME's quality policy a reality

- Absolute commitment to the highest obtainable standard of quality products and services through excellence and concerted efforts of both employer and employee.
- The ACME Laboratories Limited. Shall improve its market share and productivity to enhance profitability of the organization through monitoring its performance on a regular basis and identify opportunity for continual improvement in all the areas.
- The organization has adopted ISO-9001 and WHO cGMP standards. All employees must adhere to the documented procedures and SOPs.
- The Quality Management System shall be adequately resourced with competent personnel, suitable premises, up-to-date technology and requisite facilities.

Company products

ACME is running its operation in the market with 824 generic products or medicine of three broad category Human is 561, Veterinary is 228 and Herbal is 35 product respectively. ACME Laboratories is constantly expanding and improving its product line. The following items are our most recent additions.

The best selling products of the human and veterinary categories are:

Human		Veterinary
Antibiotics	TRIZON	LT-Vet
	CIPRO-A	Benazol
	SEFRIL	Hepatovit

	AZIN	Zymovet
	FIX-A	A-Sol
Cardiovascular	AMLOPIN	
Vitamins & Minerals	NUTRUM GOLD	
	BABY ZINC	
Antiulcerant	RANIDIN	
	PPI	
	Oxecone	

Sales and distribution channel around the country:

ACME has 20 Sales and distribution center around the country. They are given bellow: Rangpur, Bogra, Rajshahi, Jessore, Khulna, Barisal, Mymensingh, Dhaka City – South, Dhaka City – North, Sylhet, Comilla, Chittagong, Chowmohani, Chakoria, Faridpur, Saver, Narayanganj, Dinajpur, Central Sales Center (CSC) and B.Barua Sales Center.

Customers:

The business of the acme laboratories ltd Is not retailer oriented . As a pharmaceuticals company; the acme laboratories ltd has to deal with Physicians, rural medical practitioner, and sometimes retailer like chemists. Some institutes and hospitals are also the customers of The ACME laboratories Ltd. The doctors are taken as the prime customers here, because majority of demand for pharmaceuticals products is dependent on the doctor's prescription.

Competitors:

Nationally

- ☒ Square
- ☒ Baximco
- ☒ Incepta
- ☒ Renata
- ☒ International Drug

Internationally

The ACME Laboratories Ltd. Has lots of international competitors. Many countries where ACME exports have their own local companies producing medicines and many of them are exporting their medicines to other countries and Bangladesh as well. So, all over the world there are many pharmaceutical companies involved the international market. In the international market the ACME Laboratories Ltd. is a small company export little quantity of medicines in some country in the world. ACME's main target region is South-East Asia.

Export

The Success of The ACME laboratories Ltd. in the domestic market prompted it to explore the international market as well. In **1995**, it started its first journey to international operation by exporting medicines to Bhutan. Since then it has been expanding worldwide. The volume of sales increased substantially with an average growth rate of 50% almost every year. The ACME Laboratory Ltd. is exporting medicines to several countries in neighboring South-East Asia, Africa, Middle East and the EU. Sales wise Afghanistan is the top among the 11 Countries. The ACME Laboratories Ltd. is exporting at a growth rate of 55%.

Regular Export Markets are Myanmar, Nepal, Sri Lanka, Pakistan, Afghanistan, Philippines, Hong Kong and Vietnam. Irregular Export Markets are East Timor, Gambia, Uzbekistan, Bhutan, Yemen, Malta and Cambodia. Developing Markets are Ethiopia, Taiwan, Myanmar, Yemen, Cambodia, Kenya, Nigeria (Vet).

Product registration statuses in different countries are given below:

Myanmar=29	Hong Kong=02	Iraq=08	Vietnam=01	Sri Lanka=24
Philippines=10	Uzbekistan=05	Nepal=36	Pakistan=50	

Exporting Medicine among the medicines exported Antibiotic, Antihypertensive, Antiulcerant and Vitamins are remarkable. The international marketing section is active in exploring the joint venture production possibilities, establishment of pharmacies, agents or distributors in the Central Asia, the Middle East, Africa and other parts of the world.

Management of the company

Board of Directors:

01. Mr. Nasir Ur Rahman Sinha ----- Chairman
02. Mr. Mizanur Rahman Sinha ----- Managing Director

03. Mr. Dr. Jabilur Rahman Sinha -----	Deputy Managing Director
04. Mr. Afzulaur Rahman Sinha -----	Deputy Managing Director
05. Mrs. Jahanara Mizan Sinha -----	Director
06. Mrs. Nagina Afjal Sinha -----	Director
07. Mrs. Parveen Akhtar Nasir -----	Director
08. Mr. Fahim Sinha-----	Director
09. Mr. Motiur Rahman Sinha-----	Director
10. Ms. Sabrina Sinha-----	Director

People of ACME

Just as strong roots provide the foundation for a growing tree, a company's growth is supported by the strength of its employees.

ACME people build its success. For ACME, success means that each and every employee contributes to expanding its pool of experience, each and every day. To achieve its purpose and mission, ACME affirms its value for integrity, respect for people, innovation, performance and leadership.

More than 5350 individuals from diverse disciplines including pharmacy, microbiology, MBA, accounting, engineering and medicine are working under the umbrella of ACME.

Division and department of the ACME:

ACME has highly qualified professional staffs for handling all the condition of the company. Introduction of various divisions are as follows:

- Human Resource & Administration Division (HR&A)
- Procurement Planning & Inventory Control Division (PPIC)
- Finance and Accounts Division (F&A)
- Marketing Division- Human & Herbal
- Marketing Division- Veterinary
- Distribution Department
- Product Management Department (PMD)
- Medical Services & MIS Department (MSD)
- Quality Control Department (QC)
- Manufacturing Division

ACME plans or work departments

ACME Factory or works departments are divided various functional and service departments. They are given as bellow:

Functional Department includes:

Manufacturing/ production division mainly divided into two departments, Production- Human & Herbal and Production- Veterinary which includes various sections such as tablet, capsule, liquid, injection (ampoule), injection (vial), cream and ointment, infusion, eye drops, Inhaler, Suppository etc.

