

**THE CAPACITY BUILDING
FOR
IMPLEMENTING ACCOUNTING SYSTEM
(TA FOR IMPLEMENTING THE ACCOUNTING ACT)
IN
THE KINGDOM OF THAILAND
FINAL REPORT**

JANUARY 2006

**JAPAN INTERNATIONAL COOPERATION AGENCY
ECONOMIC DEVELOPMENT DEPARTMENT**

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Preface

The Government of Japan adopted a request by the Government of Thailand to undertake a study to facilitate implementation of the Accounting Acts and related regulations. Japan International Cooperation Agency (JICA) was mandated to undertake the study.

A study team, consisted by Tohmatsu & Co., was sent eleven times from January 2004 through December 2005. The team, headed by Mr. SEKIKAWA Tadashi held discussions with officials concerned in the Government of Thailand, hearings from private sector, and holding seminars.

This report was compiled by the team in accordance with comments raised by Thai side. It is expected that the report is utilized for further implementation of Accounting Acts, resulting in sound private sector growth.

Lastly I would like to express my sincere appreciation to all those who participated in this study and hope this joint study promotes relationships between Japan and Thailand.

January 2006

IZAWA Tadashi

Vice-President

Japan International Cooperation Agency (JICA)

January 2006

Ms. Sadako Ogata
President
Japan International Cooperation Agency

Letter of Transmittal

We are pleased to submit herewith the Final Report of the Capacity Building for Implementing Accounting System (Technical Assistance for Implementing the Accounting Act) in the Kingdom of Thailand.

This report was prepared to present the results of the technical assistance provided for the Department of Business Development, Ministry of Commerce by the Japan International Cooperation Agency through the Study Team. The report also includes our recommendations to the Thai government and the related organizations for improving the accounting practices in Thailand.

The development of the accounting system in Thailand has been making steady progress. However, operational aspect of the system has many shortcomings. The Study Team strongly believes that accounting practices in Thailand will improve steadily by the efforts of the Thai government and their related organizations. The Study Team sincerely desires that the report will serve as a contribution to the implementation of government policies.

Throughout the course of the Study, we have received an immeasurable amount of support from the Japan International Cooperation Agency and related governmental and private organizations of Japan for which the Team wishes to express its deepest gratitude. We also would like to extend our appreciation to the Department of Business Development, as well as to the relevant agencies and organizations in Thailand for their support and cooperation.

Very truly yours,

A handwritten signature in black ink, consisting of stylized Japanese characters and a horizontal line.

Tadashi Sekikawa, Certified Public Accountant
Deloitte Touche Tohmatsu
Team Leader, the Capacity Building for
Implementing the Accounting Act
in the Kingdom of Thailand

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Abbreviations

APSC	Accounting Professions Supervisory Committee
BBS	Bureau of Business Supervision
B/K	Bookkeeper (Qualified Accountant Pursuant to the Provisions of the Accounting Act in Thailand)
BSAP	Board of Supervision of Auditing Practices
BOI	Board of Investment
BOL	Business Online Public Company Limited
CBT	Capacity Building Team
CPA	Certified Public Accountant
CPD	Continuing Professional Development
DBD	Department of Business Development
EI	Educational Institutions
Ev0	Evaluation of abilities of the BBS staff members at the End of Basic Survey Stage
Ev1	Evaluation of abilities of the BBS staff members at the end of Activity Stage I
FAP	Federation of Accounting Professions
FAQ	Frequently Asked Questions
F/S	Financial Statements
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAAT	The Institute of Certified Accountants and Auditors of Thailand
IFAC	International Federation of Accountants
ITC	Information Technology Center (of DBD)
IFRS	International Financial Reporting Standards
JICA	Japan International Corporation Agency
KPI	Key Performance Indicator
MAI	Market for Alternative Investment
MOC	The Ministry of Commerce
NGCGC	National Good Corporate Governance Committee
OJT	on-the-job training
SEC	Securities and Exchange Commission
SET	Stock Exchange of Thailand
SME	Small and Medium Enterprises
TA	Technical Assistance
TAS	Thai Accounting Standards
TCC	Thai Chamber of Commerce
VAT	Value Added Tax
XBRL	eXtensible Business Reporting Language

1. Outline of the TA Program and Outcomes

1.1 Objectives of the TA Program

The purposes of the Technical Assistance (TA) Program are: (i) to propose the improvement of administrative services relating to the enforcement of the Accounting Act and others to the Department of Business Development (DBD) of Ministry of Commerce (MOC) which is responsible for the enforcement of the said Act and to assist the implementation of the proposed improvement and (ii) to enhance the capacity of the Bureau of Business Supervision (BBS) of the DBD to enforce the Accounting Act through its capacity-building.

1.2 Background of the TA Program

(1) Importance of Accounting and Audit System

The development of the accounting and audit system provides the basis for economic development through the enhancement of companies' financial management and improvement of the investment environment. The existence of a reliable accounting and audit system is particularly essential in developing countries to attract foreign investment. The Asian economic crisis in 1997 vividly showed that the consolidation of the accounting and audit system is a precondition for sustainable economic growth and provided the opportunity for Asian countries to commence the reform their accounting and audit systems as seen with the full revision of the accounting standards in Korea and the reform of the accountant qualification system in Indonesia. Thailand has also proceeded with the full revision of its accounting standards and other reforms since this economic crisis.

There are two principal purposes of accounting: (i) accurate understanding of the state of a company by its owner to ensure the sound business management of the company (internal purpose) and (ii) accurate understanding of the state of a company by creditors and investors to assist their decision-making for loans and investment (external purpose). In the case of accounting by small and medium enterprises (SMEs), the internal purpose is more emphasised while the external purpose is more emphasised for accounting by large companies. Sound accounting practices at large companies, especially listed companies, are essential for the development of the capital market. For SMEs, sound accounting practices contribute to their development as well as the development of the general economy as they prompt sound business management and smooth the way for bank loans. The strengthening of SMEs, which account for half of the employees in Thailand, through the improvement of accounting practices, contributes to the

enhancement of “human security” through the stabilisation and expansion of employment.

(2) Present Conditions and Problems of Accounting and Audit System in Thailand

In Thailand, the Accounting Act was fully revised in 2000 and the Accounting Professions Act was enforced in 2004. The development of the accounting and audit system in Thailand has been making steady progress as international standards are fully incorporated into the relevant national accounting and audit standards. In fact, the accounting and audit system in Thailand has the most stringent demands in the world in that all companies are, in principle, required to be audited by a CPA (certified public accountants) and must submit their financial statements with the government.

However, the operational aspect of the system has many shortcomings. For example, approximately half of all juristic persons fail to submit financial statements to the government in violation of the Civil and Commercial Code as well as the Accounting Act. The biggest problem of the accounting and audit system in Thailand is the large gap between the very stringent demands of the system and the reality of system enforcement.

This gap between the reality and the system is particularly noticeable with SMEs. Even though the financial statements of SMEs are audited by a CPA, they are not trusted by banks, failing to secure a sufficient supply of funds for SMEs. It is pointed out that one reason for the poor accounting practices of SMEs is insufficient awareness of the importance of accounting for business management on the part of business owners who tend to regard accounting as a mere obligation.

(3) Approaches to Solve the Problems

To reduce the gap between the system and the reality to achieve the objectives of accounting, i.e. the healthy management of a business and the protection of creditors and investors, the priority must be to improve the reality to approach a situation expected by the system. Meanwhile, it is also necessary to review the system to reflect the reality with a view of making the system more realistic. A system which is too aloof from the reality has the inherent risk of lowering the sense of necessity to abide by the system. In particular, it is inappropriate from the viewpoint of cost effectiveness to demand that the accounting practices of SMEs primarily serving the internal purpose abide by the same rules designed for large companies with emphasis on the external purpose.

The TA program was implemented to strengthen the functions of the Department of Business Development (DBD), which is the supervisory body for the accounting and

audit system, in order to mainly improve the reality of accounting practices. In the case of large companies, particularly listed companies, as the Securities and Exchange Commission (SEC) conducts intensive monitoring, the gap between the system and the reality is believed to be small. In contrast, the nominal existence of auditing and chronic tax evasion by non-listed companies, particularly SMEs, are pointed out by many people involving in accounting and auditing. Given this situation, the TA program emphasised the improvement of accounting practices by SMEs where the situation is much worse than that of large companies. In connection with the second task, i.e. review of the system, the Study Team recommended improvement measures considered to be necessary together with the presentation of pertinent matters at seminars and training sessions.

(4) Relation to the Development of the APEC-SELI Initiative

Since 1999, the Asia-Pacific Economic Cooperation (APEC) has been making efforts to strengthen the market function on the grounds that structural reform is essential to realise sustainable economic growth in the post-Asian crisis era. Japan has proposed the APEC Strengthening Economic Legal Infrastructure (APEC-SELI) Initiative to formulate the framework and rules for a transparent as well as stable intra-regional market and the SELI Coordinating Group was created in February, 2001. The TA Program was also reported in the APEC-SELI Initiative meeting.

1.3 Scope of the TA Program and Supporting Activities

Based on the agreement between the JICA and the DBD, the following three fields were identified as the priority subjects for improvement for the purpose of the capacity building of the DBD/BBS.

- 1) Continuing professional development (CPD) system for bookkeepers (B/Ks)¹⁾ (see 2.2)
- 2) Inspection work of accounting documents (financial statements, etc.) (see 2.3)
- 3) Accounting consultation service (see 2.4)

It was decided that the capacity building of the DBD/BBS would be attempted through the training of DBD/BBS staff members, seminars and on-the-job training, all of which would feature the improvement subjects listed above.

1) In this report, the term “bookkeeper” is used to indicate someone who is qualified as a bookkeeper pursuant to the provisions of the Accounting Act of 2000. Those engaged in accounting work without such qualification are described as “corporate accounting personnel”.

Among a number of draft recommendations for improvement made by the Study Team in connection with the three subject fields, the following four recommendations which would be difficult for the BBS to implement without external support were selected and concrete supporting activities relating to these recommendations were conducted.

- a) Development of computer-based self-learning materials (see 3.1)
- b) Introduction of quick inspection (see 3.2)
- c) Publication of an e-mail newsletter (see 3.3)
- d) Preparation of operational guidelines for accounting firms (see 3.4)

Appendix 1 describes the relationship between the three priority fields for improvement based on the agreement between the JICA and the DBD and individual supporting activities, including those related to a) through d) above.

1.4 Method Adopted for the TA Program

(1) Composition of the Study Team

The Study Team members are mainly accounting specialists with the qualification of CPA in Japan or Thailand. The composition and work assignment of each member are shown in Appendix 2.

(2) Capacity Building Team

The Capacity Building Team (CBT) was formed as a project team within the BBS and has been actively involved in the capacity building activities (planning, implementation and evaluation) under the TA Program. The members and activities of the CBT are shown in Appendix 3.

(3) Project Management Using the PCM Method

For consistent management and evaluation under the TA program, the Project Cycle Management (PCM) method was used. Appendix 4 shows the Project Design Matrix (PDM) agreed with the BBS, as of May, 2004.

(4) TA Program Period

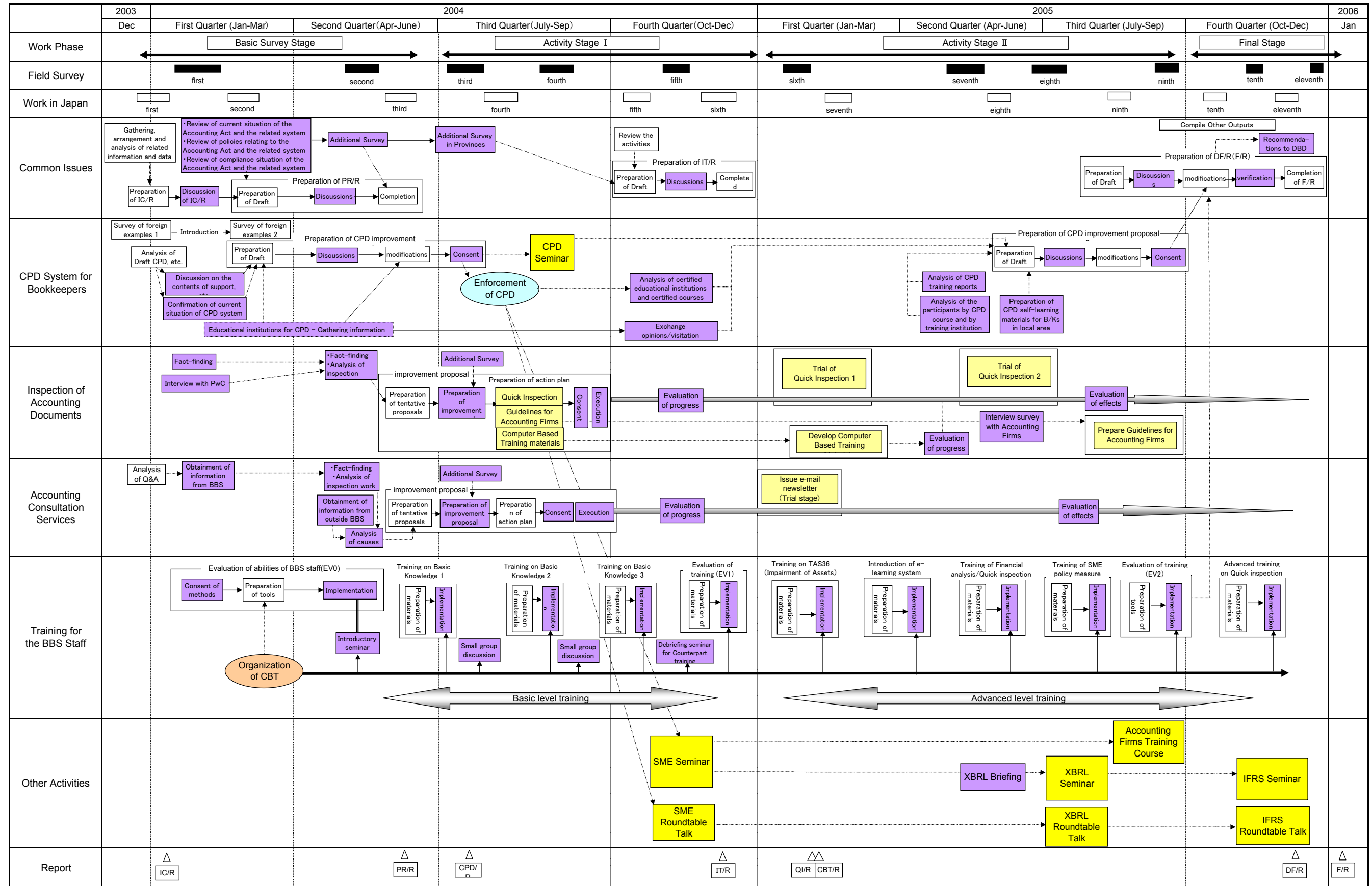
The TA Program period which stretches over two years since December, 2003 can be divided into the following four stages.

- 1) Basic Survey Stage : December, 2003 – June, 2004
- 2) Activity Stage I : July – December, 2004

- 3) Activity Stage II : January – September, 2005
- 4) Concluding Stage : October – December, 2005

The flowchart of the TA program is shown in the next page.

Frow Chart of the TA Program



IC/R: Inception Report
 PR/R: Progress Report
 CPD/R: Recommendations for CPD
 IT/R: Interim Report
 QI/R: Quick Inspection Pilot Project Report
 CBT/R: CBT systems Pilot Project Report
 DF/R: Draft Final Report
 F/R: Final Report

Activities conducted in Thailand
 Activities outside the BBS

1.5 Overall Outcomes of Capacity Building Activities

The roles that the DBD and the BBS are expected to play are changing in response to the changing surrounding situation as well as policy changes adopted by the Government of Thailand. The fact that the Department of Commercial Registration (DCR) was changed to the DBD in October, 2002 indicated that the role required of the DBD is shifting from a passive role, including the registration of companies and the reception and collection of financial statements, to an active role, such as the fostering of SMEs. In the accounting field, the DBD/BBS are required to play the role of planning and implementing improvement measures for accounting practices, such as the training of accounting personnel and the capacity building of accounting firms. Enforcement of the Accounting Professions Act in 2004 made it possible to transfer much of the front line work performed by the DBD/BBS to the Federation of Accounting Professions (FAP). As such, the preconditions for the DBD/BBS to play new roles are in place and enhancement of their ability to formulate policies and measures to correspond to their changing roles is now required. The capacity building activities conducted under the TA Program have played a major role in enabling the DBD and the BBS to respond to the expected changes of their roles. Specifically, training on accounting policies and measures targeting SMEs was provided at a workshop for staff members of the BBS to enhance their policy planning ability and awareness of the importance of appropriate accounting policies and measures. An external seminar was also held featuring such topics as accounting standards for SMEs, capacity building of accounting firms, change of financial data into an electronic form and internationalisation of the national accounting standards, all of which are necessary measures to be pursued by the DBD/BBS. Participation in the workshop and seminars has contributed to improvement the ability of staff members of the DBD/BBS to formulate these measures has been improved along with enhancement of the organizational strength of the DBD/BBS in terms of formulating policies and measures. This enhancement of the organizational strength is illustrated by (i) the introduction of a new section within the BBS which is responsible for the fostering of accounting firms to organize training courses at the BBS's own initiative and (ii) commencement of the process to examine the introduction of a system to award excellent accounting firms.

Figure 1-1 shows the relationship between the changing environment for the TA Program, policy changes, changes of the role of the DBD and the outcomes of the TA Program.

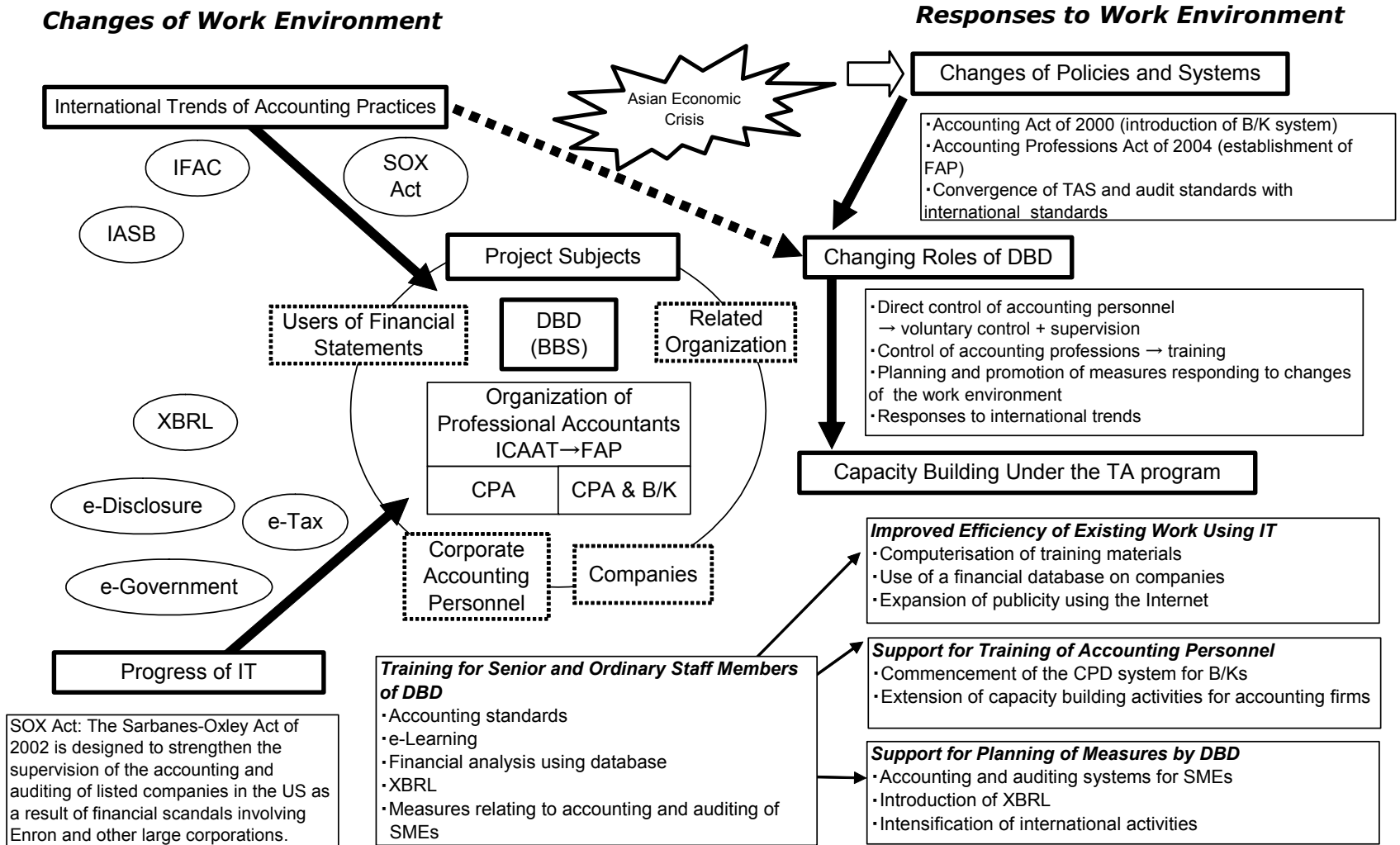


Figure 1-1 Schematic Chart of the TA Program to Assist the Enforcement of the Accounting Act

(1) Improved Work Efficiency Using IT

Even before the start of the TA Program, the DBD/BBS used IT for some of its business, including changes of the registration details of auditors and B/Ks and acceptance of enquiries via the web site. The scope of IT application was expanded during the course of the TA Program and the improved efficiency of the work of the DBD/BBS was achieved.

1) Computerization of Training Materials

Based on a proposal by the CBT, the training materials for provincial staff members were computerized under the pilot project, achieving a reduction of both the cost and time of training. This success led to increased interest in e-learning among staff members of the DBD/BBS and the use of such computer-based teaching materials for seminars for outsiders is now being considered. The training course for accounting firms held in September, 2005 was recorded on a video for its converted use as a computer-based self-learning material.

2) Utilisation of Corporate Finance Database

Although the DBD had made the financial data submitted by companies into electronic data, the database containing such data was not fully utilised. In the course of the TA Program, the application of the database for the inspection of accounting documents was proposed and the necessary computer program for this purpose was developed. In addition to the inspection of accounting documents, this program can be used to obtain the necessary data for the planning of administrative measures.

3) Expansion of Publicity Using the Internet

The electronic publication of an e-mail newsletter was proposed to facilitate publicity of the CPD system and to improve the efficiency of the accounting consultation service and the execution of this work was supported. Because of constraints posed by the hardware possessed by the DBD, this newsletter is still at the trial stage. However, the positive outcome of shifting accounting consultation from telephone consultation to web-based consultation was achieved.

(2) Support for Training of Accounting Personnel

The B/K system introduced by the Accounting Act of 2000 aims at spreading appropriate accounting practices through a qualitative improvement of the accounting personnel working for companies. Under the TA Program, the focus was placed on improving the accounting practices of SMEs and activities designed to improve the capacity of B/Ks

and accounting firms, both of which play a central role in the accounting practices of SMEs, were conducted.

1) Commencement of CPD System for B/Ks

Because the Accounting Act of 2000 calls for the introduction of a CPD system for B/Ks by August, 2004, the smooth commencement of the system in question was an urgent task at the time of the start of the TA Program. The Study Team compiled the first set of recommendations when the CPD system commenced and assisted the publicity of the CPD system and the preparation of a self-learning program for B/Ks located in distant areas. As a result, the CPD system for B/Ks commenced without much confusion.

2) Activities for Capacity Building of Accounting Firms

In view of the fact that many SMEs entrust their accounting work to an accounting firm, activities designed to build the capacity of accounting firms were conducted.

The introduction of a Japanese case of TKC in the advanced training course for the owners of accounting firms led to a voluntary study tour to Japan to learn more about TKC.

Meanwhile, the Study Team prepared draft operational guidelines for accounting firms and introduced them in the above-mentioned training course. The further elaboration of these draft guidelines by the BBS in collaboration with accounting firms is planned with a view to their use as guidelines for improvement of the accounting practices of accounting firms.

(3) Support for Planning of Measures by DBD

Based on the understanding that the roles of the DBD are shifting towards the training of accounting personnel and the planning and execution of measures designed to improve accounting practices, the Study Team introduced matters which were necessary to be addressed for the planning of such measures and facilitated discussions with the persons concerned.

1) Accounting and Auditing Systems for SMEs

The accounting standards for the SME project of the IASB were widely introduced to the persons concerned through a seminar on the accounting standards for SMEs and a round table talk. In addition, a workshop on systems and measures relating to the accounting and auditing of SMEs was held as part of the BBS staff training and

some useful cases for the planning of measures were introduced. As a result, there is a real prospect that accounting standards for SMEs will be prepared in Thailand, referring to the examples of the IASB and other countries.

2) Introduction of XBRL

XBRL, the de facto global standard computer language for financial reporting, was virtually unknown in Thailand before the commencement of the TA Program. As a result of the active introduction of XBRL during the XBRL seminar and round table talk to the persons concerned in Thailand, activities aimed at the introduction of XBRL began in Thailand. One notable outcome in this field is the participation of a Thai delegation in the International XBRL Conference held in Tokyo in November, 2005 for the first time.

3) Strengthening of International Activities

International trends mainly featuring the activities of the IASB and the IFAC were introduced during external as well as in-house seminars, contributing to the strengthening of the international activities of the DBD and the FAP.

1.6 State of Indicator Achievement in Individual Fields of Activity

Following decisions on the concrete supporting activities in each of the three priority fields agreed between the JICA and the DBD, the relevant indicators were established through discussions with the BBS. The state of achievement of these indicators is outlined below.

(1) CPD System for B/Ks

The CPD system for B/Ks has smoothly commenced. Although there is a problem of a shortage of CPD providers in areas other than Bangkok which has been a concern since the beginning, it is believed that opportunities for B/Ks in local areas to attend CPD courses will be provided with the commencement of a self-learning program sponsored by the DBD in the coming years.

Table 1-1 State of Achievement of Indicators (CPD System for B/Ks)

Indicator	State of Achievement
The number of provinces in which there is at least one CPD provider is 30 or more by the end of September, 2005	The number of provinces with a CPD provider(s) remained at 17 (including Bangkok) at the target date.
A course for B/Ks in remote areas and/or with a low income is developed by the DBD	It is expected that the DBD will introduce a self-learning program.
Preparation of the first set of recommendations (August, 2004)	The Study Team submitted the first set of recommendations in August, 2004 and conducted supporting activities based on these recommendations.
Preparation of the second set of recommendations (December, 2005)	The Study Team submitted the second set of recommendations in December, 2005.
Number of subscribers to the e-mail newsletter	Because the server at the DBD has not been expanded, the number of subscribers remains at approximately 500.

(2) Inspection of Accounting Documents

Support was provided for the preparation of computer-based self-learning materials to solve the problems faced by the Local Team while support was provided for the introduction of quick inspection to solve the problems faced by the Central Team. Both supporting activities achieved the intended outcomes although continued improvement of the inspection method is necessary.

Table 1-2 State of Achievement of Indicators (Inspection of Accounting Documents)

Indicator	State of Achievement
Completion of the quick inspection of five industries by September, 2005 (target number of companies for review using the computer program: approximately 3,000)	A quick inspection trial targeting five industries was conducted during the first and second pilot projects (467 companies in the first pilot project and 6,513 companies in the second pilot project were reviewed, totalling 6,980 companies).
Preparation of a useful report as a result of applying the new inspection approach	The conventional inspection method was adopted in the second pilot project. As a result, while a report summarizing the findings was prepared, sufficient analysis leading to the improved of inspection in the future was not conducted.
BBS staff members understand and can apply the new inspection approach using electronic data	The approach of using a computer program to narrow down the inspection targets was fully understood and is now practically applicable. However, there is room for improvement concerning the actual inspection method for extracted companies.
Effective utilisation of the computer-based training materials by local staff members	It is confirmed that all local staff members in 75 provinces have used the materials in question. There is now a real prospect that these materials will be used for staff training at the time of recruitment to improve the efficiency of this training. These materials are also effective for the capacity building of existing staff members. Another effect has been an increase of the interest in e-learning among BBS staff members.

(3) Accounting Consultation Service

The training on accounting standards for BBS staff members enhanced the ability of these staff members to answer enquiries. Through intensification of the publicity through the publication of an e-mail newsletter, a shift from telephone consultations to web-based consultations was intended. Although the number of e-mail newsletter subscribers remained at some 500 because of technological limitations, it was highly effective along with improvement of the web-based information service. After the first issue of the e-mail newsletter (January, 2005), the number of consultations via the web site increased by 72% on the same period of the previous year while the number of telephone consultations decreased by 24%. A further positive outcome is expected with an increase of the number of e-mail newsletter subscribers in the coming years.

Table 1-3 State of Achievement of Indicators (Accounting Consultation Service)

Indicator	State of Achievement
Increased number of accesses to the web site of the DBD	The number of consultations using the web site of the DBD is increasing. The total figure for February – August, 2005 showed a 72% increase on the same period in 2004. In the same period, the number of telephone consultations decreased by 24% compared to 2004.
Increased number of e-mail newsletter subscribers	Because of the fact that the DBD's server was not expanded, the number of subscribers remained at some 500.
Increase of the confidence of BBS staff members to provide the accounting consultation service	The outcome evaluation of the BBS staff training evaluated the accounting consultation service as having become more competent and reliable.

2. TA Program Results

2.1 Common Issues

(1) Current Situation of the Accounting Act and the Related System

1) Outline of the Accounting Act

Thailand has the Accounting Act in addition to accounting rules set forth by the Civil and Commercial Code and the Public Limited Company Act. This Accounting Act is applied to the accounting of general merchants including public limited companies. In 2000, the Accounting Act underwent major revisions. The principal revisions are described below.

- The B/K qualification system was created and the employment and registration of a B/K became compulsory requirements for all companies.
- Small partnerships were exempt from auditing.
- The inspection power of the competent supervising agency was strengthened.
- Thai Accounting Standards (TASs) were given a legal basis.

The Accounting Act stipulates such matters as the preparation and preservation of accounting documents and financial statements, the auditing and registration of financial statements, the B/K system and the inspection power of the DBD. All registered juristic persons are required to submit financial statements to the DBD and the submitted financial statements are open for perusal by anyone. The Accounting Act stipulates the subject matters in extreme detail. For example, not only the types of books to be prepared but also their contents and the timing of entries are set forth.

There are no concrete provisions regarding the accounting treatments, however, except that TASs must be followed.

2) Outline of Accounting Professions Act

The Accounting Professions Act was enforced on 23rd October 2004, abolishing the Auditor Act. The principal objective of this new law is to make not only certified public accountants (CPAs) but also B/Ks and all other persons working as professional accountants to register with the FAP, an organization to be newly established as the sole organization for all accounting professionals for the self-regulation of practices by the profession. The law also aims at fostering and development of the profession.

Under the Accounting Professions Act, accounting professionals are broadly defined as “professionals engaged in work relating to accounting records, accounting audit, accounting management, creation of an accounting system, tax accounting, accounting education and other accounting services”. Although the law targets CPAs (auditors) and B/Ks for the time being, it covers all other types of accounting professionals to be stipulated by Royal Decrees in the future.

In the past, the qualification of auditors and B/Ks was a qualification for individuals and these people were only required to register as qualified individuals. With the enforcement of the new law, juristic persons providing audit services and/or accounting services have become the subject of registration and, therefore, the obligation of juristic persons in this aspect has been clarified. The new arrangement rectifies the institutional inadequacy of juristic persons not being subject to registration and supervision even though financial audit and bookkeeping services are often provided by juristic persons. The new law demands that the representative of a juristic person conducting a financial audit must be a CPA in that shareholders involved in business management have certain responsibilities.²⁾

3) The Federation of Accounting Professions

The Accounting Professions Act stipulates that the Federation of Accounting Professions (FAP) acting as a juristic person will be established to register a variety of accounting professionals and to issue permits. Auditors are required to become members of the FAP while other people engaged in accounting services are required to register if they do not become members of the FAP.

The FAP was established in April, 2005 as an upgraded successor of the Institute of Certified Accountants and Auditors of Thailand (ICAAT) which was traditionally the sole organization for accounting professionals in Thailand. While the ICAAT was a voluntary organization without legal backing, the FAP is a juristic person with much higher authority based on the Accounting Professions Act. Because of the compulsory subscription (or registration) of accounting professionals to the FAP, the FAP has a much stronger financial basis than the ICAAT.

2) Internationally, it has been a common practice for a body providing audit services to assume the form of a partnership with unlimited liability. In response to the growing size of auditing bodies in recent years, however, there has been a shift towards limited liability partnerships (LLPs) as much evidenced in the US. In Thailand, the Accounting Professions Act clearly stipulates that the liability of shareholders involved in business management is more than their shares of investment as the audit business is often conducted by limited liability companies.

The FAP has a president selected from among its members, a board of directors and committees corresponding to different types of accounting services. In addition, the Accounting Standards Committee and the Code of Ethics Committee have been established to set up accounting standards and code of ethics respectively.

The FAP is financed by a membership fee, registration fee and income from businesses, and a subsidy from the government budget.

4) Accounting Profession Supervisory Committee

In accordance with the provisions of the Accounting Professions Act, the Accounting Profession Supervisory Committee (APSC) headed by the Permanent Secretary of the Ministry of Commerce has been established to supervise the operation of the FAP. The Director General of the DBD acts as the secretary as well as a member of this Committee and the DBD acts as the secretariat.³⁾

Under the previous Auditor Act, the Board of Supervision of Auditing Practices (BSAP), consisting of similar members, had direct supervisory authority, including that for the issue of auditor certificates. Transfer of the authority for the supervision of auditors to the FAP, which is a private sector organization, means that the supervision of auditors by the government now takes an indirect form as the Accounting Profession Supervisory Committee, a government organization, supervises the FAP.

5) Accounting Standards

Accounting Standards in Thailand used to be prepared by the Institute of Certified Accountants and Auditors of Thailand (ICAAAT) and were published after their review and approval by the Board of Supervision of Auditing Practices (BSAP). Since 2000, the TASs have been thoroughly revised to incorporate the International Financial Reporting Standards (IFRSs). See Appendix 11 for detail of the TASs

Following the enactment of the Accounting Professions Act in 2004, the authority to set forth the TASs has been transferred to the FAP and any revised TAS is announced after its review and approval by the APSC, a new organization

3) The members of this Committee include the Director-General of the Department of Insurance, Director-General of the Revenue Department, Commissioner of the Board of Audit, Governor of the Bank of Thailand (Central Bank), Secretary General of the Securities and Exchange Commission, Chairman of the FAP, Chairman of the Federation of Thai Industries, President of the Association of Thai Banks, President of the Thai Chamber of Commerce, two accounting experts and one law expert.

established under the act in question. In this manner, the system where a government organization has the authority to approve accounting standards has been retained.

6) Tax Audit and Tax Auditors

The system of a tax audit by a tax auditor was introduced in 2002 by the Revenue Department of the Ministry of Finance based on the Revenue Code.

Article 69 of the Revenue Code stipulates that persons liable to pay corporate income tax must attach audited financial statements to their tax returns while Article 3 stipulates that a person permitted by the Director-General of the Revenue Department must audit the said accounting records. A notification issued by the Director-General of the Revenue Department based on the provisions of Article 3 states that the financial audit in question must be conducted by either a CPA or a tax auditor and sets forth the system governing tax auditors.

A tax audit means that either a CPA or a tax auditor expresses his opinions regarding the following issues for small partnerships which are exempt from financial audit under the Accounting Act amended in 2000,

- Whether or not the accounting practices are conducted in accordance with the Accounting Standards
- Whether or not the accounting records are properly prepared
- Whether or not tax adjustments are properly conducted as set forth by the Revenue Code

Although the purpose of a tax auditor's audit is slightly different (such as emphasis on compliance with tax regulations) from the purpose of a financial audit designed to ensure the appropriateness of financial statements, the actual audit procedure appears to be practically the same as that of an ordinary financial audit.

To qualify as a tax auditor, one must have a bachelor's degree in accounting and must have passed the test specified by the Director-General of the Revenue Department. As of July 19, 2005, 1,712 tax auditors are registered with the Revenue Department. It is also a compulsory requirement for all tax auditors to undergo at least nine hours of training on taxation affairs held every year by an accredited training organization. Because of the easier test compared to the test to qualify as a CPA, a growing number of people aim at qualifying as a tax auditor as a step towards becoming a professional accountant. In the light of the Accounting Professions Act, a tax auditor is a type of accounting professional. However, tax

auditors are not subject to the mandatory membership of (registration with) the FAP at present.

At present, some 220,000 partnerships are registered and most of them are estimated to be small partnerships to which exemption from the financial audit under the Accounting Act is applied.

(2) Policies regarding the Accounting Act and Other Related Systems

1) Policies Focusing on SMEs and Micro Enterprises

a) Development of Software at DBD

The DBD has planned and is now implementing a project with the ICAAT and the Thai Software Association to distribute a jointly developed basic accounting system (a simple ledger system) to micro enterprises free of charge. The purpose of the project is to raise the awareness of these enterprises of the importance of such basic issues as the preparation of accounting records. As part of the routine work, if anyone receiving the accounting consultation service is interested in this system, an on-site demonstration is conducted. If such a person shows further interest, he/she can register his/her participation in a seminar which is regularly held.

The DBD has developed and is distributing a simple software with the added function of linking the simple ledger system to a POS system for its use by owner-run stores. Seminars on this software are held from time to time, partly because of a request made by the SME Bank. The DBD plans to continually hold these seminars in the coming years.

As of July, 2005, 50,000 CD-ROMs containing the simple ledger system have been produced and some 35,000 copies have been distributed to SMEs.

b) Development of Accounting Standards for SMEs

While most parts of the TASs have been prepared with reference to the IFRSs, the application of some accounting standards has been made voluntary except for public limited companies by a notification made by the MOC in 2002 following strong criticism of the application regime by Thai industries where many companies are SMEs. At the same time, there was a growing opinion favoring the introduction of accounting standards for SMEs and a study report

on the necessity for accounting standards for SMEs was prepared by the ICAAT.

There has been a major international debate on whether an independent set of accounting standards for SMEs should be prepared or the same set of accounting standards should be uniformly applied to all companies. In the midst of the progressive convergence of accounting standards in conformity with the IFRSs and the increasing complexity of the IFRSs based on the assumed application to the accounting of large international companies (listed companies), the voice demanding the introduction of accounting standards for SMEs is gaining strength. The IASB has started a project on the accounting standards for SMEs and an exposure draft is scheduled to be issued by the end of 2006.

2) Measures to Promote Listing and Monitoring and Assistance by SEC and SET

a) Tax Reduction Measure for Listed Companies

The tax reduction measure for newly listed companies which was originally introduced in September, 2001 for a limited period of three years has now been extended until December, 2005. Under this measure, a lower tax rate (SET: 30% → 25%; MAI ⁴⁾ : 30% → 20%) is applied for five years after listing to companies which have listed themselves either on the SET or the MAI in the designated period.

This preferential treatment of listed companies is designed to develop a capital market. It is also expected that the practice of corporate disclosure, including proper accounting practices, will improve as listed companies are subject to strict monitoring by their shareholders and the regulatory body.

While the number of listed companies in Thailand showed a declining trend after the financial crisis in 1997, this trend appears to have been reversed by the policy of promoting listing and the general economic recovery in recent years.

4) The Stock Exchange of Thailand (SET) runs two markets, calling the ordinary market the SET and the special market for medium size companies (paid capital: 40 – 200 million baths) the Market for Alternative Investment (MAI). The listing criteria for the MAI are less stringent than those for the SET but the same rules apply to both markets regarding the disclosure of company information.

Table 2-1 Historical Changes of Number of Listed Companies

	SET	MAI	Total
End of 1997	431	-	431
End of 1998	418	-	418
End of 1999	392	-	392
End of 2000	381	-	381
End of 2001	382	3	385
End of 2002	389	9	398
End of 2003	407	13	420
End of 2004	439	24	463
As of August 2005	454	27	481

Sources: SET Annual Report 2004 and website

b) Monitoring of Disclosure of Financial Information of Listed Companies

While the SEC and SET cooperate with each other to monitor and inspect the disclosure of financial information by listed companies, the Accounting Supervision Department of SEC is the main body which conducts the actual inspection of the appropriateness of accounting work. The Department conducts a detailed inspection without fail if the CPA's opinion on the audit results are other than those expected of a standard report. Should any non-compliance with the accounting standards be discovered, the Department demands the company to correct the financial statements. The Department also conducts the random inspection of financial statements using a check list regardless of the contents of the auditors' report. (The financial statements of some 120 companies were inspected in this manner in 2003.) Almost all of the staff members of the Department responsible for this inspection are CPAs and also have experience of auditing practices at auditing firms.⁵⁾ There has been a series of press reports in recent years of the exposure of accounting malpractices by the SEC.