Service Departments are included:

- ✎ Quality Assurance department which includes quality control, microbiology, quality assurance and in process control section.
- ✎ Research and Development department.
- ✎ Engineering department.
- ✎ Production planning and Inventory Control department.
- ✎ Accounts and finance departments
- ✎ Human resources department

company organogram

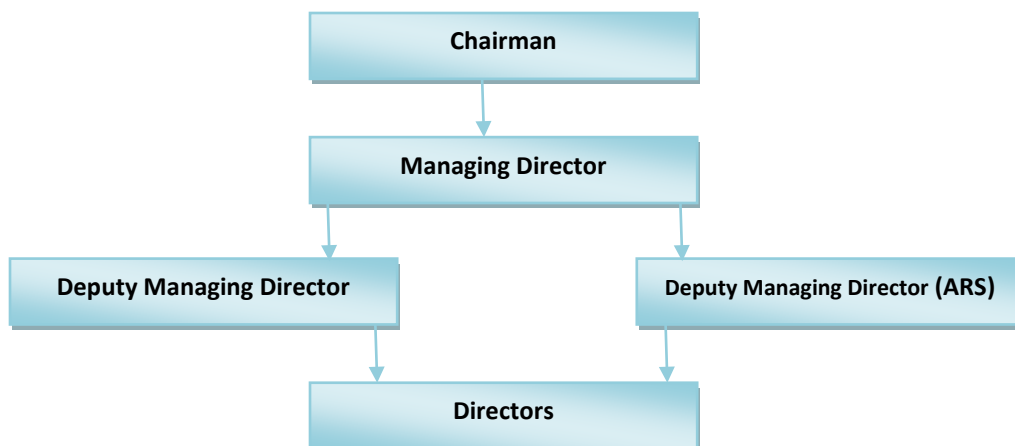
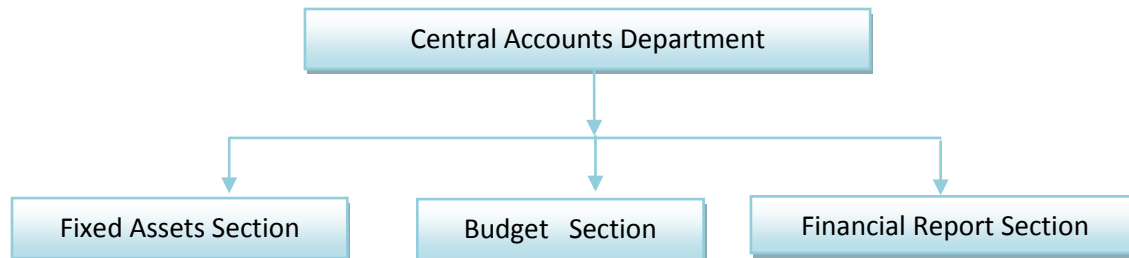


Fig: Board of Directors

organogram of central accounts department



I worked in Central Accounts department and Treasury of ACME laboratories Limited. I tried to know about the existing established policies, methods of Central Accounts and Treasury specially their overall actions oriented to different activities. After that I tried to find out the actual practices for ACME Laboratories Limited. In Central Accounts department there are mainly some sections such as Fixed Asset section, VAT, Budget and Financial report section. In treasury Department there are mainly some section such as cash payment, collection, voucher prepared, voucher processing, mobile bill prepared. So the details of my experience of working at ACME are as follows in my report.

Associated business of ACME laboratories ltd.