The auditing of a listed company requires auditors who are SEC certified auditors in addition to having the normal auditor qualifications. The certification criteria adopted by the SEC are very strict, including advanced as well as wide-ranging auditing experience. As of 12th October, 2005, there are only 92 SEC certified auditors who belong to 25 auditing firms. The FAP is entrusted by the SEC to establish the certification criteria and to conduct the concrete certification work.

5) Unlike government ministries and agencies, the SEC has its own financial source. It is able to recruit people of a high caliber because the salary scale for its staff differs from that for government officials.

c) Applicable Accounting Standards and Guidelines

Listed companies must prepare their financial statements in accordance with the TASs. A notification issued by the SEC stipulates that matters not specified by the TASs must follow the IFRSs and that matters which are also not specified by the IFRSs must follow the US Accounting Standards for the preparation of financial statements. In addition to annual financial statements, the disclosure of quarterly financial statements is required.

Even though the TASs are almost entirely based on the IFRSs, it is pointed out that companies and auditors sometimes find it difficult to apply the TASs because of insufficient interpretation guidelines and Q&A to complement those TASs.

3) Improvement of Corporate Governance

a) Activities of National Good Corporate Governance Committee (NGCGC)

In 2002, the Government of Thailand launched a campaign to improve corporate governance and established the NGCGC chaired by the Prime Minister. The NGCGC has 18 members, consisting of senior officials of the related government offices, including the Minister of Finance and the Minister of Commerce, and representatives of private sector organizations. The organizations to which these members belong conduct the work to prepare guidelines and other work. The NGCGC itself has six sub-committees, including the Accounting Standards Sub-Committee.

b) Rating of Corporate Governance

Both the SEC and the SET implement a corporate governance rating system with the cooperation of Thai Rating and Information Services Co., Ltd. Incentives, such as a discounted SEC and SET registration fee and a shorter inspection period at the time of fund raising, are provided for listed companies which have obtained a rating above a certain level.

c) Corporate Information Disclosure Award

This is an award system which is sponsored by the SEC to promote good corporate governance and was first introduced in 2002. In that year, 40 out of 115 participating listed companies were awarded. In the following 2003, the number of awarded companies increased to 60 out of 123 participating listed companies.

d) Chief Financial Officer (CFO) Certificate Program

The ICAAT has introduced the CFO Certificate Program and both the SEC and the SET are encouraging the CFOs of listed companies to attend the program.

4) Improvement of Use Environment for Financial Reports

a) Electronic Disclosure of Financial Statements of Listed Companies

While listed companies submit disclosure documents to the SEC in the form of hard copies, they must submit the same information in the form of both hard copies and electronic data (using MS Word and Excel) to the SET. This electronic data is accessible free of charge on the web sites of the SEC and the SET. In addition, the SET has established a database called the “SET SMART” by demanding that listed companies submit their data in a specified format, providing a fee-paying search service (390 baht for three months).

b) Marketing of Financial Data by Business Online

Business Online Public Company Limited (BOL) is a private company which was established in 1995. It makes the financial data provided by the DBD into a database and provides a fee-paying information service called “BINGO”. On this “BINGO” database, one can peruse all financial data registered with the DBD and data independently gathered by the BOL. At the time of database registration, the BOL conducts a logical check of the consistency between debts and credits and the correctness of the total figures, etc. and the check results are fed back to the DBD.

c) E-Disclosure by the DBD

The electronic data made into a database by the BOL is supplied to the DBD which then discloses the summary financial data on its web site free of charge.

5) Policies of the Revenue Department

As a move to ensure the efficient execution of the taxation administration, the Revenue Department is changing its emphasis on the exposure of tax evasion by the tax audit to the encouragement of appropriate tax returns through education for taxpayers and consolidation of the consultation service. The Revenue Department introduced the tax audit system in FY 2002 following the exemption of small registered partnerships from the financial audit in the revised Accounting Act of 2000 (see 2.1-(1)-6) Tax Audit and Tax Auditor). According to the Revenue

Department, this system has been introduced to raise the awareness of company executives of the need for proper accounting and to facilitate tax auditors to act as consultants for small businesses.

(3) Review of the Compliance Situation of the Accounting Act and the Related System

1) Situation of Submission of Financial Statements

The latest data on the number of registered companies and the number of companies which have submitted financial statements are shown in Table 2-2 for comparison. Here, the number of companies which have submitted financial statements means the number of such companies as of May, 2005 among those companies for which the end of the fiscal year fell in 2004. The ratio of companies which failed to submit in FY 2002, which is included in the table for reference, is the ratio of companies for which the end of the fiscal year fell in 2002 but which have not yet submitted financial statements for that year as of May, 2004. And the ratio of companies which failed to submit in FY 2003 is the ratio of companies for which the end of the fiscal year fell in 2003 but which have not yet submitted financial statements for that year as of May, 2005.⁶⁾ Because of the different timing for totalization of the data for 2004 from the timing for 2002 and 2003, simple comparison cannot be made. Nevertheless, it can be observed that the rate of companies failing to submit financial statements appears to be increasing. The situation of submission among partnerships is conspicuously poor compared to limited companies.

In connection with the required submission of financial statements for FY 2004, the DBD conducted an active campaign through its newsletter and various media, etc. This campaign is believed to have contributed to the slight fall of non-submissions for FY 2004 in areas under the jurisdiction of the DBD Head Office compared to FY 2002 and FY 2003 despite the fact that the number of submissions in FY 2004 did not include those submissions made after the closing date.

6) Although the time limit for companies for which the end of the fiscal year falls in December, 2003 to submit financial statements is the end of May, 2004, some companies submit their financial statements beyond this time limit.

Table 2-2 Number of Registered Companies and Companies Having Submitted Financial Statements

Area of Jurisdiction of DBD Head Office (Bangkok and Nonthaburi)	Non-Public Limited Company	Public Limited Company	Limited Partnership	Registered Ordinary Partnership	Total
Number of Registered Companies	155,659	666	92,343	2,789	251,457
Number of Companies Having Submitted F/S	112,197	552	26,094	359	139,202
(%)	(72.1%)	(82.9%)	(28.3%)	(12.9%)	(55.4%)
Number of Companies Having Not Yet Submitted F/S	43,462	114	66,249	2,430	112,255
(%)	(27.9%)	(17.1%)	(71.7%)	(87.1%)	(44.6%)
<i>Reference: 2003 data (%)</i>	(28.2%)	(20.7%)	(71.2%)	(86.5%)	(44.8%)
<i>Reference: 2002 data (%)</i>	(26.3%)	(6.6%)	(71.4%)	(86.8%)	(44.7%)

Area of Jurisdiction of Local DBD Offices	Non-Public Limited Company	Public Limited Company	Limited Partnership	Registered Ordinary Partnership	Total
Number of Registered Companies	98,990	201	119,541	989	219,721
Number of Companies Having Submitted F/S	63,032	146	47,302	211	110,691
(%)	(63.7%)	(72.6%)	(39.6%)	(21.3%)	(50.4%)
Number of Companies Having Not Yet Submitted F/S	35,958	55	72,239	778	109,030
(%)	(36.3%)	(27.4%)	(60.4%)	(78.7%)	(49.6%)
<i>Reference: 2003 data (%)</i>	(33.7%)	(17.7%)	(58.3%)	(77.0%)	(47.5%)
<i>Reference: 2002 data (%)</i>	(34.0%)	(17.4%)	(56.1%)	(76.9%)	(46.5%)

Total for Thailand	Non-Public Limited Company	Public Limited Company	Limited Partnership	Registered Ordinary Partnership	Total
Number of Registered Companies	254,649	867	211,884	3,778	471,178
Number of Companies Having Submitted F/S	175,229	698	73,396	570	249,893
(%)	(68.8%)	(80.5%)	(34.6%)	(15.1%)	(53.0%)
Number of Companies Having Not Yet Submitted F/S	79,420	169	138,488	3,208	221,285
(%)	(31.2%)	(19.5%)	(65.4%)	(84.9%)	(47.0%)
<i>Reference: 2003 data (%)</i>	(30.2%)	(20.1%)	(64.0%)	(84.0%)	(46.0%)
<i>Reference: 2002 data (%)</i>	(29.1%)	(9.1%)	(63.4%)	(84.4%)	(45.4%)

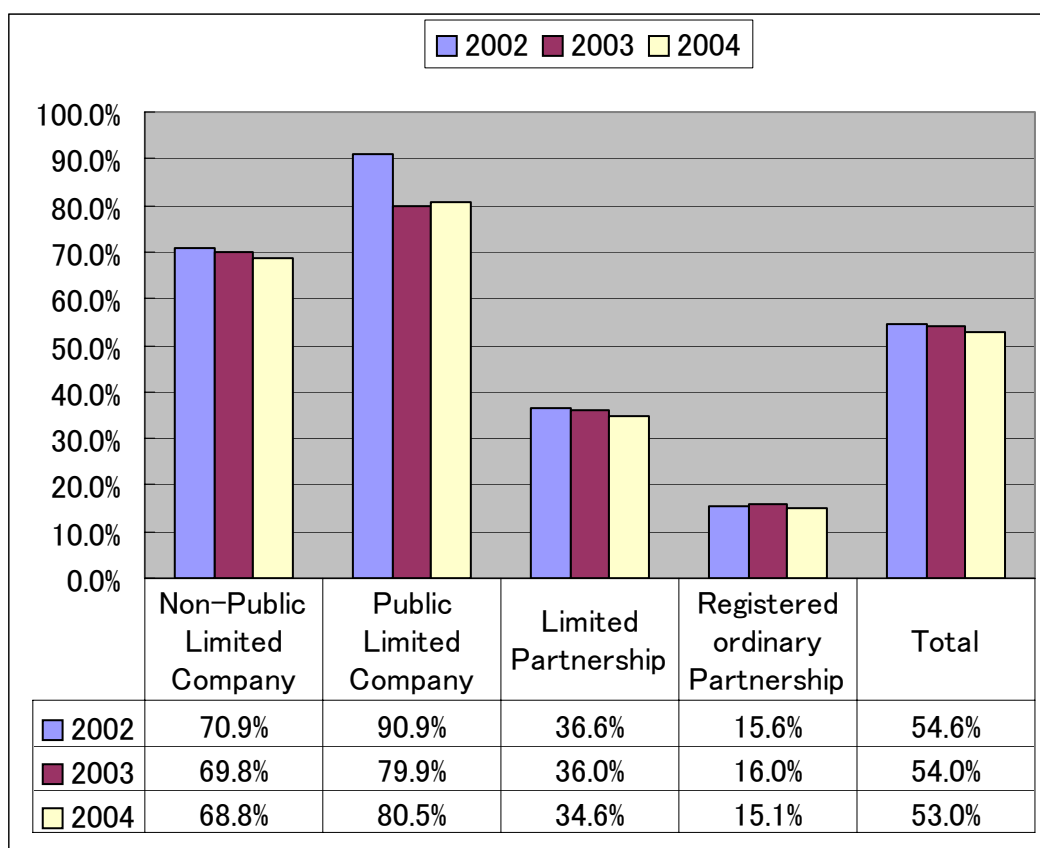


Figure 2-1 Ratio of Companies Submitting Financial Statements (Thailand Total)

2) Compliance Situation Based on Accounting Inspection

The results of accounting inspection for FY 2005 (from October, 2004 to September, 2005) are summarized in 2.3.

3) Application of Penalty

Because of the BBS's prioritized policy of sending a notice for required improvement to urge companies to improve their accounting practices rather than applying a penalty based on the Accounting Act, the number of cases where a penalty is applied is extremely small except for those cases where a company fails to submit financial statements in time or to comply with an order to submit accounting documents.

When a company disobeys an order to submit accounting books, it is liable to a fine of not more than 2,000 baht or servitude of not more than one month or both for violation of Article 24 of the Accounting Act as stipulated in Article 36 of the Act. The ratio of juristic persons (companies) failing to comply with an order to submit accounting documents of 21.5% in FY 2005, 18.7% in FY 2004 and 21.5% in FY

2003 is very high, presumably because of the fact that the small fine actually imposed does not have a strong deterrence effect.

4) Real Situation of Accounting Practices

Although it is difficult to accurately grasp the real situation of accounting practices (for example, whether or not accounting work is conducted in accordance with the TASs), efforts were made to identify the real situation of accounting practices by means of interviews with a wide range of people concerned.

The Accounting Act of Thailand contains the strictest provision in the world that all companies must, in principle, be audited by a CPA, and submit financial statements to the DBD. It is inferred that there are many cases, particularly among SMEs, of proper accounting work in line with the Accounting Act and accounting standards not being conducted.

As one manifestation of improper accounting practices, it is pointed out that financial institutions place little trust in the financial statements prepared by SMEs. Based on the understanding that many SMEs under-declare their profits in their official financial statements to reduce or to avoid the tax burden, some banks have adopted a custom of requesting companies to submit information which discloses “the reality” rather than the official financial statements submitted to the DBD. Although the interviewees have very diverse views on how common such a double accounting system really is, almost all of them replied that the situation has improved compared to the past. The interviewees are largely divided into two groups depending on their view on the main factor for the inappropriate accounting practices of SMEs: one group points to “the awareness of the executive” while the other points to “the shortage and insufficient ability of accounting staff”.

5) Reality of Accounting Firms (Bookkeeping Service Firms)

In Thailand, it is a common practice for SMEs to request an accounting firm to conduct their bookkeeping work. Many accounting firms in Thailand are small and their business management base is weak. Their clients have a strong tendency to emphasise a low fee level rather than service quality. As some SME owners prefer tax saving by inappropriate accounting practices, it is not unusual for the owner to avoid an accounting firm which properly conducts the work and to seek a firm which is willing to follow his /her instructions.

Recognizing the importance of the role played by accounting firms for the improvement of the accounting practices of SMEs, a fact-finding survey on accounting firms was conducted as part of the TA Program. This survey involved on-site interviews at 13 accounting firms of which the clients are mainly SMEs (see Appendix 14 for a list of these accounting firms). As the visited accounting firms were limited to those in contact with the BBS through the planning of seminars, etc. they are believed to be at the high end of accounting firms. It was confirmed that there are many accounting firms which are striving to maintain the high quality of their services despite the tough business environment.

a) Type and Scale of Business

Most of the visited accounting firms are (non-public) limited companies although two of them are personal businesses.

Approximately half of them are relatively small with some 10 employees and some 100 clients. At such small accounting firms, the number of qualified B/Ks tends to be one or two. All of the visited firms meet the statutory requirement (one B/K per 100 clients).

b) Business Contents and Clients

The business contents greatly vary from one firm to another although they are all accounting firms. Some only compile monthly and yearly book keeping records and prepare tax returns while others also conduct financial audits. Some firms offer more comprehensive services, including wage calculation, social insurance arrangement and the obtaining of work permits for foreign nationals, etc. Other stress the marketing of accounting software and/or consultation services.

In regard to book keeping services, many cases involve initial entries on accounting slips by the client and input to the accounting software and preparation of monthly and yearly settlement of accounts by the accounting firm. In some cases, an accounting firm also prepares the accounting slips.

Many of the visited firms mainly serve SMEs with Thai capital in the sales/service industry which does not involve complicated work, such as cost calculation. Some firms, however, strategically target European/American companies or Chinese companies or have relatively large companies on their client list.

All of the visited firms except for two only have an office in the capital region to serve clients based in Bangkok or nearby areas. Two have a branch in the south.

c) Fee Level

When the client is a SME, the standard bookkeeping fee appears to be 3,000 – 5,000 baht a month. However, the level of the fee is not uniform as some firms adopt a charge system in proportion to the volume of the work and/or have a surcharge system (for example, a separate fee is charged for the work concerning the annual closing of accounts).

d) Use of Computers

PCs are provided at an average rate of one PC per employee. An in-house LAN system is established at approximately half of the visited firms.

Many use a general-purpose accounting software developed and marketed by a Thai software company. Typical software used are “EXPRESS”, “FORMURA”, “EASY ACC” and “CD ORGANIZER”. Some use a Western software, such as “QUICK BOOK” or a software developed in-house.

e) Employees

Many firms recruit new graduates or senior high school leavers. The initial salary for graduates is around 10,000 baht while the salary for senior high school leavers is lower at around 7,000 baht. Not all staff members have the B/K qualification and many firms use young staff members (senior high school leavers) for data input. Because of the small size, the appraisal of employees at many firms is regularly conducted by the owner with a view to making their salaries and bonuses reflect the appraisal results.

Many firms state that their employees tend not to work for them for a long time and that they try to create good and pleasant working conditions by promoting a family-like relationship between the owner and the employees (birthday parties for employees and one or two staff trips every year).

f) Work Manual

Many firms lack a work manual for staff members although some do have good manuals. One typical example is of an owner compiling a good manual based on

his past work experience (at a major Japanese subsidiary). These owners act as instructors at the seminars of the BBS for accounting firms.

g) Training

For those firms with some 10 employees, the organization of in-house training sessions is difficult. Many firms send some of their employees to seminars sponsored by external organizations once or twice a year in an irregular manner and/or conduct in-house OJT. Some firms, however, provide orientation training as well as regular training on a manual covering the basic work.

h) Quality Management

Some firms have a system of reporting the work progress situation and correspondence (including the handing over of documents, etc.) with clients. At most firms, the owner or a person in a senior position simply deals with complaints from clients when ever complaints are made.

6) Provisions of Accounting Act of Which Compliance is Difficult

It was pointed out during the interviews that the notifications of the MOC, etc. based on the Accounting Act set forth extremely detailed provisions regarding accounting records and that these provisions make it difficult for accounting firms to comply with them.

One example of the notifications of the MOC based on the Accounting Act is shown below.

Chapter 3 Time Limit for Entry to Accounting Records

The following entries to accounting records shall be completed by the time limit set forth below.

- i Journal : within 15 days of the date of trading
- ii onwards: (omitted for the present purpose)

When an accounting firm provides a bookkeeping service, it receives the required data from the client on a monthly basis. It is, therefore, impossible to enter trade records which take place in the first half of each month in the journal within 15 days of the date of trading.

(4) Organization of DBD

1) Sections Related to Enforcement of Accounting Act

Following the enforcement of the Accounting Act of 2000, the Department of Commercial Registration (DCR), being in charge of enforcement of the said law, was renamed the Department of Business Development (DBD) to reflect the changing nature of its work towards the promotion of businesses.

The Director-General of the DBD has authority over the enforcement of the Accounting Act in general. She, herself, is the Chief Accounting Inspector and can appoint such a chief accounting inspector to replace herself, appoint accounting inspectors and set up local accounting offices with one accounting inspector each. Her authority also allows her to issue notifications regarding the definitions/scope of accounting practices, accounting documents, accounting period, ledgers, exceptions to the provisions regarding accounting B/Ks and required qualification(s) of B/Ks.

The DBD consists of 14 bureaus and divisions and their respective roles are outlined below.

- The Bureau of Business Supervision (BBS) is the main counterpart for the TA Program and plays a central role in the enforcement of the Accounting Act with accounting experts.
- The Bureau of Business Registration is in charge of the planning and monitoring of business registration and changes of such registration.
- The Bureau of Business Documentation is in charge of receiving and controlling business registration documents and accounting documents. It is also responsible for the digitalization of submitted accounting data and the disclosure of such data on the web (see 2.1 (2) – 4)).
- The Bureau of Business Promotion and Development is in charge of the promotion of SMEs. It is also responsible for the one tambon (village), one product (OTOP) movement.
- The Legal Division is involved in the work of the DBD from the legal viewpoint, including enforcement of the Accounting Act against those violating the Act by failing to submit accounting documents or others.
- The Efficiency Unit and the Internal Audit Unit implement activities designed to improve the work of the DBD, including that of its local offices, and also audits the work.

- The Regional Business Division is responsible for the coordination of and support for the 75 local offices.
- The Business Training Institution is in charge of the planning and execution of external seminars, etc. and has been involved in all seminars implemented under the TA Program for outsiders of the DBD.
- The Information Technology Centre supports the management of the DBD's website and promotion of the use of IT within the DBD. Its cooperation was obtained for the e-mail newsletter under the TA Program.
- The e-Commerce Division is in charge of permits and approvals regarding e-commerce.
- The Office of Secretary of Foreign Business Committee is in charge of permits and approvals for foreign companies.
- The Director General's Secretariat and the Accounting Office supervise the overall activities of the DBD. The former is responsible for personnel affairs.
- The consultation service by the DBD is provided with the cooperation of various bureaus and divisions and is controlled by the Director-General's Secretariat.

2) Organization of BBS

The BBS has been responsible for the inspection of accounting documents as part of the efforts to enforce the Accounting Act, strategic activities to promote enforcement of the said act and the registration of auditors and B/Ks. Following the introduction of the Accounting Professions Act in October, 2004, the auditor registration work was transferred to the FAP and the BBS underwent reorganization (see Appendix 13 for the BBS's new organization chart since March, 2005). The key purposes of this reorganization are described below.

- To create three task forces in the Corporate Governance Group to be in charge of the capacity building of accounting firms, supervision of accounting professions and education/training of accounting professions.
- To create six groups for the inspection of accounting documents to establish a prioritized as well as efficient inspection system with each group being given a specific task.

3) Local DBD Offices

The DBD has established a local office in each of 75 provinces, excluding Bangkok. These local DBD offices usually consist of a head, 2 – 3 regular staff members and

some 10 temporary staff members. The scope of their business operation includes the registration of companies, the acceptance of financial statements and inspection of accounting documents and the consultation service. Each office has one accounting experts (temporary staff members) who are in charge of accounting inspection and consultation respectively. The contract for temporary staff members lasts for one year. Although it may be renewed, there is no salary increase. Approximately one-quarter of the temporary staff members in charge of accounting affairs change every year.

The Regional Business Division of the DBD is responsible for the overall coordination of local offices but the BBS (Local Team) is responsible for work relating to the inspection of accounting documents, including the recruitment and training of staff members. As the numbers of registered companies and B/Ks in areas under the jurisdiction of local offices is 47% and 31% of the total number respectively, it is essential to enhance the capacity of local staff members as well as those at the Head Office of the BBS for the proper enforcement of the Accounting Act nationwide.

4) Outline of the Information System of DBD

The DBD has an information system division called the ITC (Information Technology Center) which provides support for the IT system used by all divisions of the DBD. The main businesses of the ITC are listed below.

- Coordination regarding the planning and support for the IT system of each division of the DBD
- Maintenance and implementation of the IT system of the DBD
- Development and maintenance of some of the systems used by the DBD

The following problems of the information system of the DBD can currently be pointed out.

- The number of PCs is insufficient. For example, the BBS has 33 PCs against some 60 regular staff members and the use of the PCs of other divisions is necessary from time to time. Those staff members which do not have their own LAN account and e-mail address cannot use a PC as a communication tool.
- The IT officer of each division is not an information processing expert, finds it difficult to conduct trouble-shooting and also has another position. Even though training is sometimes provided by the ITC, etc., it is neither systematic nor continual. No standardization of IT skills has been conducted.

Talking about the BBS alone, there are plans to change the B/K registration system, to develop a notification system for the CPD history (achievements) and to expand the e-mail newsletter. As the existing server does not have sufficient capacity to accommodate these plans, the DBD plans to add a new server. As of September, 2005, however, no budgetary measures to purchase a new server have been finalized and there is no real prospect of the introduction of a new server yet.

5) Computerization of Work of BBS

In recent years, the Government of Thailand has adopted a policy of promoting e-Government and has introduced mechanisms whereby various registration procedures can be conducted via the Internet.

For example, the registration of changes regarding the particulars of auditors and B/Ks is now shifting from conventional registration using a document to on-line registration by means of inputting the necessary data to the DBD website. As B/Ks are required to submit information on the companies for which they work as a B/K, the on-line registration of these companies by B/Ks using the DBD's website has been promoted since April, 2004.⁷⁾

At present, while both registration of a change through the submission of a document and on-line registration of a change using the web site are permitted, it is planned to make the latter the sole means of registering any change of the B/Ks.

Based on a proposal made by the Study Team, the sending of an e-mail newsletter to B/Ks has already started (see 3.3).

6) Personnel Management System

New recruitment is conducted at the DBD level to generally fill vacant positions in such specialist fields as legal, economic and accounting affairs through public announcement and examination. There are 10 job levels and, at the time of recruitment, graduates and post-graduates are ranked at Grade 3 and Grade 4 respectively. Even if the applicants have practical experience, their experience other than that as a government officer is not considered when determining the starting grade at the time of recruitment. Group leaders are ranked Grade 6 through Grade 8 while the director of a bureau is ranked at Grade 9. In the case of the BBS, most

7) As of the end of June, 2005, the number of B/Ks who have acquired the ID for registration using the said website is approximately 38,000, some 56% of the entire number of B/Ks. Similar registration for auditors is accepted through by web site only.

personnel changes take place within a bureau although persons with the head position of a bureau or higher may be transferred to other bureaus, etc. When staff members reach 50 years of age, they are eligible for the preferential retirement scheme. Welfare and motherhood protection measures are quite advanced and it is a common practice for women to seek both motherhood and a career.

Apart from the training programs provided in the course of the TA Program, staff members of the BBS have frequent opportunities to attend external as well as in-house training sessions. The BBS plans many seminars for outsiders and staff members often act as instructors. Accordingly, staff members generally have a strong desire to acquire new knowledge and have an excellent presentation capacity. Many of them are privately studying for a professional qualification(s) and/or an extra academic qualification for their own future.

2.2 CPD System for Bookkeepers

(1) Outline of the Bookkeeper (B/K) System

B/Ks are introduced by the Accounting Act of 2000 which stipulates that every company must have at least one qualified B/K. It is unnecessary for such B/K to be actually employed by the company for which he works and it is permitted for a company to entrust its bookkeeping work to an accounting firm.

The required qualifications for a B/K are defined in two categories as described below depending on the size of the company.

- Small registered partnerships and private limited companies

A person with an educational background in accounting at a vocational high school, junior college or higher educational institution

- Registered partnership or private limited company other than the above, all public limited companies, foreign juristic persons, joint ventures as determined by the Revenue Code, financial institutions (banks, stock companies and insurance companies, etc. and companies licensed by the Board of Investment (BOI)

A person with a bachelor's degree in accounting or the equivalent or a higher academic degree

The enforcement of the New Accounting Act was accompanied by a temporary measure to allow a person without the required academic qualifications but with work experience

as corporate accounting personnel for at least five years to register as a B/K up to a maximum period of eight years provided that he/she undergoes 60 hours of training designated by the MOC. This training was conducted in 2001 at 25 sites in Bangkok and 38 sites in other areas and was organized by designated training bodies, including the ICAAT and universities. Participants who took more than 60% score of the test at the end of the training were qualified. (15,873 persons passed among 15,929 participants.)

In addition to the academic qualifications described above, it is necessary for a person to meet the following conditions to register as a B/K.

- Residence in Thailand
- Proficiency in the Thai language
- Three years have elapsed since the completion of a prison term relating to an accounting or auditing crime

As of July 25, 2005, 68,064 B/Ks are registered with the DBD. The breakdowns are as follows.

< Breakdown according to place >

Bangkok and Nontaburi	:	47,043 (69%)
Other provinces	:	21,021 (31%)

(Central area 10,654, North area 3,708, Northeast area 2,957, South area 3,702)

< Breakdown according to educational background >

Bachelor's degree or higher educational qualification	:	46,168 (68%)
Accounting major in junior college, etc.	:	7,223 (11%)
Eight-years qualification under the temporary measure	:	14,673 (21%)

Although the number of B/Ks is relatively small compared to the some 470,000 companies in Thailand, they can cope with the demand due to the facts that each B/K hired by an accounting firm is registered as a B/K by more than one company as mentioned earlier and that many companies have not yet complied with their obligation to register any B/Ks. As of 6th July, 2005, the number of companies of which accounting records are prepared by a B/K registered with the B/K database stands at 332,031, leaving some 29% of companies not complying with the obligation to use a B/K. However, this figure is a marked improvement on the some 35% in May, 2004.

Nationwide, there are 67 universities which are entitled to award a bachelor's degree in accounting which is a major requirement for registration as a B/K as of June 2005. The

DBD does not possess information regarding the enrolment capacity of the accounting courses of these universities.

(2) Outline of the CPD System

The CPD system, which is stipulated by the Accounting Act, requires every B/Ks to undergo training sessions every three years of which the contents are determined by the DBD. The CPD system is a mechanism to facilitate the continual capacity building of B/Ks and is crucial for the proper functioning of the B/K system. A DBD notification on CPD was issued on 5th August, 2004, followed by explanation of this notification which was publicly announced on 31st August. These are outlined below.

- The CPD system commences on 10th August, 2004. Each B/K must attend at least 27 hours of training within a three year cycle. This three year period starts on 1st January, 2005 for B/Ks who are already registered and on 1st January of the year following the year of new registration for B/Ks who are yet to register.
- CPD training must feature such matters as (i) accounting, (ii) laws relating to the accounting profession, (iii) taxation laws, (iv) information engineering related to the accounting profession and (v) other matters specified by the DBD regarding the accounting profession. More than two-thirds of the minimum 27 hours of training must be allocated to (i) accounting.
- Approved training activities are (i) attendance at a training session or seminar featuring the matters specified above, (ii) performance as a lecturer at a training session or seminar, (iii) performance as a lecturer at a public or private educational institution, (iv) obtaining of a bachelor's, master's or doctor's degree and (v) other activities following the additional rules set forth by the DBD.
- Each B/K must submit a report detailing the training results using the specified form within sixty days of the end of December every year. (Note: Although there is no specific provision, it is assumed that B/Ks will submit such report via the DBD website according to the DBD.)
- Each B/K must keep the specified evidence of his/her fulfilling the obligation of completing the CPD training for five years from the end of the year in which the last training took place. When a B/K receives an order by the DBD to submit such evidence for verification, he/she must obey this order.

- Organizations permitted to conduct CPD training are (i) public or private educational institutions, (ii) the ICAAT, (iii) the Thai Chamber of Commerce (TCC) and (iv) Others certified by the DBD.
- An organization which wishes to conduct CPD training must submit an application form and other specified documents stating the subject(s) of the training course(s) to the DBD to obtain a permit(s). Ex-post application is permitted in the case of an application for an urgently required new course.
- An organization which conducts CPD training must keep the specified evidence regarding the participants for five years from the end of the year in which the last training session of the course took place. In addition, the organization must issue the specified certificate of attendance to all attendants.

(3) Preparation of Recommendations on CPD and CPD Seminar

Based on the TA Program results up to the third field survey, the first proposals for CPD for B/Ks to commence after August, 2004 were compiled in writing and this document entitled “Recommendations for CPD System” were submitted and explained. This document outlines the CPD system for B/Ks and describes the findings of the survey on similar systems in other countries.

The “Recommendations for CPD System” put forward concrete measures from the following five viewpoints.

- 1) Enhancement of the incentive to participate in CPD
- 2) Reduction of the cost of participate in CPD
- 3) Sufficient publicity of the CPD system
- 4) Efficient management of the CPD system using IT
- 5) Recommendations on other matters requiring examination from the long-term point of view (appropriate measures for those who have fulfilled their obligation and the encouragement of e-learning)

The report also explains the bookkeeping certificate examination conducted by the Japan Chamber of Commerce and Industry, outline of the CPD system for CPAs in various countries, and details of the CPD system for CPAs in Japan.

A CPD seminar was held on 20th September, 2004 at the Landmark Hotel in Bangkok. The principal purpose of this seminar was to publicize the CPD system to universities throughout Thailand, the ICAAT, the TCC and private companies capable of organizing

CPD courses, all or some of which are expected to eventually become CPD training providers. The seminar had two sessions: (i) explanation of the CPD system by the DBD and (ii) explanation of the “Recommendations for CPD System” (including introduction of the IFAC’s education standards for CPD and other similar systems abroad) by the Study Team. The program for the seminar is attached to this report as Appendix 15.

A total of 147 people attended the seminar, of which 17 (12%) belonged to such related organizations as the ICAAT, the TCC and the Revenue Department, 49 (33%) to such educational institutions as universities and colleges and 71 (48%) to companies providing accounting, tax and/or auditing services. Ten people (7%) attended the seminar in an individual capacity.

All 147 participants were given a questionnaire and 136 questionnaires (93%) were collected. The questionnaire results show that 59% of the participants assessed their level of understanding of the seminar contents to be “high” while 37% judged it to be “medium”, suggesting a fairly high level of understanding among the participants in general. 4% did not reply to this question. Comments and/or recommendations on CPD were made by 53 participants and some examples are given below.

- I agree with the recommendations made by the Study Team on the setting up of CPD courses.
- The DBD should make SME owners attend a training session designed to make them recognize the importance of accounting.
- I am concerned regarding the possibly high training cost because of the notification on CPD.
- CPD training providers should be non-profit bodies to keep the training fee low.
- CPD should be organized nationwide.
- The DBD should set up CPD courses in collaboration with local educational institutions.
- The government should provide assistance in terms of the training cost and others to reduce the financial burden on B/Ks.
- Training should emphasize the practical aspects of accounting.

The following knowledge was obtained regarding the application situation of CPD training providers based on the situation of attendance at the CPD seminar mentioned above as well as the questionnaire results.

- While the seminar in question was held in Bangkok, university personnel from such far places as Chiang Mai, Nakhon Ratchasima (Korat) and Songkhla, etc., attended the seminar, indicating a high level of interest (among the 49 educationalists from universities and colleges, etc., 22 (45%) were from local areas).
- 51 persons (37%) said “Yes”, 35 persons (26%) said “No”, 30 persons (22%) said “Undecided” and 20 persons (15%) did not answer the question of “Is your institution planning to become a CPD training provider?”
- Among the 51 persons saying “Yes”, 12 persons said that they would make an application by the end of this year, 14 persons said that they would make an application some time next year and 25 persons did not specify.
- The reasons cited for saying “No” included insufficient preparation to become a CPD training provider, expectation of the course being arranged by the ICAAT and lack of sufficient experience.
- The reasons cited for saying “Undecided” included the need to obtain approval, lack of ground work to establish the course, need to firstly examine the need for the course, lack of relevant experience and insufficient knowledge as well as manpower.

Based on the survey results after submission of the first set of recommendations, the second set of recommendations on the CPD was compiled and explained to the DBD. The work to compile these fresh recommendations took into consideration i) the problems and points for improvement as raised by the front line through a series of interviews with institutions involved in CPD education and ii) the management situation of the CPD system from October, 2004 when the first CPD course was approved to July, 2005 (see 4.1 – Second Recommendations Regarding CPD).

(4) B/K Test Results

At the DBD Bookkeepers seminars in Chiang Mai, Nakhon Ratchasima and Chon Buri and the SMEs Accounting Standards Seminar in Bangkok (see 3.6-(1)), a test to check the basic knowledge and skills of accounting and tax affairs was conducted for 100 volunteers among the participants these seminars. This test aimed at obtaining baseline data on the level of knowledge among B/Ks.

Using the Thai language, the test involved calculation and description in connection with bookkeeping, financial statements, cost accounting, corporate tax, VAT and commercial code. The test results are shown in Table 2-3.

Table 2-3 Average Score in B/K Test by Subject (%)

Subject	100 B/Ks Bangkok 19 th November	100 B/Ks Chon Buri 23 rd August	100 B/Ks Nakhon Ratchasima 16 th August	100 B/Ks Chieng Mai 16 th July	400 B/Ks Total
Accounting					
· Bookkeeping	69%	81%	68%	78%	74%
· Financial Statements	82%	73%	78%	69%	75%
· Cost Accounting	75%	71%	63%	74%	71%
Tax Affairs					
· Corporate Tax	59%	62%	21%	63%	51%
· VAT	71%	54%	54%	58%	59%
Accounting-Related Law					
· Civil and Commercial Code	50%	38%	24%	39%	38%
Total	70%	66%	55%	67%	64%

The desirable score to be achieved by B/Ks is at least 70% for each subject. Based on this criterion, B/Ks appear to be unfamiliar with such subjects as the Civil and Commercial Code, corporate tax and VAT. A reasonably high score was achieved for each subject of accounting. There is a scoring gap between some areas, for example, between Bangkok and Nakhon Ratchasima.

Given the facts that those who took the test this time were volunteers and that the majority of the participants of these seminars are believed to be accounting manager level according to the BBS, those who took the test are inferred to have a relatively high level of knowledge as B/Ks.

(5) Current State of CPD Courses

In view of the fundamental purpose of the CPD system, it is desirable for educational institutions in the private sector to provide a variety of training courses for B/Ks so that B/Ks can select courses based on their own ability and interests. One crucial condition to make the CPD system a success is the availability of excellent CPD courses in terms of both quality and quantity throughout the country. However, there has been concern in regard to the insufficient provision of training courses for B/Ks working in local areas as it is likely that most training courses are based in Bangkok and other big cities.

Table 2-4 compares the application situation for CPD courses and the number of B/Ks by region as of 7th November, 2005.

Table 2-4 Number of CPD Courses and B/Ks by Region

Region	Number of Educational Institutions Providing CPD Courses	Number of CPD Courses	Number of B/Ks
Bangkok/Nonthaburi	82	1,006 (90%)	47,610(69%)
Central	9	65	10,812
North	9	23	3,711
Northeast	3	4	3,019
South	3	17	3,756
Local Total	*24	109 (10%)	21,298 (31%)
Total	106	1,115 (100%)	68,908(100%)

*Educational institutions providing CPD courses exist in 16 provinces (24 institutions) out of 75 provinces.

The above table shows that the absolute number of educational institutions and CPD courses is relatively small compared to the number of B/Ks and that not many provinces have such educational institutions. As it is possible for educational institutions based in Bangkok to provide training courses in local areas, the accurate number of CPD courses actually held in local areas is unknown. However, the above data suggests extremely limited opportunity to attend CPD courses in local areas.

A series of interviews was held with CPD training providers, i.e. educational institutions providing CPD courses, from January through June, 2005 to establish a picture of the real state of CPD courses with a view to using the information obtained for the compilation of new recommendations. Six institutions, etc. were visited, namely Dharmniti Public Co., Ltd. (a private enterprise), the Association of Internal Auditors in Thailand, Dhurakijpundit University, Conference and Seminar Professional Co., Ltd. (a private enterprise), Bangkok University and the FAP.

The current problems pointed out by CPD training providers and their proposals for and comments on the CPD system are summarized below.

Degree of Recognition of the CPD System

- The degree of social recognition of the CPD system is low. Many B/Ks appear not to understand its purposes and contents. The DBD should continue to strengthen the publicity of the system.
- It is difficult to obtain the understanding of company owners, particularly in local areas, of the need for continual training. The education of such company owners

and other stakeholders is necessary on the importance of accounting and other matters.

- Because of the non-disclosure of the list of B/Ks, CPD training providers can not supply information on CPD courses to B/Ks. It is desirable for the DBD to supply the list of B/Ks (containing such information as names, addresses, telephone numbers and e-mail addresses etc.) to training providers so that the latter can provide B/Ks with information on CPD courses.

Securing of Training Instructors

- As professional accountants which can be instructors are busy, they do not have enough time to act as CPD course instructors.
- There are no suitable instructors in local areas. The dispatch of instructors from Bangkok increases the training cost, making it necessary to set a high course fee.
- As instructors must be approved in advance by the DBD, there is little flexibility in course management. The present system of the advance approval of instructors by the DBD should be replaced by a system whereby CPD training providers appoint instructors.

Quality Management of CPD Courses

- There is concern in regard to an increase of low quality CPD training providers which only consider profit.
- The DBD should tightly control undesirable providers. The introduction of measures designed to maintain the quality of CPD training providers above a certain level is necessary.

Administrative Burden

- Bearing of the administrative cost of CPD courses and also the provision of place for the storage of statutory documents regarding these courses is a burden. The electronic storage of documentation should be accepted.

Other Problems

- It is difficult to set up a CPD course using an e-learning facility because of manpower and budgetary restrictions.
- It is difficult to organize training in local areas because of uncertainties regarding the possible number of participants and the profitability.

- It is not possible to set up training courses for B/Ks working for SMEs with an insufficient budget or for low income B/Ks. It is hoped that assistance will be provided by the DBD.

Requests for the CPD System in General

- The establishment of a mechanism to encourage CPD for accounting personnel other than statutory B/Ks, i.e. lower ranked accounting personnel than B/Ks, is essential.
- The DBD should assess whether or not the CPD system is assisting the capacity building of B/Ks and also whether or not CPD training providers are properly performing their roles, followed by reports on the assessment results.