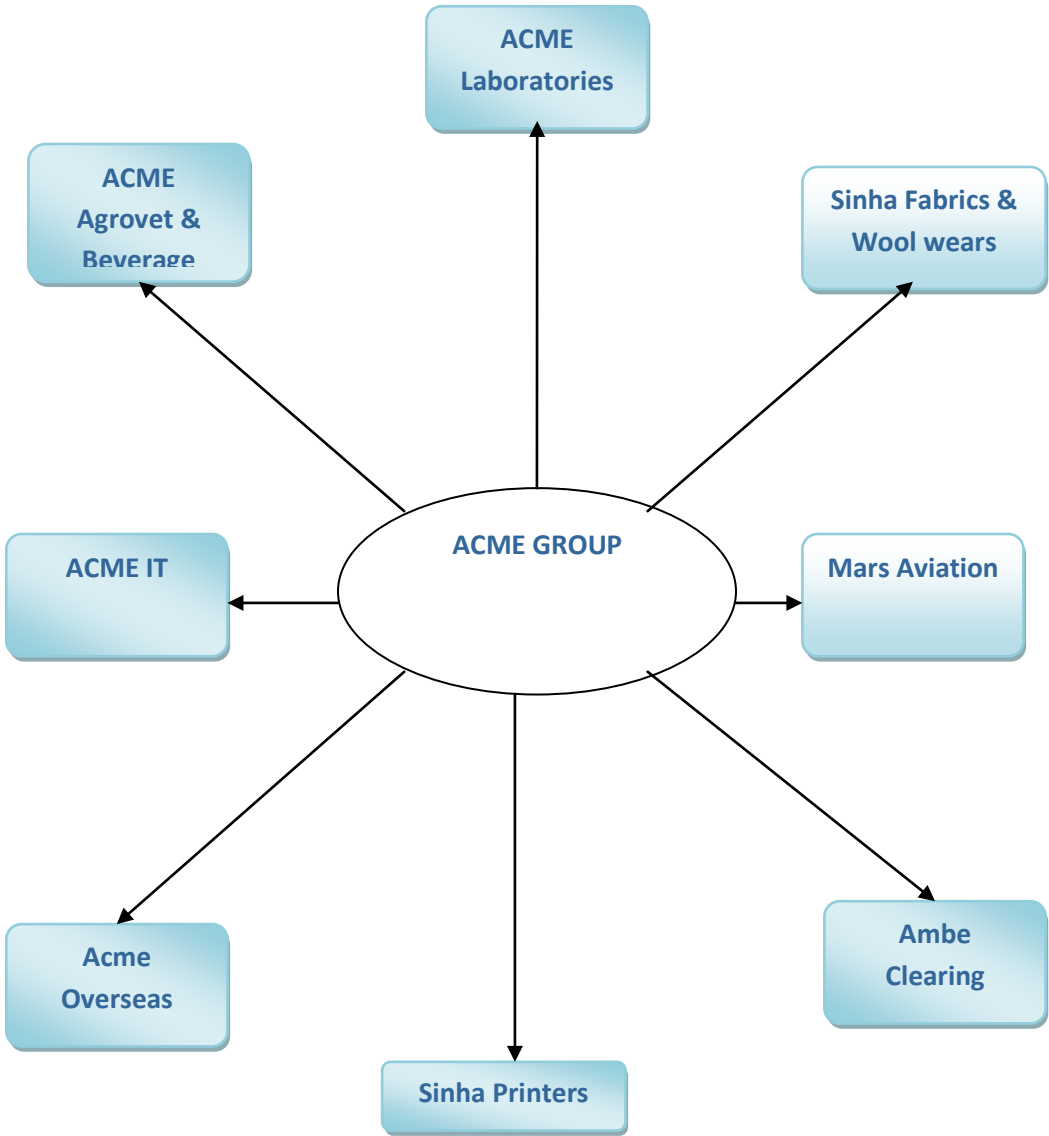


Figure 2.1: ACME Group

Corporate profile

The corporate histories of the company are given below:

Nature of the Business	Pharmaceutical Company engaged in production and Marketing of ethical drugs and medicines and also veterinary product
Registration No.	C-4745 of 1975-1976
Year of establishment (initially as a Partnership)	1954
Incorporated as a Private Limited Company	17 th March 1976
Commercially Operation	1983
ISO:9001 certification achieved and lunched veterinary division	1999
Awarded ISO-9001 Certificate	2000
Awarded ANSI/ASQC Q9001 Certificate	2000
Awarded 'Enterprise of the year-2006'	2006
Converted into public limited company on	30 th November 2011
Address of Head Office	¹ / ₄ Court de la ACME Kallyanpur, Mirpur Road. Phone: 8118692-6, 9122510-2 Fax: 88-02-9121153 E-mail: acmeexport@bangla.net , acmepd@a@bangla.net Web: www.acmeglobal.com
Total Equity (31.12.2011)	Tk. 5,823832,008 / US\$ 74,459,854.77
Total Equity (31.12.2010)	Tk. 1,209,557,215 / US\$ 15,464,638.14
Net Fixed Assets (31.12.2011)	Tk. 6,140,710,979 / US\$ 78,511,270.08

Corporate governance

Corporate governance means the system or the way by which a corporation can be directed or control. Corporate governance assures the rights and the regulations that an organization should follow. So **Corporate governance** refers to the system by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of corporations. Governance involves the alignment of interests among the stakeholders.

Corporate governance reflects the rules, process or procedure by which an organization should be directed and controlled. It is essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management; from action plans and internal controls to performance measurement and corporate disclosure etc. every organization should make some rules and regulations to make their company more reliable towards the customers, employers and the suppliers. There are different definitions of corporate governance.

Corporate governance has also been defined as "a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby mitigating agency risks which may stem from the misdeeds of corporate officers."

In the corporate business there are two types of groups in a company. One is those people who are related with the company but considers as outsiders of the company. So there are two types of stakeholders in an organizations. That are-

- External stakeholders
- Internal stakeholders

External stakeholders:

External stakeholders are those people who are not directly related to the company but they have affect on the organizations or those people who are not internally related to the company. These external stakeholders play an important role in the progress of the company. In contemporary business corporations, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the corporation's activities.

Internal stakeholders:

Internal stakeholder is those people who have direct impact on the business. These people work for the progress of the organizations. Internal stakeholders are the board of directors, executives, and other employees.

Much of the contemporary interest in corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. An important theme of governance is the nature and extent of corporate accountability.

There has been renewed interest in the corporate governance practices of modern corporations, particularly in relation to accountability, since the high-profile collapses of a number of large corporations during 2001-2002, most of which involved accounting fraud. Corporate scandals of various forms have maintained public and political interest in the regulation of corporate governance.

Principle of the corporate governance

Corporate governance has some principles to follow so that with the help of the principles the organization can make their best uses of the external stakeholder and internal stakeholders. The principle of the corporate governance is given below-

- **Rights and equitable treatment of shareholders:**

Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings. Share holders are the people who invest in the company and have equity in the organization.

- **Interests of other stakeholders:**

An organization has to deal with a lot of peoples among them some are directly related to the organization but there are also some other people among whom they have responsibilities. Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

- **Role and responsibilities of the board**

The board of directors and other responsible person like the executives of the company and manager also plays an important role in the success of the organization. They are responsible for various acts that affect the company's image. They have to act smart in managing the overall work of the company. The board needs sufficient relevant skills and understanding

to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.

- **Integrity and ethical behavior:**

Integrity should be a fundamental requirement in choosing corporate officers and eboard members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.

- **Disclosure and transparency:**

Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

In corporate governance it ensures the rights of the external and internal stakeholders. The Corporate governance encompasses the policies, initiatives and practices a corporation uses to accomplish its business goals and develop its infrastructure. Corporate governance essentially involves balancing the interests of the many stakeholders in a company. These include its shareholders, management, customers, suppliers, financiers, government and the community. The functions of corporate governance begin with a corporation's shareholders and are passed to the elected board of directors, who are then in charge of developing governance strategies for the company as a whole. The functions of the corporate governance is given below-

The responsibilities of the board of directors:

The responsibility of the board of directors towards its organization is huge. The board is responsible for the successful perpetuation of the organizations. That responsibility cannot be relegated to management. A director or board of directors is expected to play a key role in corporate governance. The board has responsibility for the selection of the CEO and succession, providing feedback to management on the organization's strategy, compensating senior executives, monitoring financial health, performance and risk, and ensuring accountability of the organization to its investors and authorities. These boards of directors have to play great role in the succession of the business and their act in every aspect of the business effects it very much. The responsibility of board of directors towards the company and the people of the organizations are-

- Board members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the company and the shareholders.
- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets.
- Oversee major acquisitions and divestitures.
- Select, compensate, monitor and replace key executives and oversee succession planning.
- Align key executive and board re-numeration (pay) with the longer-term interests of the company and its shareholders.
- Ensure a formal and transparent board member nomination and election process.
- Ensure the integrity of the corporations accounting and financial reporting systems, including their independent audit.
- Ensure appropriate systems of internal control are established.
- Oversee the process of disclosure and communications.
- Where committees of the board are established, their mandate, composition and working procedures should be well-defined and disclosed.

Goals and Risk Management

A corporation's board of directors sets policies and procedures to effectively meet the business' short- and long-term investment goals while working to manage risk. Each investment decision is made with the goal of securing long-term company growth and profitable returns. The board of directors manages the risk involved with each new investment opportunity through careful examination of the opportunity's value while determining what problems are the most likely to occur. This allows the company to plan ahead for potential trouble spots and develop strategies to avoid them.

Corporate Accountability

Another function of corporate governance is to ensure accountability within the board of directors as well as the company's larger management structure. This provides a system of checks and balances to make certain company procedures and initiatives are being carried out properly. The board of directors can stay well informed as to the progress of investments and business projects because of this greater level of accountability and communication among the company's management structure. This allows for greater mobility in adjusting goals or project methods should an investment opportunity or business venture produce smaller returns than expected.

Shareholder Meetings

Effective corporate governance requires shareholders to remain well informed of the company's financial health and the status of its ongoing business initiatives. To keep shareholders informed, a corporation's board of directors schedules regular meetings where the board shares the company's level of profitability, its strategies for achieving goals and any problems it foresees in the market that may cause them to fall short of meeting those goals. Shareholders who are kept well-informed of company practices are more likely to trust the board of directors and remain as corporate investors as opposed to selling company stock.

Government Regulations

An integral component of corporate governance is to ensure transparency in relation to government corporate regulations. These rules involve a wide variety of required procedures, including regular financial reporting, ethical treatment of workers, safe environmental practices and handling of hazardous materials.

Stakeholder's interest:

In the organizations there are different parties in the organization through whom the organization has some responsibilities. All parties to corporate governance have an interest, whether direct or indirect, in the financial performance of the corporation. Directors, workers and management receive salaries, benefits and reputation, while investors expect to receive financial returns. For lenders, it is specified interest payments, while returns to equity investors arise from dividend distributions or capital gains on their stock. Customers are concerned with the certainty of the provision of goods and services of an appropriate quality; suppliers are concerned with compensation for their goods or services, and possible continued trading relationships. These parties provide value to the corporation in the form of financial, physical, human and other forms of capital. Many parties may also be concerned with corporate social performance.

If the organizations fail to impress any of the parties of the stakeholders then it could hamper the reputation of the organization and they can lose their customers, suppliers or other external sources. It can create dissatisfaction to the firms internal people like the employers, managers etc.

A key factor in a party's decision to participate in or engage with a corporation is their confidence that the corporation will deliver the party's expected outcomes. When categories of parties (stakeholders) do not have sufficient confidence that a corporation is being controlled and directed in a manner consistent with their desired outcomes, they are less likely to engage with the corporation. When this becomes an endemic system feature, the loss of confidence and participation in markets may affect many other stakeholders, and increases the likelihood of political action. There is substantial interest in how external systems and institutions, including markets, influence corporate governance.

Family control

Family interests dominate ownership and control structures of some corporations, and it has been suggested the oversight of family controlled corporation is superior to that of corporations "controlled" by institutional investors (or with such diverse share ownership that they are controlled by management). A recent study by Credit Suisse found that companies in which "founding families retain a stake of more than 10% of the company's capital enjoyed a superior performance over their respective sartorial peers." Since 1996, this superior performance amounts to 8% per year. Forget the celebrity CEO. "Look beyond Six Sigma and the latest technology fad. One of the biggest strategic advantages a company can have is blood ties."

Mechanism and controls

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. There are both internal monitoring systems and external monitoring systems. Internal monitoring can be done, for example, by one (or a few) large shareholder(s) in the case of privately held companies or a firm belonging to a business group. Furthermore, the various board mechanisms provide for internal monitoring. External monitoring of managers' behavior occurs when an independent third party (e.g. the external auditor) attests the accuracy of information provided by management to investors. Stock analysts and debt holders may also conduct such external monitoring. An ideal monitoring and control system should regulate both motivation and ability, while providing incentive alignment toward corporate goals and objectives. Care should be taken that incentives are not so strong that some individuals are tempted to cross lines of ethical behavior, for example by manipulating revenue and profit figures to drive the share price of the company up.

Corporate governance can be regulated by two ways that is internally controlled corporate governance and externally controlled corporate governance. Internal corporate governance make the proper policies and rules for the organizations.

Internal corporate governance controls

Internal corporate governance controls monitor activities and then take corrective action to accomplish organizational goals. The functions of the internal governance is given below-

❖ Monitoring by the board of directors

The board of directors, with its legal authority to hire fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided. Whilst non-executive directors are thought to be more independent, they may not always result in more effective corporate governance and may not increase performance. Different board structures are optimal for different firms. Moreover, the ability of the board to monitor the firm's executives is a function of its access to information. Executive directors possess superior knowledge of the decision-making process and therefore evaluate top management on the basis of the quality of its decisions that lead to financial performance outcomes. It could be argued, therefore, that executive directors look beyond the financial criteria.

❖ Internal control procedures and internal auditors

Internal control procedures are policies implemented by an entity's board of directors, audit committee, management, and other personnel to provide reasonable assurance of the entity achieving its objectives related to reliable financial reporting, operating efficiency, and compliance with laws and regulations. Internal auditors are personnel within an organization who test the design and implementation of the entity's internal control procedures and the reliability of its financial reporting.