(6) Supporting Activities

The main supporting activities consisted of recommendations for the CPD system in general, support for the publicity of the system to various stakeholders and the partial materialization of the First Recommendations Regarding CPD mentioned earlier.

At present, one of the important themes regarding the running of the CPD system is the provision of opportunities for B/Ks working in remote areas and low income B/Ks to attend CPD courses. As a measure to achieve this, the Study Team has proposed the implementation of a self-learning CPD course to be organized by the DBD and the DBD has decided to organize such a course at its local offices nationwide. The participants will be required to study predetermined key issues by themselves in advance and will sit a test. They will acquire a certain number of CPD hours (units) when they score above a certain level in the test. The Study Team provided the following assistance for this project.

- Supply of the test materials to be used for the self-learning CPD course: The Study Team obtained a permit to use past questions for the Bookkeeping and Accounting Test for International Communication (BATIC) organized by the Tokyo Chamber of Commerce and Industry, extracted suitable questions for the present situation of accounting practice in Thailand with modifications where necessary and translated them into Thai. The resulting test questions and answers in English and Thai were provided to the DBD together with information on the level of difficulty of each question.
- General recommendations for the contents of the self-learning CPD course and course management (see 4.1 for further details)

In addition to the above, the Study Team proposed the issue of an e-mail newsletter to publicize the CPD system and to improve the efficiency of the accounting consultation service and provided assistance for the required work (see 3.3 for further details).

2.3 Inspection of Accounting Documents

(1) Analysis of Present Situation of Inspection of Accounting Documents

The DBD/BBS require companies to submit account books with a view to checking the situation of compliance with the Accounting Act.

The inspection of accounting documents by the BBS is conducted by the Central Team responsible for companies located in Bangkok and the Local Team responsible for companies located in areas other than Bangkok. These two teams conduct their inspection work independently from each other.

Since the reorganization in March, 2005, the Central Team has four groups at the BBS Head Office and 20 regular staff members in addition to temporary staff members. Compared to the five regular staff members before the reorganization, the manpower of the Central Team has been substantially increased through the reorganization.

At present, the inspection of accounting documents is conducted for target companies identified and approved by either the DBD or BBS (for example, foreign companies and target companies for audit by auditors who are responsible for the auditing of far too many companies) by setting up an inspection process for each project. The target companies for inspection are manually extracted and a document ordering each company to submit its account books is issued. At this point, some companies submit their account books in compliance with the order while other companies fail to do so. A reminder is then issued to the latter. If companies do not comply with the reminder, the Legal Division punishes them in accordance with the penal provisions of the Accounting Act. Meanwhile, when the account books are duly submitted, inspection is conducted to check whether or not the financial statements have been prepared based on the numerical figures in the account books and whether or not the account books have been prepared based on the provisions of the Accounting Act and also fulfill the entry requirements. This process ensures a system where all staff members conduct inspection, following the same process based on certain instructions and investigation formats. When this inspection process of accounting documents is completed, the inspection results are reviewed by the leader of the accounting inspection team prior to their submission as final reports to the Director of the BBS. At present, no legal deposition is made even if a

violation of the Accounting Act is discovered during the inspection process unless the said violation is very serious, including the case where financial statements are prepared using numerical figures which are far from those in the account books without a rational reason, in view of the fairly recent introduction of the Accounting Act in 2000. However, after the completion of the inspection, a document instructing the required improvements is issued to companies which have been found to be in violation of the Accounting Act.

In one of the projects for the inspection of accounting documents conducted in 2004, a seminar was held and those companies for which similar problems were found were ordered to attend so that the necessary improvements could be pointed out to these companies.

Meanwhile, the Local Team has four regular staff members at the BBS Head Office and one temporary staff member at each of the provincial DBD offices. Each of these staff members at the provincial office has the target of inspecting 70 companies a year.

Interviews with local staff members found that each inspection takes 2 – 3 days together with other work. Based on 6 – 7 completed inspections a month, the completion of 70 inspections a year does not appear very difficult. However, these temporary staff members working at the provincial DBD offices appear to be feeling the pressure of work as the achievement level of this target is used as one criterion for the renewal of their one-year contract.

The format of the inspection records used by the Local Team is identical to that used by the Central Team and consists of the following documents.

- 1) Conclusion of inspection results (by a temporary staff member) and its approval (by the head of the office)
- 2) Summary of the inspection results
- 3) Inspection working paper
- 4) Record of checking compliance with the statutory requirements for bookkeeping
- 5) Comparison between financial statements and general ledger
- 6) Working paper of checking compliance with the accounting standards

However, when the forms completed by the Central Team are compared with those completed by the Local Team, the impression is that the latter is more concerned with the formal presentation of records which include a comparison table of the figures in the financial statements and those in the account book, etc. rather than checking of further

details, such as the reasons for discrepancies between these figures. Standardization of the inspection level between the two teams is an issue to be addressed in the future.

The number of inspections of accounting documents conducted in FY 2004 (October, 2003 – September, 2004) is shown in Table 2-5.

Table 2-5 Number of Inspections of Accounting Documents
(FY 2004, Oct., 2003 – Sept., 2004)

Area	Item	Inspection Result	No. of Companies	No. of Companies Having Submitted Financial Statements	Inspection Rate
Central (Bangkok)	Inspection of Financial Statements	Accurate	11		
		Violation/Guidance Given	128		
	Issue of Notification of Inspection Results	Accurate	3		
		Violation	137		
	Disposition	Non-Submission	23		
		Serious Violation	5		
Central Total			307	139,202	0.2%
Local	Inspection of Financial Statements	Accurate	914		
		Violation/Guidance Given	3,506		
	Issue of Notification of Inspection Results	Accurate	33		
		Violation	763		
	Disposition (Non-Submission)	Local	980		
		Educational Institution	500		
Total		1,480			
Local Total			6,696	110,691	6.0%
Total	Inspection of Financial Statements and Issue of Notification of Inspection Results	Accurate	961		
		Violation	4,534		
	Disposition	Non-Submission	1,503		
		Others	5		
Central-Local Grand Total			7,003	249,893	2.8%

(2) Purposes of Inspection of Accounting Documents

Thailand is unique in the world in that a government body conducts this kind of inspection. The Accounting Act gives the DBD an authority to inspect companies' accounting documents. Given the fact that it has not been a long time since the enforcement of the Accounting Act, the primary policy of the DBD is currently placed on promoting good accounting practices rather than giving penalties. However, a strategy of the inspection to fulfill the policy may not appear clearly established within the DBD/BBS. Referring to limited resources of the BBS to cover 470,000 companies, establishing a strategy of the inspection and prioritizing all duties are indispensable for appropriate allocation of the BBS's resources.

The Study Team has identified three conceivable purposes of the work to inspect accounting documents and the opinions of the Study Team regarding these three purposes are described below.

1) Guidance on Individual Companies to Improve Their Accounting Practices

There is no doubt that the level of accounting practices among Thai companies, especially SMEs, is low, requiring guidance. It is unrealistic, however, for the DBD/BBS to provide guidance for individual companies because of limited resources, and the Study Team believes that such work is beyond the direct duty of the government. It will, therefore, be more effective to make accounting firms provide such guidance.

2) Warning Shot to Companies, B/Ks and Auditors

The number of companies inspected is too small at present for inspection to function as a warning shot for possible malpractice. The inspection frequency should be increased to a level where most companies are aware that the DBD/BBS inspect accounting documents.

3) Exposure of Serious Offending

The inspection method traditionally adopted by the DBD/BBS is not very effective to expose serious offending. An approach which is capable of narrowing down companies suspected of serious offending is required so that more concentrated efforts can be made to inspect these suspected companies.

The Study Team analyzes that 2) and 3) of the conceivable purposes described above can be the two primary purposes, if inspection is to become meaningful for the present situation in Thailand. The Study Team conducted the work based on such understanding.

(3) Recommendations for Improvement

One immediate problem faced by the Central Team prior to reorganization was the lack of prompt inspection as evidenced by the existence of many incomplete cases from the previous year. As a result, the inspection rate of companies having submitted financial statements is considerably lower than that of the Local Team. One reason for this is that the staff members of the Central Team cannot devote themselves entirely to inspection work as their time is often taken up by meetings and business trips in addition to acting as lecturers at external seminars for B/Ks and students. However, the Study Team has recognized that there are other reasons as listed below.

- Unlike the Local Team, there is no set target for the number of inspections to be completed.
- Unlike the Local Team, the authority to deal with submitted accounting documents is not divided. As a result, cases sometimes stagnant at the desk of individual inspectors with authority.
- While detailed inspection is conducted for all companies, the number of target companies is too large for the available manpower to efficiently handle.

The problems faced by the Central Team are largely classified into two categories: i) organizational problems and ii) problems relating to the inspection method. It is hoped that the latest reorganization will solve the former. In connection with the latter, it was recommended that quick inspection using the database, a simplified version of the conventional inspection method or the conventional inspection method be selectively applied depending on the purpose of inspection in order to improve the efficiency and effectiveness of inspection work.

In view of the limitations for the BBS to conduct detailed inspection of accounting documents to urge improvement of the accounting practices of individual companies, another recommendation was made to enhance the capacity of accounting firms by means of formulating operational guidelines for their accounting services.

In contrast, the inspection by the Local Team appears to be progressing fairly well by the setting of a target for each staff member. However, there is a problem of the inefficient training of new recruits as all staff members working at the provincial DBD offices are temporary staff members of which the turnover is quite high without a regular pattern. Regular staff members of the BBS spend a lot of time preparing and implementing the training for new recruits and there is a time gap between the recruitment of new staff and the implementation of training. As a result, there is a huge drop in the work efficiency at the time of a change of temporary staff members.

As a measure to solve the problems of the Local Team, a shift of the training of new recruits from training sessions at the BBS to computer based training is recommended. Following this recommendation, the preparation of materials for self-learning is in progress as concrete supporting work (see 3.1 for further details).

(4) Implementation and Evaluation of Supporting Work

Among the recommendations for improvement of the work by the Central Team described in the previous section, (i) the introduction of quick inspection and (ii) the

formulation of operational guidelines for accounting firms, both of which are new ideas for the BBS, were implemented as supporting work.

Quick inspection involves the use of the database developed by Business Online Public Company Limited (BOL) to narrow down the target companies for inspection, followed by the automatic inspection of these companies with the financial analysis method (see 3.2 for further details).

As a positive result of the above activities, reorganization and the introduction of quick inspection has enabled the Central Team to conduct the inspection of the accounting documents of 361 companies as of August, 2005 of FY 2005 (October, 2004 – September, 2005) compared to the annual total of 307 inspections in FY 2004 (October, 2003 – September, 2004).

This increase has been made possible due to (i) the clearance of uncompleted inspections in preparation for reorganization, (ii) the increase of the number of accounting inspectors following reorganization and (iii) the increase of the number of inspections based on the inspection of financial statements without accounting documents as the first trial of the quick inspection. The above statistical values do not include companies which form part of the population prior to the judgment on abnormal figures by the quick inspection. However, the actual extent of the increase has not matched the anticipated increase at the time when the Study Team proposed the quick inspection. The reason for this is that the BBS side has a strong intention to apply the conventional inspection method as described in more detail in 3.2. As a result, the quick inspection has only been introduced for the extraction of target companies for inspection in the Second Pilot Project and the conventional method is still applied for the inspection of accounting documents. As this inspection of accounting documents is almost entirely manually conducted, there is a limit to improvement of the efficiency of this work.

The quick inspection originally proposed by the Study Team consisted of two steps: (i) computer input by staff members of the conditions to identify abnormal figures, followed by automatic extraction of the target companies for inspection by the computer program and (ii) automatic printing out of a questionnaire by the program to be sent to the extracted companies. Part (ii) above would constitute a breakthrough point to eliminate the existing bottleneck to achieve the inspection of many companies. As this was not adopted in the Second Pilot Project, the finalized program does not have the corresponding function.

Although the usefulness of the conventional inspection method cannot be denied, there is no doubt that the number of accounting inspection cannot be significantly increased, given the limited number of BBS staff members at present as long as the existing method is applied to all inspections. In this context, the contradiction faced by the BBS between the policy target of improving the sense of compliance with the Accounting Act by means of inspecting a larger number of companies and the actual state of inspection which is still based on the conventional inspection method has not been essentially solved. To solve this problem once and for all, it is necessary for the purposes of the inspection of accounting documents to be clearly established and for managements of the DBD and staff members of the BBS conducting the practical work to not only share a common understanding of these purposes but also to fundamentally review the methods to achieve the said purposes.

The formulation of operational guidelines for accounting firms aims at improving the quality of the services provided by accounting firms by clarifying the service standard required of accounting firms (see 3.4 for further details). Accordingly, a further proposal has been made to continually revise the operational guidelines to improve their contents. It is believed that the involvement of not only staff members of the BBS but also those related to the FAP, owners of accounting firms and company owners in activities to revise the guidelines will extend the basis for compliance with the Accounting Act in the medium to long-term through the said persons.

In local areas, the timing to assess the training effects for temporary staff members using the computerized self-learning materials described earlier has not yet been reached. However, this training has brought about standardization of the inspection process of account books and the accuracy of inspection is expected to improve.

2.4 Accounting Consultation Service

(1) Outline of Accounting Consultation Service

The regulations under the Accounting Act are diverse and detailed, featuring not only the types of financial documents to be submitted but also their form, types of books to be prepared, entry items, timing of entries and entry items in documents used as accounting evidence. The BBS constantly receives various enquiries regarding the interpretation and application of these regulations and an accurate response to these enquiries plays a major part of the work of the DBD. The DBD provides the Business Support Centre (one-stop consultation corner) located on the 3rd floor of the DBD's Head Office building and accepts enquiries by web-site, telephone and personal visit. In addition, the accounting staff members of the provincial DBD offices also deal with enquiries. Apart from this accounting consultation corner, the Centre has other corners dealing with "commercial registration", "new businesses" and "e-commerce", etc.

Meanwhile, the BBS has compiled a FAQ (Q&A regarding accounting and financial auditing) for its staff members and part of it is on the website of the DBD.

(2) Analysis of Present Situation of Accounting Consultation Service

1) Responsible Section and Staff Members

The accounting consultation service is provided by some 70 (about 30 regular and 40 temporary) BBS staff members with a bachelor's degree in accounting or higher qualification in rotation. Three staff members are assigned to this service every day, two of which actually conduct consultations on the 3rd floor while the remaining staff member is responsible for dealing with enquiries made to the web communication board.

2) Outline of Consultation Service and Internal Reporting System, etc.

a) Consultations over the counter

When someone directly visits the consultation corner on the 3rd floor, his/her data (name, contact address and occupation, etc.), nature of the consultation and request to the DBD, etc. are input to a simple database system run by the DBD as a matter of rule. The input data can be retrieved from the system at any time.

The number of consultations over the counter is shown in Table 2-6 for the period from January, 2004 when the input of cases into the simplified database system commenced to August, 2005.

Table 2-6 Consultations at Desk

Month	Number of Cases
January 2004	7
February 2004	2
March 2004	-
April 2004	1
May – September 2004	(*1)
October 2004	55 (*2)
November 2004	85
December 2004	43
January 2005	65
February 2005	49
March 2005	19
April 2005	12
May 2005	35
June 2005	14
July 2005	16
August 2005	9

* The figure for March 2004 is absent due to a system breakdown.

** The figures for other months are also not very accurate as the rules for the input of data of persons requesting consultation were not strictly observed, including the omission of those who anonymously made a request for consultation

*1 The person in charge of totaling the number of cases was changed in October, 2004. According to the new person in charge, the transfer of data on consultation cases for this period was not properly conducted. As a result, the number of cases for this period is unknown.

*2 It is said that written records of consultations at the desk have been kept from October, 2004 instead of using the database system. Because of this, statistical data on consultation cases since October, 2004 has been properly prepared by the new person in charge.

b) Consultations by Telephone

Because of the large number of consultations by telephone, it is practically impossible to prepare detailed records unlike consultations at the desk. Accordingly, only the number of cases is kept as the relevant data. The number of cases by consultation subject from September, 2002 to August, 2005 is shown in Table 2-7.

Table 2-7 Consultations by Telephone

		Questions on Accounting/ Audit	Questions on CPA Certification	Questions on Bookkeeper	Questions on Submission of Financial Statements	Others	Total
2002	September	208	106	242	38	57	651
	October	424	139	202	61	66	892
	November	367	250	328	82	240	1,267
	December	388	173	939	58	134	1,692
2003	January	467	210	413	44	103	1,237
	February	637	258	322	60	122	1,399
	March	659	255	256	99	107	1,376
	April	475	236	268	158	72	1,209
	May	598	271	519	704	315	2,407
	June	507	320	268	183	250	1,528
	July	363	129	270	65	219	1,046
	August	344	88	368	71	156	1,027
	September	478	112	229	56	171	1,046
	October	157	69	179	24	69	498
	November	396	24	223	47	122	812
	December	212	218	210	55	167	862
2004	January	333	166	197	76	177	949
	February	471	245	316	99	273	1,404
	March	527	417	390	178	352	1,864
	April	397	370	260	169	309	1,505
	May	400	218	350	343	199	1,510
	June	395	183	240	120	243	1,181
	July	354	132	220	85	228	1,019
	August	324	97	263	54	325	1,063
	September	351	137	408	81	285	1,262
	October	263	10	206	43	241	763
	November	358	48	231	63	234	934
	December	412	41	376	67	343	1,239
2005	January	400	30	352	79	334	1,195
	February	294	37	298	66	275	970
	March	431	35	487	108	419	1,480
	April	331	33	193	110	229	896
	May	399	-	325	302	297	1,323
	June	373	-	230	79	276	958
	July	256	-	142	58	234	690
	August	338	-	273	65	256	932

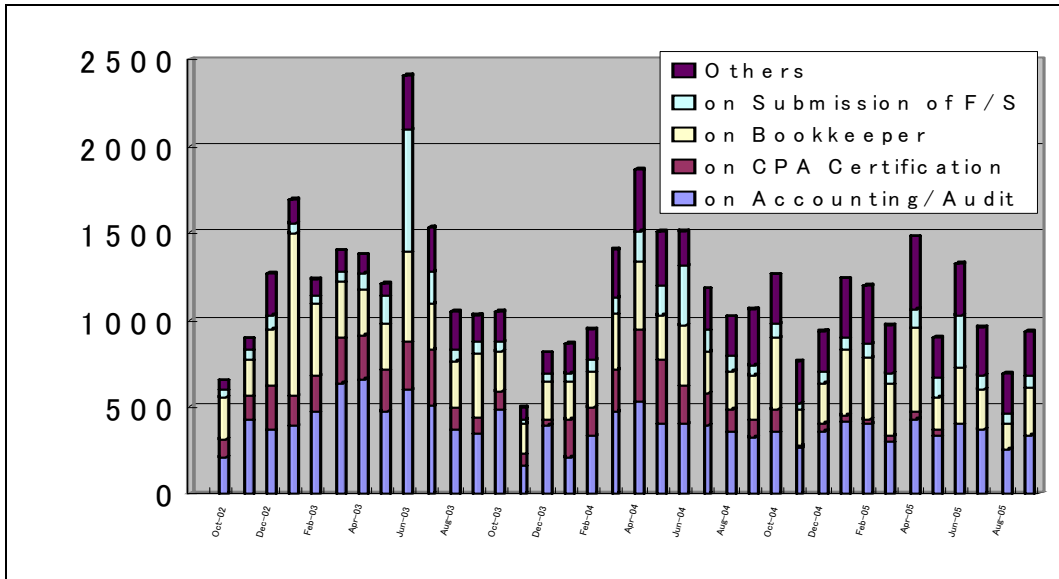


Figure 2-2 Number of Telephone Consultations by Theme

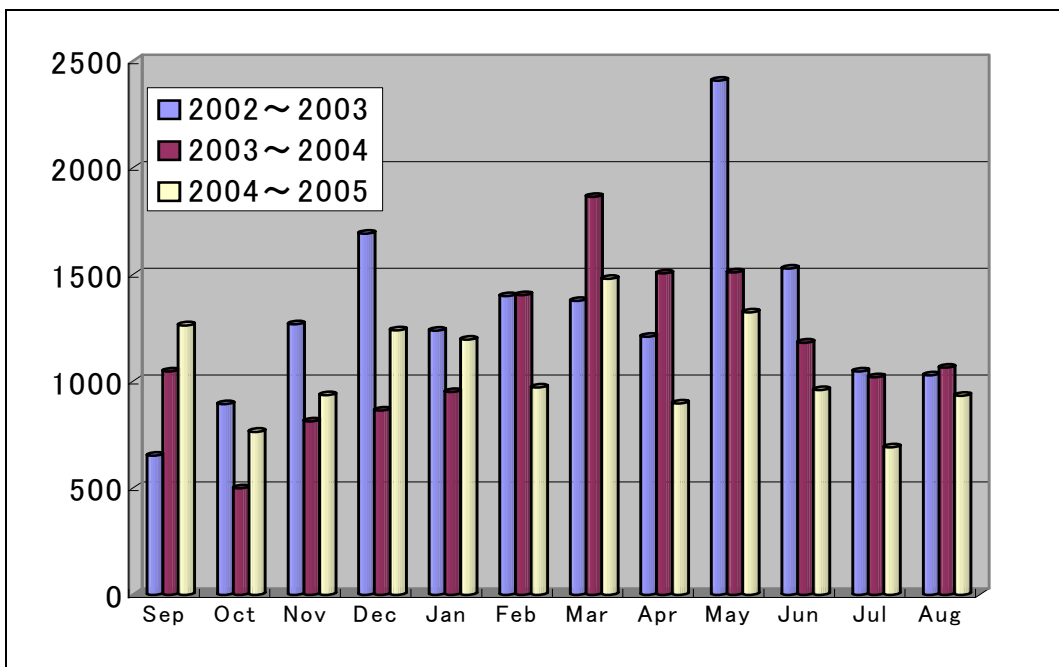


Figure 2-3 Number of Telephone Consultations by Month

Although the DBD does not conduct the regular analysis of the reasons behind an increase or decrease of the number of consultation cases, the person responsible for totaling the cases conducts a more detailed analysis of the data when requested by his/her supervisor to explain such reasons.

c) Web Consultation

Table 2-8 shows the actual number of Q&A by month as recorded in the publicly available log on the DBD website as of August, 2005. (As questions left on the communication board are not classified by category, the figures in this table include questions on such issues not related to accounting or audit as company registration and others).