❖ Balance of power

The simplest balance of power is very common which require that the President be a different person from the Treasurer. This application of separation of power is further developed in companies where separate divisions check and balance each other's actions. One group may propose company-wide administrative changes, another group review and

can veto the changes, and a third group check that the interests of people (customers, shareholders, employees) outside the three groups are being met.

❖ **Remuneration**

Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options, superannuation or other benefits. Such incentive schemes, however, are reactive in the sense that they provide no mechanism for preventing mistakes or opportunistic behavior, and can elicit myopic behavior.

❖ **Monitoring by large shareholders or creditors**

Given their large investment in the firm, these stakeholders have the incentives, combined with the right degree of control and power, to monitor the management.

External corporate governance controls

From the former definition we have known that corporate governance work with both internal and external parties of the corporation. External governance players include auditors, block holders, and analysts who can help motivate companies to act in shareholders' best interests. So external stakeholders plays an important role in ensuring proper corporate governance process in a business organization which makes them more successful in their business. Some of the key components that controls external corporate governance are given below-

- competition
- debt covenants
- demand for and assessment of performance information (especially financial statements)
- government regulations
- managerial labor market
- media pressure
- takeovers

Corporate governance of ACME laboratories ltd

Introduction:

Corporate Governance is based on several critical principles. They include an independent, active and engaged Board of Directors which has the skill to properly evaluate and oversee the business process, business and financial performance, internal control and compliance structure and direct management on strategic and policy issues. On the other hand, the Board has to ensure that the management headed by Chief Executive Officer (CEO) fully discharge their day to day administrative responsibilities prescribed by BB and the Board itself and necessarily refrain themselves from micro management of the management affairs.

Corporate governance is the rule and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders like financiers, customers, management, employees, government and the community where they live. The corporate governance framework consists of

- (1) explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights, and rewards,
- (2) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles, and
- (3) Procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances.

ACME laboratories ltd recognizes the importance of good corporate governance as a major factor in enhancing the efficiency of the organization. The company therefore seeks to encourage the conduct of its business to be in line with the principles of good corporate governance, which form a basis for sustainable growth. So it is very important for the company to follow the rules and regulations of the corporate governance and ensure the right of all the people related to the company. Though ACME is not related with the share market and is not enlisted in the security & exchange commission but they tend to follow the rules of corporate governance.

ACME laboratories Limited Corporate Governance

In absence of any specific, integrated and mandatory Corporate Governance instructions, various rules and guidelines by different regulatory bodies constitute an informal structure of Corporate Governance. ACME laboratories understands that all these rules and guidelines aim at establishing and maintaining a delicate balance of authority and responsibility conferred on the Board, the collective representatives of shareholders, and the management to safeguard the interest of key stakeholders, depositors and shareholders. Two very important pillars of a good corporate governance structure are “Transparency” and “Accountability” backed by strong Internal Control and Compliance Structure and MIS capabilities.

Objectives Corporate Governance

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability. In other words it can say that a “good corporate governance” is simply requires a “good business” For excellence in Corporate Governance, the most important processes one has to concentrate on are:

Strategy Process, which provides: – A link between Strategy & Operations, – Sets up a mechanism for Strategy Review

People Process, which provides: – A link between People & Operations

Operations Process, which provides: – A link between Strategy & People The link between Core Objectives of Corporate Governance and the important processes is the structure of the corporate & the systems through which the activities are organized and executed.

Corporate governance is all about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company. Ethical dilemmas arise from conflicting interests of the parties involved. In this regard, managers make decisions based on a set of principles influenced by the values, context and culture of the organization. Ethical leadership is good for business as the organization is seen to conduct its business in line with the expectations of all stakeholders.

The fundamental objective of corporate governance is to enhance shareholders' value and protect the interests of other stakeholders by improving the corporate performance and accountability. Hence it harmonizes the need for a company to strike a balance at all times between the need to enhance shareholders' wealth whilst not in any way being detrimental to the interests of the other stakeholders in the company. Further, its objective is to generate an environment of trust and confidence amongst those having competing and conflicting interests.

The aim of "Good Corporate Governance" is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its shareholders and all other partners. It integrates all the participants involved in a process, which is economic, and at the same time social.

Analysis of corporate governance of ACME laboratories ltd

The only guideline of the corporate governance is issued by the Securities and Exchange Commission which is followed by the all of the company in Bangladesh though it is not mandatory yet. Though ACME laboratories are not enlisted yet to the Dhaka stock exchange but recently they have started to work for being enlisted in the stock exchange. Security and exchange commission (SEC) issued vide letter no SEC/CFD/246/2006-2378 dated January 26, 2006 is currently being followed by all the company. In exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Commission hereby supersedes its earlier Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006 and imposes the following further conditions to the consent already accorded by it, or deemed to have been accorded by it or to be accorded by it in future, to the issue of capital by the companies listed with any stock exchange in Bangladesh.

Corporate governance checklist

The conditions of the security and exchange commission are imposed by the order no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

However these conditions are imposed on “comply basis”. The companies listed with any stock exchange in Bangladesh shall comply with these conditions in accordance with the condition No. 7. So as ACME laboratories are willing to enlisted in the security and exchange commission they should follow the rules and conditions. . The companies listed with any stock exchange in Bangladesh should comply with these conditions or shall explain the reasons for non-compliance in accordance with the condition No.7.

Condition	Title	Compliance Status. (Put in the appropriate column)		Explanation for non compliance
		Complied	Not Complied	
1.00	Board of Directors (BOD):			
1.1	Board’s Size (Should not be less than 5 but not more than 20)	ü		
1.2(i)	Independent Directors (At least 1/10th i.e. minimum one)	ü		
1.2(ii)	Appointment of Independent Director by elected Directors	ü		
1.3	Separate Chairman & CEO and their clearly defined roles and responsibilities.	ü		
1.4	Directors’ Report to Shareholders	ü		
1.4(a)	Fair presentation of Bank financials	ü		
1.4(b)	Maintenance of proper books of account	ü		
1.4(c)	Adoption of appropriate accounting	ü		

	policies and estimates consistently			
1.4(d)	Compliance with International Accounting Standard	ü		
1.4(e)	Soundness of Internal Control System	ü		
1.4(f)	Ability to continue as a going concern	ü		
1.4(g)	Significant deviations in operating results from last year	ü		
1.4(h)	Presentation of key operating and financial data of at least 3 preceding years	ü		
1.4(i)	Declaration of Dividend	ü		
1.4(j)	Number of Board Meetings held and attendance by each Director	ü		
1.4(k)	Shareholding pattern.	ü		
2.00	CFO, Head of Internal Audit (HoIA) and Company Secretary (CS):			
2.1	Appointment of CFO, HoIA and CS and their clearly defined roles and responsibilities.	ü		
2.2	Attendance of CFO & CS in the Board of Directors' Meeting	ü		CFO attends the Meeting as end when required.
3.00	Audit Committee:			
3.1	Constitution of Audit Committee			
3.1(i)	Size of the Audit Committee (Should be at least 3 members.)	ü		
3.1(ii)	Audit Committee comprised of Board members including independent director(s).	ü		
3.1(iii)	Filling of casual vacancy in the Audit Committee.	ü		No such case
3.2(i)	Selection of Chairman of the Audit Committee.	ü		
3.2(ii)	Professional qualification and experience of the Chairman of the Committee.	ü		
3.3.1(i)	Reporting to BOD on the activities of the Audit Committee.	ü		
3.3.1 (ii)	Reporting of conflict of interest to the BOD.	ü		
3.3.1 (ii)	Reporting of any fraud or irregularity to the BOD.	ü		
3.3.1 (ii)	Reporting of suspected infringement of	ü		

	laws to the BOD.			
3.3.1 (ii)	Reporting of any other matter to the BOD.	ü		
3.3.2	Reporting of anything having material financial impact to the Commission.	ü		
3.4	Reporting of activities to the shareholders and general investors.	ü		
4.00	External/Statutory Auditors: The external auditors should not be engaged in	ü		
4.00 (i)	Appraisal or valuation services or fairness Opinions.	ü		
4.00 (ii)	Design and implementation of Financial Information System.	ü		
4.00 (iii)	Book keeping or any other related services.	ü		
4.00 (iv)	Broker or dealer services.	ü		
4.00 (v)	Actuarial services.	ü		
4.00 (vi)	Internal audit services.	ü		
4.00 (vii)	Any other services determined by the Audit Committee.	ü		

condition	Title	Compliance Status. (Put in the appropriate column)		Explanation for non compliance
		complied	Not complied	
5.00	Subsidiary company			
5.00(i)	applicable to the composition of the Board of Directors			
5.00(ii)	At least 1 (one) independent director			
5.00(iii)	Subsidiary board meeting shall be placed			
5.00(iv)	holding company shall state that			

	they have reviewed the affairs of the subsidiary company			
5.00(v)	review the financial statements of the subsidiary company			
6.00	Duties of the chief executive officer(CEO) and chief financial officer (CFO)			
6.00(i)	reviewed financial statements for the year			
6.00(ii)	Ensure that no illegal or violation occurs in company's Code of conduct.			
7.00	Reporting and compliance of the corporate governance			
7.00(i)	certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary)			
7.00(ii)	State that company has complied all the conditions			

1.0 Board of Directors (BOD):

1.1 Board's Size

The number of the board members of the company should not be less than 5 (five) and more than 20 (twenty).

ACME laborite's ltd board consists with the 10 members and their name given below:

List of directors-

1.	Mr. Nasir Ur Rahman Sinha	Chairman	
2.	Mr. Mizanur Rahman Sinha	Managing Director	
3.	Mr. Dr. Jabilur Rahman Sinha	Deputy Managing Director	
4.	Mr. Afzulaur Rahman Sinha	Deputy Managing Director	
5.	Mrs. Jahanara Mizan Sinha	Director	
6.	Mrs. Nagina Afjal Sinha	Director	
7.	Mrs. Parveen Akhtar Nasir	Director	
8.	Mr. Fahim Sinha	Director	
9.	Mr. Motiur Rahman Sinha	Director	
10.	Ms. Sabrina Sinha	Director	

1.2 Independent Directors

Security and exchange commission encourage the company to have at least one independent director in the company so that they can make the boards more successful. All companies should encourage effective representation of independent directors on their Board of Directors so that the Board, as a group, includes core competencies considered relevant in the context of each company. For this purpose, the companies should comply with the following:-

At least one tenth (1/10) of the total number of the company's board of directors, subject to a Minimum of one, should be independent directors.

For the purpose of this clause is

1. Independent director" means a director who does not hold any share in the company or who holds less than one percent (1%) shares of the total paid-up shares of the company.
2. Not connected with the company's promoters or directors and shareholder who hold one percent (1%) or more than one percent (1%) shares of the total paid-up shares of the company on the basis of family relationship.
3. The person does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/associated companies.
4. Who is not a member, director or officer of any stock exchange, and who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.

As ACME laboratories has not entered to the stock market yet so that we can say that all of the directors of the company are independent directors but they are related with the companies' welfare. Independent directors free from any interest or any business or other relationship which could, or could reasonably be perceived to, materially interferes with the director's ability to act with a view to the best interests of the company.

1. He is not a member of management.

2. Not a substantial shareholder of the company or an officer of or otherwise associated directly or indirectly with a substantial shareholder of the company.

3. Not within the least three years been employed in an executive capacity by the company or any other group member or been a director after ceasing to hold any such employment.

4. Not a principal or a professional adviser to a company or another group member.

5. Not a significant supplier or customer of the company.

An independent director should have no contractual relation with the company.

1.3 Separate Chairman, CEO and their clearly defined roles and responsibilities

The positions of the Chairman of the Board and the Chief Executive Officer of the companies should preferably be filled by different individuals. Chairman Mr. Nasir Ur Rahman Sinha and Managing Director & CEO Mr. Mizanur Rahman Sinha .The Chairman of the company should be elected from among the directors of the company. The Board of Directors should clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.