Table 2-8 Consultations on Website

	Month	Number of Cases
2003	October	339
	November	251
	December	58 (*1)
2004	January	213
	February	173
	March	296
	April	254
	May	351
	June	320
	July	363
	August	442
	September	543
	October	469
	November	502
	December	425
2005	January	555
	February	541
	March	584
	April	452
	May	577
	June	566
	July	501
	August	563

*1 No questions were logged during the period from 9th to 31st December, 2003, presumably because of the adverse impacts of a system breakdown.

3) Roles of Local Offices in Consultation Service

Each local DBD office (one in every province) has a staff member capable of answering questions on accounting. Interviews with these staff members conducted at the time of the local seminars held by the DBD found that these staff members immediately reply to simple questions but await verification of the answer by the Head Office at Nonthaburi in the case of complicated questions.

The frequency of consultations appears to vary from one province to another as far as the local offices where the interviews were conducted are concerned. Table 2-9 shows some examples.

Table 2-9 Numbers of Consultations at Local Offices

Province	Approximate Number of Consultations/Day
North	
Lampang	5
Chiang Rai	10
Lamphum	3
Phayao	1
Chieng Mai	3 – 5
Northeast	
Nakhon Ratchasima	More than 10
Chaiyaphum	1 – 2/week
Khon Kaen	Very few
Buriram	4
Central	
Rayong	2 – 3
Sa Kaeo	2 – 3
Chachoengsao	7 – 8

(3) Recommendations for Improvement

Based on the understanding that the short-term tasks for the DBD/BBS are the efficient implementation of the consultation service and improvement of the quality of their answers, the Study Team adopted the approach described below for each category of questions.

- 1) In regard to basic questions for which answers can be readily found in the law, etc., it is desirable for people making enquiries to find the answers themselves without contacting the DBD/BBS. For this purpose, it will be effective for the DBD to provide information on its website in a manner which is easy to understand and to urge potential questioners to gain access to the website.
- 2) Answers on the website are preferable to answers by telephone to improve the quality of answers to complicated questions. In the case of telephone enquiries, it is sometimes difficult to provide an appropriate answer because of the often unclear nature of the question and lack of prior preparation on the part of the answerer. The preparation of answers to questions on the website is preferable because of the

resulting automatic compilation of a kind of collection of Q & A and improvement of the efficiency as it is unnecessary for the answerers to sit at a desk all of the time.

- 3) In connection with enquiries regarding accounting standards in particular, the level of knowledge should be improved, primarily on the new accounting standards for which BBS staff members feel uneasy about giving correct answers.

Concrete recommendations for improvement are described below.

- 1) Guiding of Potential Questioners to the Website

- a) More Effective Use of Web Pages

Use of the website for the consultation service should be encouraged with a view to diverting consultation requests by telephone to the website. In this way, people requesting a consultation can check similar requests in the past and the number of repeat cases regarding basic matters can be reduced. To achieve this, improvement of the existing website itself will be required in providing FAQs section and a word search function, etc. It may be a good idea to compile a special page which is dedicated to various types of information for B/Ks on the DBD website. As the registration of the training results of B/Ks via the website is planned following the commencement of the CPD system, the skilful integration of this registration page and the page relating to the consultation service will enable the provision of the information required by B/Ks in an efficient manner.

- b) Enhanced Publicity Using E-Mail Newsletter

It may be a good idea to make B/Ks register their e-mail address so that various pieces of information can be delivered to registered B/Ks using an e-mail newsletter which is commonly used in Japan. In reality, the e-mail to be sent will only carry the summary of various pieces of information (new laws and notifications, etc.) with the provision of hyper links to the relevant webpage giving further details of each piece of information.

Utilization of an e-mail newsletter regarding the consultation service will be improved its efficiency, if it is executed together with the recommendations for the CPD system, etc.

2) Capacity Building of Staff Members

The capacity building of staff members is essential for improvement of the “consultation service”. Staff members of the BBS lack sufficient knowledge of the new accounting standards resulting from the substantial revision of the TASs around 2000. It is also believed that staff members of the BBS find it difficult to answer questions regarding the application of accounting standards as they are not involved in practical accounting work. Two recommendations are made to improve the capacity building of staff members and the supporting activities are executed.

a) Training of Staff Members of BBS Head Office (Nonthaburi)

Training mainly featuring the TASs was provided for BBS staff members as part of the TA Program. The themes of this training were determined based on the matters required for the consultation service and other operations and the present level of knowledge as ranked by staff members of the BBS.

b) Support for Development of Computer Based Self-Learning Materials for Local Staff Members

The improvement plan for accounting inspection included the recommended use of computerized training materials for the training of local staff members. The capacity building of local staff members and improvement of the consultation service in local areas can be achieved by incorporating the contents of the TASs and other relevant items in these self-learning materials.

(4) Execution of Supporting Activities and Evaluation

The supporting activities which were executed in response to the recommendations for improvement of the consultation service and their evaluation results are described below.

1) Guiding of Potential Questioners to the Website

a) More Effective Use of Web Pages

The proposal to compile a special page dedicated to various information for B/Ks on the DBD website did not materialize during the TA Program period due to the fact that the DBD’s web site is shared by other bureaus of the DBD, necessitating certain adjustments of the present arrangements within the DBD.

As the number of consultations using the website is showing an increasing trend, it is expected that the website will be more effectively used by B/Ks and other accounting personnel in the coming years.

b) Enhanced Publicity Using E-Mail Newsletter

Activities to support the trial issue of the e-mail newsletter (see 3.3 for details) were conducted. The regular sending of various types of information (on new relevant laws, regulations and cabinet notices, etc.) to B/Ks is believed to be contributing to the improvement of the consultation service. The first e-mail newsletter was sent in January, 2005. The total number of telephone consultations in the subsequent seven month period from February to August, 2005 was 7,249, showing a 24% decrease on the same period of the previous year. In the same period, the total number of consultations made via the web was 3,784, showing a 72% increase on the same period of the previous year. These figures suggest that the number of accesses to the web site increased with the publication of the e-mail newsletters, shifting consultations from the telephone to the web. This trend is expected to continue in the future with the full-scale introduction of the e-mail newsletter.

2) Improvement by Capacity Building of Staff Members

a) Training of Staff Members of BBS Head Office (Nonthaburi)

As BBS staff training under the TA Program, training on seven TASs lasting for 40 hours was conducted (see 3.5 for details). As a result, BBS staff members now say that they can answer questions in the consultation service with confidence.

b) Support of Development of Computer-Based Training Materials for Local Staff Members

When the computerized teaching materials were prepared for the training of local staff members, explanations of the basic contents of the TASs were incorporated to help the capacity building of these staff members (see 3.1 for further details).

As the capacity building of staff members is believed to be the most effective means of improving the consultation service, it is hoped that the BBS will continually implement in-house training utilizing the training materials used in the supporting activity this time.

3. Results of Supporting Activities

3.1 Development of Computer Based Self-Learning Materials

(1) Background of the Supporting Activities

These supporting activities were originally proposed and took shape through the work to examine ways to improve the inspection of accounting documents. Training materials for local staff members were developed under a pilot project to develop computerized self-learning materials.

As the number of registered companies and registered B/Ks in areas under the jurisdiction of the local DBD offices (excluding Bangkok) account for 47% and 31% of the total respectively, the capacity building of staff members of the local offices is essential for the proper enforcement of the Accounting Act throughout the country.

As each local office has only one staff member responsible for accounting-related operations, the provision of OJT as well as timely group training for these local staff members is difficult compared to their counterparts at the Head Office. Moreover, their status as temporary staff members on a one year contract means a high turnover level⁸⁾, making it an important task for the BBS to effectively conduct the training of new recruits (orientation training) to prevent the decline of the business capacity of local offices.

(2) Outline of the Pilot Project

Based on the curriculum and training materials for the orientation training currently implemented by the BBS, a new curriculum and teaching materials suitable for self-learning using a computer were prepared. These training materials were finally provided to the BBS in February, 2005 in the form of a CD-ROM. In March of the same year, the BBS distributed this CD-ROM to all local offices together with an instruction entitled “Targets of Computer-Based Training System”. Given the fact that the PCs at these local offices often lack software to view AV software, a CD-ROM contained such viewing software as RealPlayer, etc. has been also distributed.

8) 18 out of 75 such staff members left during the period from September, 2003 to July, 2004. The number of leavers in the previous year and the year before that was 15 in both years. This turnover level due to the lack of job stability afforded to regular staff members and the lack of a pay rise is expected to continue in the coming years unless the present system governing temporary staff members is reformed.

(3) Evaluation Results of Trial by Local Offices

All of the accounting staff members working at local offices completed their learning from this CD-ROM by June, 2005 and the BBS compiled the evaluation results of the trial as follows.

1) Effects of Self-Learning Materials

- Useful as a manual or work guidelines
- Convenient to review the manual and work guidelines when necessary
- Reduction of the number of telephone calls to make enquiries to the Head Office; improved efficiency of the work by learning important points from the CD-ROM, saving time for the Head Office
- Convenient to understand the entire picture of the work as the contents are comprehensive
- Easy to check various aspects of the work
- Improved work efficiency
- Helpful to learn a wide range of new knowledge
- Useful when training other people
- Easy to understand detailed contents that cover most necessary information

2) Requests

- Inclusion of the latest information on accounting standards
- Inclusion of technical information relating to accounting inspection (examples of how to discover incorrect entries on accounting documents, etc.)
- Case studies (examples of how errors or deliberate mistakes can be made and how to solve them)
- Inclusion of sample forms for each item (Note by the Study Team: Many sample forms are included in the CD-ROM. Either the learners did not notice these forms or were interested in special kinds of forms as the forms contained in the CD-ROM are not exhaustive.)
- Renewal or upgrading of PCs (because of the slow operation of the PCs to view the CD-ROM and/or the shortage of PCs compared to the number of staff members)

(4) Evaluation Results by BBS

Based on the evaluation results by the local offices, the BBS evaluated the pilot project as follows.

- Effective for the training of new recruits
- Helpful for the capacity building of staff members to execute their work
- Easy understanding of one's work-related duties
- Helpful for temporary staff members whose period of service tends to be rather short and for the heads of local offices who may not necessarily be accounting experts

(5) Tentative Future Policies of BBS

- The training of new recruits will primarily feature self-learning using the CD-ROM in the coming years, saving both time and money for the Head Office and local offices.
- The irregular training of existing local staff members will also use the self-learning materials.
- The requests made by temporary local staff members regarding the contents of the CD-ROM will be incorporated when the budget to revise the training materials in the CD-ROM is secured. Alternatively, written documents dealing with such requests will be distributed.

In view of the above evaluation results, the training materials prepared under the Pilot Project were found to be effective as a training tool for newly recruited staff members. This tool will contribute to reducing the decline of the work capacity caused by the retirement of local staff members. The pilot project has enabled those BBS staff members who proposed the project and those who participated in the project to acquire substantial successful experience. Moreover, as a result of this project, many BBS staff members have developed an interest in e-learning, significantly paving the way for the application of e-learning for the CPD training system for B/Ks. It can, therefore, be safely said that the pilot project in question has fully achieved its original outcomes.

3.2 Quick Inspection

(1) Outline of Quick Inspection

(a) Objectives

The objectives of the quick inspection are to efficiently extract the subject companies for inspection through the application of a financial analysis method using digitalised financial data and to greatly increase the number of subject companies for inspection through simplification of the inspection procedure. In these ways, quick inspection aims at restraining sub-standard accounting practices based on improved awareness among juristic persons of the inspection conducted by the BBS and also at finding clues to prosecute serious violations of the Accounting Act.

(b) Data Provided by BOL

Business Online Public Company Limited (BOL) has digitalised all of the financial statements submitted to the DBD and made them available for public access with a fee. The company provides part of this digitalised information (summary data) to the DBD. This data consists of some 100 items, including the company attributes (name and address, etc.) and some financial figures (10 items, including the total assets and sales).

(c) Extraction of “Abnormal Financial Figures” by a Program

Using the data provided by BOL, companies showing abnormal financial data are extracted. Here, an extraction ratio of around 10% against the population is assumed. (Examples of criteria: current ratio of less than 50% or 500% or more, increase of sales by 100% or more or decline of sales by 50% or more).

(d) Automatic Issue of the Questionnaire

A questionnaire is automatically issued to all of the extracted companies.

(e) Collection and Analysis of Replies

After analysis of the returned questionnaire, the company in question may be subject to another type of inspection if deemed necessary.

(2) Outline of the First Pilot Project

(a) Objectives

Using the provisional extraction criteria, a series of work from the posting of the questionnaires to the collection and analysis of the replies was conducted for a small number of companies to study the effectiveness of quick inspection and to find the problems in preparation for the full-scale implementation of quick inspection.

(b) Number of Target Companies

467 companies were selected for quick inspection based on the following criteria.

Target Industries	<p>Through consultations with the BBS, the jewellery industry (manufacturers and exporters) which is one of the leading industries in Thailand was targeted. The selected companies fall in one of the following five Thai Industrial Codes (TIS) belonging to the jewellery industry. Here, Code Number 39000 is the control code and, therefore, no company has this code number. As there are no exclusive code numbers for exporters, companies exporting products among those classified under the wholesale/retail industry codes of 61908 and 62901 were extracted. The number of companies meeting the above criteria was 4,575.</p> <table border="1" data-bbox="608 949 1362 1344"> <tr> <td data-bbox="608 949 724 1021">39000</td> <td data-bbox="724 949 1362 1021">Manufacturing/Handicrafts Industry (jewellery; diamonds; rough stones; accessories)</td> </tr> <tr> <td data-bbox="608 1021 724 1093">39011</td> <td data-bbox="724 1021 1362 1093">Manufacturing/Handicrafts Industry (processing of diamonds/rough stones)</td> </tr> <tr> <td data-bbox="608 1093 724 1196">39012</td> <td data-bbox="724 1093 1362 1196">Manufacturing/Handicrafts Industry (production of accessories using diamonds, rough stones, gold, silver, copper and/or alloys)</td> </tr> <tr> <td data-bbox="608 1196 724 1267">61908</td> <td data-bbox="724 1196 1362 1267">Wholesale/Retail Industry (diamonds; rough stones; jewellery; gold)</td> </tr> <tr> <td data-bbox="608 1267 724 1344">62901</td> <td data-bbox="724 1267 1362 1344">Wholesale/Retail Industry (gold and/or jewellery shops)</td> </tr> </table>	39000	Manufacturing/Handicrafts Industry (jewellery; diamonds; rough stones; accessories)	39011	Manufacturing/Handicrafts Industry (processing of diamonds/rough stones)	39012	Manufacturing/Handicrafts Industry (production of accessories using diamonds, rough stones, gold, silver, copper and/or alloys)	61908	Wholesale/Retail Industry (diamonds; rough stones; jewellery; gold)	62901	Wholesale/Retail Industry (gold and/or jewellery shops)
39000	Manufacturing/Handicrafts Industry (jewellery; diamonds; rough stones; accessories)										
39011	Manufacturing/Handicrafts Industry (processing of diamonds/rough stones)										
39012	Manufacturing/Handicrafts Industry (production of accessories using diamonds, rough stones, gold, silver, copper and/or alloys)										
61908	Wholesale/Retail Industry (diamonds; rough stones; jewellery; gold)										
62901	Wholesale/Retail Industry (gold and/or jewellery shops)										
Business Scale of Target Companies	Because of the need to limit the number of target companies in view of the nature of the intended work as a pilot test, it was decided through consultations with the BBS that the target companies would be those of which both the total assets and annual sales were at least 30 million bath. The number of companies having met these criteria was 467.										
Company Types	The selected companies were either non-public or public limited companies established in accordance with civil and commercial code but not listed on the stock exchange.										
Location of Companies	Only those companies with a head office in Bangkok were selected.										
Target Fiscal Year	For the purpose of the First Pilot Project, the financial statements for a single fiscal year were dealt with and companies of which the fiscal year ended in 2003 were targeted. While it was originally intended to use data for two fiscal years, reliance on data for a single year was necessary because it was found to be difficult to develop a program to process and compare data for two fiscal years because of the different coding systems involved. As the data set for the fiscal year 2003 would not be made available by BOL until around March, 2005, a special request was made to BOL to provide the required data featuring only the jewellery industry.										

(c) Results of the First Pilot Project

i. Extraction of Companies with “Abnormal Financial Figures”

Several typical financial ratios as listed below were used as criteria to extract companies with “abnormal financial figures” from the 467 companies extracted in the processes described above. For each ratio, the top five and bottom five companies were selected. Excluding duplications, a total of 47 companies was selected. Although the identification of companies with a major deviation from the mean value using the standard deviation method, etc. is statistically more significant, provisional calculation using several financial ratios leads to extreme bias in distribution, presumably because of the small population. Coupled with the questionable reliability of BOL database as described later, it was decided not to use the method to extract companies with abnormal values using statistical criteria.

a) Current ratio	Current assets ÷ current liabilities
b) Turnover ratio of total assets	Net sales ÷ total assets
c) Debt ratio	Total debts ÷ total assets
d) Ratio of gross profit to net sales	Gross profit ÷ net sales
e) Ratio of net profit to net sales	Net profit after tax ÷ net sales
f) Ratio of net profit to total assets	Net profit after tax ÷ total assets
g) Ratio of net profit to net assets	Net profit after tax ÷ total shareholders' equity

ii. Posting of Questionnaires

For 47 companies showing “abnormal financial figures”, the figures in the financial statements submitted to the DBD were checked prior to the posting of the questionnaires and discrepancies between the figures on the database of BOL and the figures in the financial statements were found with six companies. The questionnaire was subsequently posted to 41 companies, excluding these six companies. This questionnaire indicated the types of financial ratio of which the figures were judged to be abnormal and the calculation basis so that the companies in question could freely enter an explanation in the blank spaces.

iii. Recovery Situation of Questionnaires

All of the 41 companies completed and returned the questionnaire.

iv. Analysis Results of the Replies

Analysis of the replies made by the companies to the questionnaire found the following common answers for the abnormal figures which had been pointed out.