Responsibilities of the Chairman of Board of Director

(a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking or executive authority, he not participates in or interferes into the administrative or operational and routine affairs of the bank.

(b) The chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to companies operation or ask for investigation into any such affairs or he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he effect necessary action thereon in

accordance with the set rules through the CEO. However any complaints against the CEO have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.

(c) The chairman offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.

(d) Chairman is the person who led the whole company and also takes the responsibility to direct the board of directors.

(e) Obtaining contributions from other board members in the board's deliberations is crucial to ensure that the board works effectively.

1.4 The Directors' Report to Shareholders

Though ACME laboratories has not yet entered to the stock market but they are on the process of entering the share so they have made some plan according to the corporate governance to produce the impression of their shareholders who will invest in the company.

The directors of the companies should include following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994:-

Fair presentations of the company's financials

The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

ACME laboratories Ltd has its own audit department Accountants have audited the accompanying Balance Sheet of ACME laboratories Limited as of 31 December 2007 and the related Profit and Loss Account, Statement of Cash Flows, Statement of changes in Equity together with the Notes 1 to 44 for the year then ended. The preparation of these Financial Statements is the responsibility of the company's management. Their own audit Chartered Accountants responsibility is to express an independent opinion on these Financial Statements based on internal chartered Accountants audit.

The Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Bank's affairs as on 31 December 2007 and of the results of its operations and its, cash flows for the year then ended the rules and regulations

issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

Found their Fair presentations of company's financials from the auditor's report.

Auditors report:

1. They have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
2. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
3. The company's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 44 dealt with by the report are in agreement with the books of account and returns.
4. The expenditure incurred was for the purpose of the company's business.
5. The financial position of the company and the profit for the years then ended have been properly reflected in the Financial Statements, the Financial Statements have been prepared in accordance with the generally accepted accounting principles.
6. The Financial Statements have been drawn up in conformity with the Companies Act 1994 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank.
7. Subject to above paragraphs, adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery.
8. The Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh.
9. The records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements on the basis of the statements certified by the branch manager and considered by us as correct.
10. The information and explanations required by us have been received and found satisfactory.
12. The capital adequacy ratio (CAR), as required by law, has been maintained adequately during the year.

ACME laboratories limited ensure the standards of the accounting while in making the financial report of the organization. In the annual report of the ACME laboratories ltd they presents

highlight on the overall activities which will provide the clear view to the stakeholder and the upcoming investors that ACME maintain Fair presentations of companies financials.

Maintenance of proper books of account

ACME laboratories limited maintain proper book of account. Their account system totally operated by systematically and software base. Only data input to the system then automatically it's entered into GL account, trial balance and then to balance sheet. So we can say that Proper books of account of the issuer ACME laboratories limited have been maintained. ACME has its own intranet developed by the Oracle. So whenever a transaction happens and data is entered then it automatically included in the balance sheet. Whenever there is transactions happen then data is saved by making a voucher and then the other entire sheet saved the data.

Adoption of appropriate accounting policies and estimates consistently **Significant Accounting Policies**

1. Basis of preparation of the Financial Statements

the financial statement of the ACME laboratories are made on the basis of Bangladesh Bank Circulars, Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Act 1993, Securities and Exchange Rules 1987 and other rules and regulations applicable in Bangladesh on a going concern basis.

2. Consolidation

Statement of affairs and Income and expenditure statements of all branches and Head office are consolidated together to prepare Financial Statements of the of the every years financial statement.

3. Investments

Investments are stated as per following bases:

Items Basis

Government treasury bills Face Value (Marking to Market)

ICB's debenture Face value

Prize bond Cost price

Shares Lower of cost or market value

ACME laboratories ltd doesn't felt good to go to the market and invest in other securities but as they are trying to enter to the share market I hope that they also will consider investing in other securities.

4. Loans and Advances

Loans and Advances are stated at gross amount. General provisions on unclassified Loans and Advances, & contingent assets, Specific provisions for classified loans and interest suspense account thereon are shown under other liabilities.

5.

A. Fixed Assets and Depreciation

- i. Fixed assets are stated at cost less accumulated depreciation.
- ii. Depreciation is charged at the following rates on all fixed assets and the amount is calculated from the date of capitalization. Depreciation is charged on disposed assets up to date of disposal and accumulated depreciation on any disposal/write off is reversed.
- iii. Depreciation rates used for each type of fixed assets are as follows

Rate of

Particulars of Fixed Assets Depreciation p.a. Method of depreciation

Land 0% Reducing balance

Building 2.5% Reducing balance

Furniture and fixtures 15% Reducing balance

Office Equipment 20% Reducing balance

Motor Vehicles 20% Reducing balance

- iv. Repair and maintenance are charged to income as and when incurred.

6. Revenue Recognition

The revenue during the year is recognized following all conditions of revenue recognition as prescribed by BAS – 18 “Revenue Recognition”.

- i. Interest income

Interest on unclassified loans and advances have been accounted for as income on accrual basis, interest on classified loans and advances is credited to interest suspense account and actual

receipt of interest there from is credited to income as and when received as per instruction of Bangladesh Bank.

ii. Fees and Commission Income

Fees and Commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credit and letter of guarantee are credited to income at the time of effecting the transactions.

iii. Dividend Income

Dividend income from shares is recognized at the time when it is realized. But as ACME laboratories Ltd

iv Interest Income from Investments

Interest income on investments in Government and other trust securities, debentures and bonds is accounted for on accrual basis.

v. Management & Other expenses

Expenses incurred by the company are recognized on actual or accrual basis whenever necessary.

vi. Provision for Loans and Advances

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction Contained in BCD Circular no.12 dated 4 September 1995, BRPD circular no. 16 dated 6 December 1998, BRPD circular no. 9 dated 14 May 2001, BRPD circular no.02 dated 15 February 2005 and BRPD circular no. 05 dated 27 April 2005. The classification rates as per Bangladesh Bank circulars used for provision are as follows

vii. Provision for taxation

1.) Current tax

In Bangladesh there are different types of tax and the principal taxes are Customs Duty, Value-Added-Tax (VAT), Supplementary Duty and personal income taxes and corporate income taxes. The standard rate of VAT is 15% levied on transaction value of most of the imports and supplies of goods and services. The top income tax rate for individuals is 25%. For the 2011/12 tax year (July 1, 2011–June 30, 2012) the top corporate rate was 45%. However, publicly traded companies registered in Bangladesh are charged a lower rate of 27.5%. Banks, financial institutions and insurance companies are charged the 45% rate. All other companies are taxed at the 37.5% rate. Effective 1 July 2011. So Provision for current income tax for those companies that are not listed in the Bangladesh stock market has been made @ 37.5% as prescribed in

Finance Ordinance, 2011 of the profit made by the company considering major taxable allowances and disallowances and the same is understated /overstated to that extent. Any shortfall / excess provision will be duly adjusted after final assessment.

2.)Deferred Tax

Deferred Tax is calculated on the taxable / deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by Bangladesh Accounting Standard (BAS)-12 Accounting for Taxes”.

viii. Retirement benefits

a) Gratuity

i. The company operates a funded gratuity scheme. The policy has been approved by the National Board of Revenue with effect from 01 January 1997. Gratuity is paid to those employees who have completed minimum 5 (ten) years of continuous service at the time of their separation from the company.

ii. Provision for gratuity is made in the books annually on the basis of actuarial valuation made once in three years (@ 7% of basic payroll each year).

b) Provident fund

The Bank operates a contributory provident fund for its permanent employees. Provident fund is administered by a board of trustees and is funded by contributions partly from the employees and partly from the company at a pre-determined rate. This fund got approval from the National Board of Revenue on July 31, 1997. Any investment decision out of this fund is made separately from that of the company’s funds.

Compliance with the international standards:

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates –and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue Recognition	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Disclosures in Financial Statements of Banks and Similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earnings Per Share	33	N/A
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Soundness of Internal Control System

Internal control system one of Roles and Responsibilities of Audit Committee

1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and management of risk and ensuring that all employees have understanding of their role and responsibilities.
2. Review the arrangements made by the management for building a suitable

Management Information System [MIS] including computerization system and its applications.

3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management.

4. Review the existing risk management procedures for ensuring an effective internal check and control system.

5. Review the corrective measures taken by the management as regards the reports relating to fraud forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory and inform the board on a regular basis.

Ability to continue as a going concern

There are no significant doubts upon ACME laboratories limited about the ability to continue as a going concern.

Presentation of key operating and financial data of at least 3 preceding years

Particulars(in million tk)	2007	2008	2009	2010	2011
Loans & Advances	11288	17758	20528	25010	28101
Export	3522	6525	10352	15254	24528
Operating Income	1985	2284	4272	6254	9542
Operating expense	1204	1225	1584	3524	5245
Operating profit	263	403	450	607	910
Net profit after tax	51	134	162	227	343
Total equity	369	819	596	1209	5832
Total Assets	22147	28391	29931	42375	98098
Borrowed fund to equity	0.44	0.52	0.75	0.86	1.06
sales	3544	3980	4776	5557	6996
Return on Equity	14.19%	16.46%	27.31%	18.83%	5.90%
Return on Assets	2.31%	4.75%	5.44%	5.38%	3.50%
Cost to Income Ratio	28.17%	30.54%	33.25%	32.18%	31.25%
Gross profit margin	33.55%	34.07%	34.22%	34.33%	35.10%

Operating profit margin	7.42%	10.14%	9.42%	10.93%	13.02%
Net profit margin	1.44%	3.39%	3.41%	4.10%	4.91%
Debt ratio	83.69%	78.99%	72.62%	71.46%	40.63%

Declaration of Dividend

Particulars	2007	2008	2009	2010	2011
Dividend	20	43	40	45	34

2.00 CFO, Head of Internal Audit (HoIA) and Company Secretary (CS):

2.1 Appointment of CFO, HoIA and CS and their clearly defined roles and responsibilities.

ACME laboratories ltd. appoint a Head of Finance Mr. Abdul Hye, a Head of Internal Audit Sheikh Mahfuzul Hoque, head of the distribution Mr. Aminul Islam Khokon and a Company Secretary Mr.Safiar Rahman. The Board of Directors clearly defines respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the Company Secretary.

2.2 Attendance of CFO & CS in the Board of Directors' Meeting.

The CFO and the Company Secretary of the companies should attend meetings of the Board of Directors, provided that the CFO and/or the Company Secretary should not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to the CFO and/or the Company Secretary.

3.00 Audit Committee

ACME Laboratories limited have an Audit Committee as a sub-committee of the Board of Directors. The Audit Committee assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.

The Audit Committee responsible to the Board of Directors. The duties of the Audit Committee clearly set forth in writing.

4.00 external and statutory auditors

ACME laboratories limited has its own internal audit committee but it hasn't appointed any external auditors or firms to state the financial statement of the company.

5.00 Subsidiary company

ACME laboratories ltd is mainly a pharmaceuticals company but recently it has started some of the other associated or subsidiary business. The other that ACME is operatin are given below-

- 1) ACME agro-vet & beverage
- 2) ACME IT
- 3) Sinha Fabrics & wool wears
- 4) Sinha printers
- 5) Mars aviation

6. Responsibilities and authorities of CEO:

The CEO of the ACME laboratories ltd. Mr. Mizanur Rahman Sinha shall discharge the responsibilities and affect the authorities as follows

- (a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO discharges his own responsibilities. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- (b) The CEO ensures compliance of the company act 1994 and/or other relevant laws and regulations in discharge of routine functions of the bank.
- (c)The CEO reports to Bangladesh Bank of issues in violation of the Companies Act, 1994 or of other laws/regulations and, if required, may apprise the board post facto.
- (d) The recruitment and promotion of all staff of the company except those in the two tiers below him rest on the CEO.

He acts in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the board. The board or the chairman of any committee of the board or any director not get involved of interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO or rest on him, which he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he nominates officers for training etc.