Financial Ratio	Tendency	Reasons
Current ratio	High	<ul style="list-style-type: none"> • The amount of accounts payable which is classified under current liabilities is small because of cash purchase. • The amount of current liabilities is small as fund raising uses borrowings by directors which are classified under fixed liabilities.
	Low	<ul style="list-style-type: none"> • The amount of current liabilities is large due to delayed payment of accounts payable and borrowings.
Turnover ratio of total assets	High	<ul style="list-style-type: none"> • The amount of assets is small due to the lack of owned fixed assets. • The amount of assets is small because there is no inventory due to production to order.
	Low	<ul style="list-style-type: none"> • Investment in equipment has not led to an increase of the net sales.
Debt ratio	High	<ul style="list-style-type: none"> • Large borrowing has increased the debts. • The amount of the shareholders' equity is small because of the high level of loss carried forward.
	Low	<ul style="list-style-type: none"> • The amount of debts is small because of cash purchase. • The amount of debts is small because investments in equipment have been covered by own funds.
Ratio of gross profit to net sales	High	<ul style="list-style-type: none"> • The unit sales price is high because of high added value.
	Low	<ul style="list-style-type: none"> • An increase of the number of employees has pushed up the labour cost. • The volume of defective products has increased.
Ratio of net profit to net sales	High	<ul style="list-style-type: none"> • The unit sales price is high. • A special gain has occurred due to debt exemption.
	Low	<ul style="list-style-type: none"> • The high level of interest payment has caused a loss.
Ratio of net profit to total assets	High	<ul style="list-style-type: none"> • A major increase of the sales without a cost increase has resulted in a large profit
	Low	<ul style="list-style-type: none"> • A decline of the sales without reducing the fixed costs has resulted in a loss. • A foreign exchange loss has occurred in export trading.
Ratio of net profit to net assets	High	<ul style="list-style-type: none"> • A large amount of loss carried forward has reduced the shareholders' equity.
	Low	<ul style="list-style-type: none"> • A high level of interest payment has caused a loss.

The BBS checked the relevance of the replies using the financial statements submitted and did not find anything to suggest the inappropriateness of the financial statements of the 41 companies to which the questionnaire had been sent. Presumably, this was partly because of the extraction of relatively large companies. The Study Team assumed that the inspection would end when the quick inspection results did not produce anything suggesting inappropriateness. In the face of the inspection results, the DBD expressed the opinion that it was problematic that the replies to the questionnaire alone could not clarify whether or not the account books were properly prepared.

(3) Outline of the Second Pilot Project

(a) Objectives

Based on the results of the First Pilot Project, each of the four groups of the Central Team for the inspection of accounting documents in the post-reorganization era will conduct inspection by industry. Using the provisional extraction criteria, a series of work from the posting of the questionnaires to the collection and analysis of the replies will be conducted for a small number of companies to study the effectiveness of quick inspection and to find the problems in preparation for the full-scale implementation of quick inspection.

(b) Number of Target Companies

120 companies falling under the categories listed below have been selected for inspection.

Target Industries	Group 1	<u>Wholesale and Retail</u> Wholesalers of meat, meat products, fish meat and fish/shell products TSIC Codes : 51223, 51224	569 companies													
	Group 2	<u>Manufacturing and Handicrafts</u> Manufacturers of tinned meat, dried meat, tinned vegetables/fruit, tinned fish meat, oil/fat/grains, agricultural products TSIC Codes : 15113, 15119, 15123, 15131, 15141, 15319, 15321	571 companies													
	Group 3	<u>Wholesale and Retail</u> Sales of rice, manufacture of by-products of rice polishing and fruit/vegetables TSIC Codes : 51221, 51222	826 companies													
	Group 4	<u>Manufacturing and Handicrafts</u> Exporters of silk fabric and textiles TSIC Codes : 17111 – 17113, 17120, 17210, 17290, 17300, 18101	4,547 companies													
	Total			6,513 companies												
Target Companies	<p>(1) Limited partnerships and limited companies in Bangkok which submitted financial statements during 2003</p> <p>(2) The companies in each group were classified into three classes of S, M and L by total revenue.</p> <table border="1" data-bbox="453 1615 1345 1787"> <tbody> <tr> <td>S</td> <td>Groups 1 – 4</td> <td>1 million baths \leq total revenue \leq 5 million baht</td> </tr> <tr> <td rowspan="2">M</td> <td>Groups 1, 2, 4</td> <td>5 million baths < total revenue \leq 300 million baths</td> </tr> <tr> <td>Group 3</td> <td>5 million baths < total revenue \leq 100 million baths</td> </tr> <tr> <td rowspan="2">L</td> <td>Groups, 1, 2, 4</td> <td>Total revenue > 300 million baths</td> </tr> <tr> <td>Group 3</td> <td>Total revenue > 100 million baths</td> </tr> </tbody> </table>			S	Groups 1 – 4	1 million baths \leq total revenue \leq 5 million baht	M	Groups 1, 2, 4	5 million baths < total revenue \leq 300 million baths	Group 3	5 million baths < total revenue \leq 100 million baths	L	Groups, 1, 2, 4	Total revenue > 300 million baths	Group 3	Total revenue > 100 million baths
S	Groups 1 – 4	1 million baths \leq total revenue \leq 5 million baht														
M	Groups 1, 2, 4	5 million baths < total revenue \leq 300 million baths														
	Group 3	5 million baths < total revenue \leq 100 million baths														
L	Groups, 1, 2, 4	Total revenue > 300 million baths														
	Group 3	Total revenue > 100 million baths														
Number of Companies Extracted	120 companies to be dealt with by four groups of the Central Team 40 companies each for the S, M and L categories															
Purpose of Inspection	Inspection to check the compliance of accounting practices with the Accounting Act of 2000															

(c) Results of the Second Pilot Project

i. Extraction of Companies with “Abnormal Finance Figures”

Based on the above-mentioned company categories, the top five companies and bottom five companies in terms of each financial ratio listed in iv. below were extracted and companies which ranked highly for more than one ratio were selected.

- a) Current ratio
- b) Turnover ratio of total assets
- c) Debt ratio
- d) Ratio of gross profit to net sales
- e) Ratio of net profit to net sales
- f) Ratio of net profit to total assets
- g) Ratio of net profit to net assets

As a result, 40 companies were extracted from each of the S, M and L categories, totalling 120 companies.

ii. Method of Inspection

In the Second Pilot Project, the questionnaires were not posted to those companies extracted in i. above. Instead, these companies were requested to submit their account books as in the case of the conventional procedure for their inspection by the conventional inspection method. This is because the DBD/BBS has a concern that such simplified method cannot detect malpractices of the companies effectively. Such decision is assumed to have been made because of a) the failure of the replies to the questionnaire in the First Pilot Project to clarify their relevance to the question of compliance with the Accounting Act and b) awareness of the fact that the reliability of BOL data could not be verified. The fact that “financial analysis” itself is unfamiliar to many companies in Thailand, resulting in the time-consuming work of responding to enquiries from companies, is presumably a factor for such a decision. The reasons for abnormal figures for financial ratios were checked through interviews held after the completion of inspection.

iii. Progress Situation of Inspection

Out of the 80 companies to which a request was made to submit the account books, the inspection of 34 companies had been completed as of the end of August. Because of the decision to give priority to companies in the S and M

categories, no request has been made to companies in the L categories as of September, 2005.

Table 3-1 shows the inspection results for the 34 companies of which the inspection has been completed.

Table 3-1 Quick Inspection Results in Second Pilot Project

Response by the BBS	Number of Companies
Written guidance for improvement	26
In preparation of the written guidance for posting	1
Legal disposition (regarding those companies which failed to submit their account books within the designated time limit)	2
No problem found	5
Total	34

iv. Analysis Results of Replies Regarding Financial Ratios

Financial Ratio	Tendency	Reasons
Current ratio	High	<ul style="list-style-type: none"> • The balance of inventory is high. • The balance of accounts receivable is high. • The balance of assets is high.
	Low	<ul style="list-style-type: none"> • The amount of current liabilities is high because the company has not repaid borrowings from directors. • The current liabilities exceed the current assets.
Turnover ratio of total assets	High	<ul style="list-style-type: none"> • As entire revenue arise from service income from processing work due to piecework production, there is no income from product sales or raw material costs.
	Low	<ul style="list-style-type: none"> • Because of the absence of actual business operation in FY 2004, only expenses occurred, failing to efficiently utilise the assets. • The company failed to efficiently utilise the assets to boost the sales. • The balance of total assets (intangible assets) is extremely high. • The balance of tangible fixed assets which form the denominator is extremely high. • Either the amount of sales is small or the decline of sales is very steep.
Debt ratio	High	<ul style="list-style-type: none"> • The balance of interest payable and accounts payable are high. • The amount of debts has begun to grow. • The balance of assets is high.
	Low	<ul style="list-style-type: none"> • Because of the absence of actual business operation in FY 2004, only expenses occurred, failing to efficiently utilise the assets. • The capital has been increased. • The amount of debts is decreasing.

Financial Ratio	Tendency	Reasons
Ratio of net profit to net sales	High	<ul style="list-style-type: none"> • While the amount of sales is large, the amount of purchase and the cost are small. • Because of the nature of the business being piecework, there is no raw material cost. • Because of the inclusion of manufacturing costs in the selling expense, the profit ratio is erroneously high.
	Low	<ul style="list-style-type: none"> • There is no operating profit. • Both the sales cost and the sales management cost are high. • As the cost of sales exceeds the net sales, the amount of gross profit is negative.
Ratio of gross profit to net sales	High	<ul style="list-style-type: none"> • Because of the high selling and administrative expenses, the net profit is low. • The selling expense is low.
	Low	<ul style="list-style-type: none"> • There is no operating profit. • While an operating loss has been incurred due to many discounts, the amount of assets is decreasing.
Ratio of net profit to total assets	High	<ul style="list-style-type: none"> • Because of the high selling and administrative expenses, the net profit is low. • The amount of tangible fixed assets is small.
	Low	<ul style="list-style-type: none"> • There is no operating profit. • While the sales management cost is increasing, the amount of sales is decreasing. • The balance of tangible fixed assets is high.
Ratio of net profit to net assets	High	<ul style="list-style-type: none"> • The amount of shareholders' equity is small.
	Low	<ul style="list-style-type: none"> • There is no operating profit. • Because of the high sales management cost, the net profit for the current term is low. • Because of the small gross profit on sales and the large selling expenses the amount of loss exceeds the amount of shareholders' equity.

It is clear that most of these answers simply mention superficial facts without indicating the root causes.

(4) Problems Found in the Course of the Pilot Project

1) Reliability and Timeliness of BOL Data

Discrepancies between the figures in the database prepared by BOL and the figures in the financial statements submitted to the BBS were found for 13% of the companies during the course of the First Pilot Project. In the Second Pilot Project, such discrepancies between the BOL data and the actual financial statements were not checked because questionnaires based on financial figures were not posted this time.

The fact that erroneous data was found for more than 10% of the companies suggests that it is not good practice to entirely rely on the computer check results. Therefore, if the method of posting the questionnaire as in the case of the First Pilot Project is to be employed, it is necessary to verify the data with the actual financial statements submitted. While quick inspection aims at establish an effective and efficient inspection method using electronic data, its effect of improving the efficiency appears to have only limited scope in the current situation. BOL data is accessible via the DBD web site and the potential existence of inaccurate data for possibly many companies poses a problem for the DBD.

Meanwhile, it is pointed out that the data provided by the BOL lacks timeliness. The BOL starts to input the data more than five months ⁹⁾ after the end of fiscal year by a company and takes nearly six months to complete this input process, meaning that the accessible BOL data is almost one year old from the original date of settlement. This means that the inspection of financial statements using BOL data relies on data which is nearly one year old instead of the latest data.

2) Inability of Companies to Understand the Questions

There were many cases where the company could not fully understand the questions asked in the questionnaire sent out in the First Pilot Project and made enquiries to the BBS. This inability on the part of companies also resulted in many inappropriate replies. Under the First Pilot Project, financial analysis was conducted and the questionnaire was sent to those companies of which some of the financial ratios were judged to be abnormal. However, most Thai companies are unfamiliar with the financial analysis itself and many appear to have wondered how to respond. Consequently, a lot of time was spent by the inspection staff of the BBS replying to enquiries made by the companies, requesting and advising the companies on how to prepare their answers in line with the purposes of the original questions and verifying the replies given by the companies. Based on the lessons learned in the First Pilot Project, the method of sending the questionnaire as a first step was withdrawn in the Second Pilot Project.

9) The Civil and Commercial Code has provisions stipulating that an annual general meeting of shareholders should be held within four months of the end of fiscal year and that financial statements should be submitted to the DBD within one month of the said general meeting.

(5) Recommendations and Policies for Full-Scale Introduction of Quick Inspection

1) Improvement of Recognised Problems

(a) Enhanced Reliability and Timeliness of Data

In regard to the question of securing the reliability of data, the first decision to be made is whether BOL data should continue to be used or whether another data source should be used as an alternative.

In the case of the former, a procedure to evaluate the reliability of BOL data should be urgently implemented together with new measures to ensure the accuracy of the said data. The BBS needs to make a request to BOL via DBD's competent section to improve the data accuracy. Until the reliability of BOL data is fully established, verification of the data with the actual financial statements submitted to the BBS before posting of the questionnaire will be necessary.

In the case of the latter, two alternatives can be considered under the present situation.

One is to obtain and use company data held by the Revenue Department. Once this alternative becomes a reality, the quick obtainment of the latest data compared to the process of accessing BOL data will be achieved. However, the quick inspection program requires alteration in this case because the data format employed by the Revenue Department differs from the format employed for BOL data. The second alternative is to use the form (Sor Bor Cho 3) to be submitted by companies along with financial statements. The revision of the form (Sor Bor Cho 3) in FY 2005 makes it possible for the DBD to directly obtain the basic figures required for financial analysis from this form. Companies can still use an old form for a while, once submission using the new forms becomes a compulsory requirement, however, the DBD will be able to directly and quickly obtain accurate data. It may also be possible for this form to be prepared in XBRL format so that companies can directly input their data using the DBD's website. A system of automatically converting the input data to XBRL format could be an option to improve the efficiency of the data collection and analysis processes.¹⁰⁾

10) The Tokyo Stock Exchange provides an input page on its TDnet system and collects XBRL formatted data without making companies worry about using such format.

(b) Improvement of the Method

Given the current low level of understanding of financial analysis on the part of companies, the preparation of questions which primarily focus on significant increases/decreases compared to the figures for the previous fiscal year which are easy for companies to check is appropriate. The range of questions can be gradually expanded in subsequent years as the system to verify the financial analysis data for each industry progresses based on the accumulation of inspection results. The program developed by the Study Team is capable of dealing with financial data for two fiscal years to analyse significant increases/decreases compared to the figures for the previous fiscal year,

Regarding the average statistical value for each financial ratio by industry, many abnormal values are found with the Pilot Project results, presumably because of the presence of many companies which are not fully operating due to their start-up stage or dormancy. Accordingly, it is inappropriate under the present situation to extract the target companies for inspection using the average statistical value by business type as the reference value. To solve this problem, it will be necessary to develop a program through the trial and error process which has a mechanism to identify the causes of abnormal values and to remove abnormal values.

As already described in (4)-2), based on the judgement that the questionnaires proved to be ineffective in the First Pilot Project, they were not posted in the Second Pilot Project. The alternative method employed involved a request for the submission of account books for inspection to start with and a question and answer session at the end of the inspection process. This situation does not indicate a fundamental change of the idea concerning the inspection of account books themselves which is the biggest bottleneck for efforts to improve the efficiency of the inspection of accounting books. Consequently, there is a limit to the improvement of the inspection efficiency using IT to eliminate the bottleneck unless the current idea is changed.

2) Reorganization of the BBS

Following the enforcement of the Accounting Professions Act in October, 2004, some of the businesses of the BBS were transferred to the FAP. The subsequent reorganization of the BBS saw the Accounting Inspection Group (Central Team) being reorganized into four groups and the overall staff strength (regular staff members) was more than doubled to approximately 20.

Because the First and Second Pilot Projects featured specified industries, staff members of the BBS developed their understanding of the financial characteristics and trends, etc. of these industries through the financial analysis exercise under the Pilot Projects. The implementation of quick inspection in the coming years will advance the verification of the financial analysis data for each industry, enabling the planning of effective and efficient inspection items by industry. In this context, a system designed to encourage improved work and the sharing of information among the newly established four groups should be developed.

3) Training of BBS Staff Members

The Pilot Projects used financial analysis as a new inspection method for accounting inspection by the BBS. For the systematic and functional implementation of quick inspection in the coming years, a proper understanding of its purpose and techniques by the BBS staff members in charge will be the key to the successful application of quick inspection. Training for BBS staff members on how accounting errors and irregularities affect each financial ratio was provided during the seventh field survey period (April to May 2005) of the TA Program. During the tenth field survey period (November, 2005), training on financial analysis was conducted using the quick inspection program to spread knowledge on financial analysis among BBS staff members. It is essential for the BBS to continue to organize training in this field in the coming years.

3.3 E-Mail Newsletter for Bookkeepers

The main purposes of introducing a BBS e-mail newsletter for B/Ks is the swift and low cost sending of information which the BBS considers vital in addition to extensive publicity of the CPD system which is one of the measures advocated by the “Recommendations for CPD System”. Another aim is to improve the efficiency of the accounting consultation service by reducing the number of telephone consultations as many potential enquirers can obtain the necessary information through this newsletter. The planned activities and schedule of the BBS e-mail newsletter project are shown in Table 3-2.

Table 3-2 BBS E-Mail Newsletter Project

Work/Activity	Responsible Body	Preparatory Stage	Trial Stage	Full-Scale Operation Stage
		Up to Jan., 2005	From Jan., 2005	Undecided
Decision on Outline and Policies	B/J	●		
Application for Approval of Director-General of DBD	B	●		
Preparation and Improvement of Contents	B/J	●	●	●
Obtaining of Addresses to be Sent/Test Operation	B/I/J	●		
Manual Sending of Monthly Newsletter	B		●	
Application for Budget for System Creation	B		●	
Creation of System	I		●	
Obtaining of Addresses to be Sent/Full-Scale Operation	B/I			●
Sending of Monthly Newsletter	B			●

B: BBS; I: ITC; J: JICA Study Team

The work/activities at each stage are explained next.

(1) Preparatory Stage

Activities at the preparatory stage, including decisions on the outline and policies of the project, their approval within the DBD and the required work leading to the issue of the first newsletter, were completed.

(2) Trial Stage

At this stage, a trial newsletter is sent with a view to improving both its contents and the series of related work in preparation for full-scale operation. As this e-mail newsletter is sent manually using the existing hardware and software at the DBD, an upper limit of about 500 readers, consisting of B/Ks and other stakeholders, is deemed to be appropriate. During this trial period, know-how on the creation of contents is accumulated in preparation for full-scale operation. Following the issue of the first newsletter in January, 2005, newsletters have been issued 14 times up to September.

(3) Full-Scale Operation Stage

To make all B/Ks and other stakeholders of up to 60,000 - 70,000 readers of this e-mail newsletter, it will be essential for most of the applications for subscription and the

distribution work to be automated using a suitable system. At this full-scale operation stage, a server and software for exclusive use for the newsletter will be used to distribute the e-mail newsletter. As the budget required to upgrade the server is not approved in the initial budget for the fiscal year ending at September 2006, no firm date is set at present for the commencement of full-scale operation.

(4) Evaluation of Activities up to the Present

As operation has not yet reached the full-scale stage, the number of readers is still limited to about 500. Among these, the newsletter has been favorably evaluated and is used as a means of obtaining new information. Because these readers are encouraged to forward the newsletter to other people, the actual number of readers is assumed to be much larger than those currently registered with the DBD. As a result, the number of telephone enquiries in a seven month period (February through August) after the issue of the first e-mail newsletter dropped by 24%, while the number of enquiries using the website increased by 72%. In addition, it is recognised that e-mail newsletter made a big contribution in publicity of the CPD system.

The newsletter is also distributed to accounting staff of local DBD offices and is used as a means of conveying information to such staff.

3.4 Preparation of Operational Guidelines for Accounting Firms

Operational guidelines for accounting firms are designed to aim at improving the sense of compliance with the Accounting Act among SMEs, many of which entrust an accounting firm to conduct bookkeeping and to prepare financial statements and also at improving the actual situation of such compliance through improvement of the quality of the services provided by accounting firms.

At present, while the BBS issues a recommendation to improve the accounting practices to companies via the accounting inspection, the number of inspectors falls significantly short of the number of registered companies. It is believed that guidance via accounting firms will be more efficient than direct guidance by the BBS under these circumstances.

While the CPD system for B/Ks is consolidating the base for individual B/Ks to spontaneously seek their own capacity building, many staff members of accounting firms are not qualified B/Ks. Accounting firms acting as organizations provide services for their clients and capacity building at the organizational level, including quality management and personnel

management, is necessary to enable them to maintain a high level of work ethics and to provide appropriate services.

After the enforcement of the Accounting Professions Act, the authority for supervising accounting firms has been transferred to the FAP. However, the BBS maintains the position of indirectly supervising accounting firms through the supervision of the FAP. The BBS is directly responsible for the supervision of accounting professionals other than auditors, including the registration of B/Ks, until such time that the activities of the FAP are on track and the formulation of the proposed guidelines is both necessary as well as effective for the operations of the BBS. In 2002, the DBD organized a training course for accounting firms for the first time and, following the reorganization of the BBS in March, 2005, the DBD considers the capacity building of accounting firms to be one of the important policies and measures of the DBD/BBS.

As the operational guidelines in question are given the status of reference material for accounting firms to independently improve their work as well as the quality of the services they provide, they are not something to be forcibly applied.

As a result of discussions with the BBS, the contents of the guidelines were determined as listed below and the Study Team prepared the draft guidelines incorporating the basic concepts and some relevant examples in Japan. (see Appendix 18)

1. Purpose of preparing the operational guidelines (introduction)
2. Services provided by accounting firms (value-added services)
3. Price policy
4. Quality management
5. Personnel management

In order to improve the work conducted by accounting firms, it is firstly essential to improve the business management capacity of these firms and to stabilize their earning base. From this point of view, the guidelines introduce a range of services which can be provided by accounting firms, especially such value-added services as management diagnosis and management consultation. Moreover, by noting the higher personnel turnover rate at accounting firms in Thailand, the guidelines explain general key points of personnel management, such as the establishment of a suitable training system, including on-the-job training, and the strategic appraisal system. In connection with quality management which forms the core of the guidelines, the guidelines explain how to establish a system to ensure the effective and efficient quality management of the services to be provided by accounting firms. For this purpose, a Japanese medium size accounting firm awarded with ISO

certification was visited by the Study Team and its case study is included in the guidelines as excellent examples of quality management.

The draft guidelines prepared by the Study Team were distributed at the training course for accounting firms held in September, 2005 and the contents of the guidelines were explained at this training course.

At present, the guidelines mainly explain cases in Japan but it is planned that the final version of the guidelines incorporating practical cases in Thailand will be produced by the BBS based on comments made on the draft guidelines by accounting firms in Thailand.

The BBS is currently examining the possibility of publishing the guidelines for use as a training material for accounting firms in the future and also of spreading their use by uploading the guidelines to the BBS's web site.

As a future plan, the awarding of those accounting firms which use and comply with the guidelines in collaboration with a commendation system for excellent accounting firms, an idea which is currently being examined by the BBS, is also being examined.

3.5 Training of Staff Members Involved in Accounting Inspection and Accounting Consultation Service

(1) General Conclusions Regarding Evaluation Results for Training

The elementary level training focused on the knowledge of accounting standards which is necessary to perform routine work, including accounting consultation services, in accordance with the request made by the BBS. In the case of advanced level training, the Study Team proposed training themes considered to be effective based on activities conducted up to this training and the training incorporated many practical exercises. The difficulty of setting up the training schedule with the busy work schedule was some how overcome and the training attracted many staff members. In September, 2005 the final training session (see Appendix 29) lasting for one and a half hours was held to which all staff members were invited. The importance of continued training and improvement was emphasized in this session and an overall evaluation of the training was made. As the BBS provides various training opportunities for its staff members in addition to the training provided under the TA Program, it is not easy to establish the exact effects and achievements of the TA Program-related training. Nevertheless, it is believed that a major contribution has been made to improvement of the capacity of staff members and the training organized by the Study Team provided opportunities to acquire multi-faceted

knowledge, particularly knowledge on international trends, and also to directly improve the work of the staff members. The participation situation of staff members of the BBS in these training sessions is described in Appendix 23 of this report.

(2) Training Performance at Basic Level

1) Training on Basic Knowledge

As a result of a detailed review at a meeting of the capacity building team (CBT) based on the evaluation of the staff's capacity at the basic survey stage, it was decided that training on basic knowledge, mainly featuring accounting standards, would be the main component of the training. The components of the training on basic knowledge conducted are shown in Table 3-3.

Table 3-3 Components of Training on Basic Knowledge

Date	Training Contents	Duration
26 th to 28 th July, 2004	Lectures, exercises, presentation and mini-test on time value and TAS29 (including the trends of related international standards)	9 hours *1
27 th to 30 th September, 2004	Lectures and exercises on TAS40, TAS43, TAS44 and TAS45	14 hours *2
30 th November to 3 rd December, 2004	Lectures and exercises on TAS49 and audit reporting regarding comparative financial information	14 hours *2

Note) The program for each training is attached to this report as Appendix 24 through Appendix 26.

The subject matters of the TASs are listed below.

TAS29 : Leases

TAS40 : Accounting for Investments

TAS43 : Business Combinations

TAS44 : Consolidated Financial Statements and Accounting for Investments in Subsidiaries

TAS45 : Accounting for Investments in Associates

TAS49 : Construction Contracts

*1 The participants were divided into morning and afternoon classes, each of which underwent three hours of training per day for three days.

*2 Two whole day sessions were conducted twice.

As it was difficult for the staff members of the BBS to leave their work en masse, 41 targeted BBS staff members were divided into two groups to undergo this training. While some lectures were given in English with the assistance of an interpreter who interpreted the original English into Thai, other lectures were conducted by Thai CPAs. The texts were “the Thai Accounting Standards (December, 2003)” prepared by the SET and those prepared by the Study Team for each theme.

In addition to the training sessions listed in the above table, B/K systems and the CPD system in other countries were introduced at an introductory seminar held in April, 2004 (see Appendix 19). Moreover, in regard to the Counterpart Training held in October, 2004, a Preliminary Seminar and a Debriefing Seminar were held in September and November respectively.

2) Training on Skills and Attitude (Other than Knowledge)

At the time of the training on basic knowledge in July 2004, time was allocated for group work and presentations while group interviews (see Appendix 21) and group discussions (see Appendix 22) were conducted during the second field survey period.

In regard to twelve meetings with CBT members until September 2005, the meetings themselves were used as part of the training, including the demand for the team members to make their own presentations. Furthermore, in connection with individual supporting activities, the meetings were considered to constitute training opportunities for matters other than knowledge, i.e. skills and attitude, etc., for the purpose of improving the capacity of the participants to solve problems.

(3) Evaluation Results for Basic Training

1) Evaluation Method

In connection with the basic training, a questionnaire survey on the training contents was conducted at the end of each training session. In November, 2004 a further questionnaire survey was conducted with all of the staff members, group leaders and CBT members on such matters as the degree of understanding of the training contents, degree of improvement of knowledge and extent of application of the newly acquired knowledge to the actual work.

2) Evaluation Results

Although the evaluation results slightly differ depending on the position of each evaluator, positive effects of the training are observed in general in terms of improved knowledge and impact on the work.

The general evaluation results for the training on knowledge are shown in Table 3-4.
11)

Table 3-4 Summary of Questionnaire Results for Training on Knowledge

	Staff Members	Group Leaders	CBT Members
Understanding of Training Contents	3.4	3.4	3.1
Improvement of Knowledge	3.7	3.6	3.5
Application to One's Work	3.9	3.8	3.7

Note : 5: very high; 1: very low

3) Evaluation of Capacities Other than Knowledge

As the training was focused on the learning of basic knowledge, no activities for evaluation purposes were conducted on capacities other than knowledge. Instead, any improvement of such capacities was observed.

Abilities other than knowledge are commonly referred to as “skills” and “attitude”. In connection with these, self-evaluation using a questionnaire, small group interviews and discussions were conducted from the basic survey stage. The results of these activities as well as the observation results of other activities and B/K seminars, etc. suggest that the current staff members of the BBS have sufficient seminar planning, management and presentation capacities to perform their current work. However, there is an impression that the discrepancies between individuals are fairly large in regard to the problem solving capacity required of an administrative officer.

(4) Training Performance at Advanced Level

Based on the evaluation results for various activities and the basic training, the Study Team proposed themes for the advanced training. For the final decision on the training themes, special emphasis was placed on the connection between such themes and other supporting activities under the TA Program. Careful consideration was given to incorporating such techniques as exercises and group discussions requiring the active participation of the participants.

The components of each advanced training session are shown in Table 3-5.

11) Because of the timing of the survey, the questionnaire survey was conducted prior to the third training on basic knowledge. The group leaders and CBT members were asked to give their answers for the entire staff members, including themselves.

Table 3-5 Components of Advanced Training

Date	Training Contents	Duration
21 st and 25 th January, 2005	Introduction of an e-learning system	3 hours *1
24 th March, 2005	TAS36 (Impairment of Assets)	3 hours *2
2 nd to 3 rd May, 2005	Exercises on financial analysis and operation of the quick inspection program	9 hours *3
29 th June to 1 st July, 2005	Workshop on measures designed to improve the accounting practices of SMEs	9 hours *3

*1 The 3 hour course was repeated twice.

*2 The participants were divided into morning and afternoon classes, each of which underwent three hour training.

*3 The participants were divided into morning and afternoon classes, each of which underwent three hour training per day for three days.

1) Introduction of e-Learning System

The Deloitte IFRSs e-learning system developed by Deloitte Touche Tohmatsu, an international accounting firm, to teach IFRSs to its own staff members was introduced. This teaching material is accessible on the web free of charge.¹²⁾ The principal objective of this training was to stimulate interest in e-learning, which was boosted by the pilot project to assist the development of computerized self-learning materials, through the introduction of a concrete example, and this objective was successfully achieved. Although the training was also intended to stimulate the active use of this Deloitte IFRSs e-learning system by BBS staff members for self-learning, this material appeared to constitute a high hurdle for many BBS staff members because of the fact that it is written in English.

2) TAS36: Impairment of Assets

Among the themes on accounting standards for basic training, training on this theme was not completed by November, 2004 because of the time shortage and was conducted as part of the advanced training.

3) Exercises on Financial Analysis and Operation of Quick Inspection Program

In addition to a lecture and exercises on the technique to discover abnormalities through financial analysis, i.e. the technique which is a precondition for quick inspection, exercises on the operation of the computer program developed for quick inspection was conducted.

12) Deloitte IAS Plus website (<http://www.iasplus.com/index.htm>)

4) Workshop on Measures Designed to Improve Accounting Practices of SMEs

In view of the fact that the primary focus of the work of the BBS is shifting from work execution to policy planning and the fostering of accounting professionals following the enforcement of the Accounting Professions Act, training on policy planning was provided in the form of a workshop.

During the workshop, the efforts of the Small and Medium Enterprise Agency of Japan to improve the quality of the accounting practices of SMEs and the accounting and audit systems for SMEs in various countries throughout the world were introduced. Group discussions by groups consisting of 4 – 5 members were held on the following three themes.

- Objectives designed to improve the accounting practices of SMEs
- Application of accounting standards and the audit system to SMEs
- Mechanism to provide incentives for companies and accounting firms

(5) Evaluation Results for Advanced Training

1) Exercises on Financial Analysis and Operation of Quick Inspection Program

Table 3-6 Results of Questionnaire Survey at the End of Training (29 Replies)

Training Program	Question	Score
1. Training program in general	1) Please evaluate the training program	3.9
	2) Please evaluate the hour assignment	3.6
	Comment : It would have been better if more cases were introduced on abnormalities and the method to inform them.	
2. Financial analysis	1) How much did you understand the contents of the training?	3.6
	2) Were the explanations provided easy to understand?	3.4
	3) Were the slides and distributed materials easy to understand?	3.3
	4) Was the training difficult to follow?	3.3
	Comment : It would have been better if more cases of data analysis using financial ratios and of methods to detect abnormal ratios were introduced.	
3. Quick inspection	1) How much did you understand the contents of the training?	3.4
	2) Were the explanations provided easy to understand?	3.3
	3) Were the slides and distributed materials easy to understand?	3.3
	4) Was the training difficult to follow?	3.3
	Comment : Further review is required to make the program practically applicable.	
4. Requests for next seminar or this TA Program	1) Accounting standards	
	2) Various accounting problems relating to construction work and real estate	

Note : 5 – very high (agrees with the question); 1 – very low (disagrees with the question)

Strong interest was shown in the financial analysis exercise as this was highly relevant for the daily work of the participants. Based on the experience of the supporting activities for quick inspection, many hours were allocated to this exercise on the grounds that the participants must experience why financial analysis is effective to uncover the window-dressing of accounts. Meanwhile, many of the participants expressed a desire to learn the techniques used for the window-dressing of accounts and its discovery and also to see many more high quality examples.

In regard to the exercise on the operation of the quick inspection program, it was necessary to assign many hours to basic matters because of the large gap between individual participants in terms of their ability to operate a computer and their basic knowledge of statistics.¹³⁾ As a result, an advanced exercise was organized in November, 2005 to which those staff members with high computer skills were invited. It is hoped that those staff members who have acquired advanced program operation skills will teach others to ensure that all staff members become familiar with the operation of the quick inspection program.

As all of the groups extracted the target companies without difficulty in the second quick inspection trial, the original objective of this training is judged to have been achieved.

In regard to the questionnaire which was distributed at the end of the training seminar, the opinion was expressed that further review is required to make the program practically applicable. This review is believed to have been achieved by the second quick inspection trial which was conducted after the training. It is hoped that the BBS will continue to improve the method of using the program through its application to actual work.

13) For example, the use of “and” and “or” when setting search criteria.

2) Workshop on Measures Designed to Improve Accounting Practices of SMEs

Table 3-7 Results of Questionnaire Survey Held at the End of Training (20 Replies)

Training Program	Question	Score
1. Seminar program in general	1) Please evaluate the program	3.6
	2) Please evaluate the hour assignment	3.7
	3) Please evaluate your own contribution to the group discussions	3.6
2. Japanese measures to improve accounting practices of SMEs and Group Discussions 1	1) How much did you understand the contents of the training?	3.3
	2) Were the explanations provided easy to understand?	3.4
	3) Were the slides and distributed materials easy to understand?	3.2
	4) Was the training difficult to follow?	3.1
	5) How much did you participate in the discussions?	3.5
2. Desirable accounting standards for SMEs and necessity for audit and Group Discussions 2	1) How much did you understand the contents of the training?	3.5
	2) Were the explanations provided easy to understand?	3.4
	3) Were the slides and distributed materials easy to understand?	3.2
	4) Was the training difficult to follow?	3.2
	5) How much did you participate in the discussions?	3.6
3. Valuable Japanese cases and Group Discussions 3	1) How much did you understand the contents of the training?	3.5
	2) Were the explanations provided easy to understand?	3.6
	3) Were the slides and distributed materials easy to understand?	3.3
	4) Was the training difficult to follow?	3.3
	5) How much did you participate in the discussions?	3.7

Note : 5 – very high (agrees with the question); 1 – very low (disagrees with the question)

The inclusion of a workshop on improvement measures in the training program was highly evaluated. Lively discussions were held by each group because of the implementation of a lecture on foreign examples as discussions themes prior to the group discussions and the guidance provided to encourage the participants to develop flexible as well as free thinking without being restricted by the actual constraints.

The proposed measures to improve the accounting practices of SMEs, including the application of a preferential taxation system, favorable bank loans, awarding of excellent companies and awarding of excellent accounting firms, and the concrete details of these measures were examined during the group discussions. At present, the DBD is examining the introduction of general measures which are closely related to the contents of the workshop, including the awarding of excellent accounting firms. It is hoped that further efforts will be made to plan concrete measures to be implemented based on the experience of the workshop.

Meanwhile, it is unfortunate that the participants often had to leave the training session because of their busy work at the BBS. This situation dented the true effectiveness of the training and remains a problem to be solved for future training.

(6) Evaluation of General Outcomes of Training for BBS Staff Members

1) Evaluation Method

Efforts were made to evaluate how the training conducted over a one and a half year period affected the behavior of the participating BBS staff members (behavioral changes) and how much the training contributed to the improvement of their work (performance changes).

The entire training course was divided into basic level and advanced level training categories and the participants were asked to evaluate “the contribution of the training to their own behavioral changes” and “the contribution of the training to their own performance changes” in terms of one of five levels together with any comments. Prior to the entry of their answers on the evaluation sheet, the concept of the basic theory (Kirkpatrick’s four level evaluation model¹⁴⁾ for training evaluation was explained to the participants.

2) Evaluation Results (Number of Participants Selecting Each Score Level)

(Unit: persons)

Score Level	Basic Level		Advanced Level	
	Behavioral Changes	Performance Changes	Behavioral Changes	Performance Changes
5	3	2	0	0
4	17	16	14	16
3	12	17	15	15
2	6	3	9	7
1	0	0	2	2
Total	38	38	40	40
Average	3.4	3.4	3.0	3.1

Notes : Behavioral changes signify the degree of contribution of the training to the behavioral changes of each staff member. Performance changes signify the degree of contribution of the training to the work performance changes of each staff member. The meaning of each score level is as follows: 5 (very large), 3 (modest) and 1 (very little). The participants were permitted to select an intermediate score (4 or 2).

The actual comments made are included in Appendix 30. In the case of the basic level training, most of the comments were positive, including “the study of

14) This model evaluates training in terms of four levels, i.e. reaction, learning, behaviour and results.

accounting standards made me realize the importance of learning new knowledge, resulting in a more active approach to the work” and “the training enabled me to provide a better accounting consultation service than before”. The advanced level training was also positively evaluated because of the learning of knowledge which contributes to improvement of the work as well as its efficiency. The actual comments made include “the training has improved the efficiency of selecting the target companies for inspection” and “the training has allowed the application of new knowledge to inspection and planning work”.

3) Analysis of Evaluation Results

The evaluators consisted of all persons, ranging from divisional managers to new recruits, who had participated in the training. Although they shared a common point in that they were all accounting experts, they greatly varied in terms of age, experience, knowledge and field of work. The evaluation results mentioned above were analyzed taking such diversities in terms of experience, etc. into consideration, and the following conclusions of the analysis were reached.

The basic level training was evaluated by a large majority of the participants as having contributed to changes (improvements) of their behaviour and work performance. This is presumably because of the little difference between the participants in terms of their existing knowledge of and interest in the training items regardless of the number of working years as the accounting standards have only been formulated fairly recently. Here, it is believed that the careful selection of the subject accounting standards for training at the basic survey stage worked efficiently in regard to the training outcome.

The advanced level training was also positively evaluated by staff members with much experience. However, less interest in such skill training was observed on the part of some staff members with less experience. Many young staff members in particular appeared to find it difficult to link the training on “the workshop on measures designed to improve the accounting practices of SMEs” to their present work as they had not yet reached the stage of formulating such measures themselves.

3.6 Other Related Activities

(1) Outline of Activities and General Evaluation Results

Seminars and a training course designed to contribute to the enforcement of the Accounting Act were jointly planned and implemented with the DBD. The themes were selected taking the necessities in the light of the current situation in Thailand and the difficulty for the DBD to act alone into consideration. Using counterpart training entitled “Accounting-Related Regime and Systems in Japan” (see Appendix 31) held in October, 2004 for six DBD staff members and other opportunities, the training of the DBD staff members on the planned themes was conducted in advance.

As a result of the follow-up by the Study Team with emphasis on continuation of the activities introduced in the seminars, etc., significant achievements were made, including the commencement of voluntary activities by related Thai personnel in relation to XBRL and a training course for accounting firms in particular.

Table 3-8 List of Related Activities

Theme (Date/No. of Participants)	Outline	Achievements/Impacts
Seminar on Accounting Standards for SMEs and Round Table Talk (19 th November, 2004/529)	Introduction of the international trends regarding the setting up of accounting standards for SMEs featuring a discussion paper prepared by the IASB and the examination of related issues in Thailand	<ul style="list-style-type: none"> • Enhanced awareness of the necessity for accounting standards for SMEs • Increased interest in the Accounting Standards for Small and Medium Size Entities, an IASB project
XBRL Seminar and Round Table Talk (7 th July, 2005/165)	Introduction of XBRL and discussions on its introduction in Thailand	<ul style="list-style-type: none"> • Spread of knowledge of XBRL • Participation of the SET in the international conference on XBRL
Training Course for Accounting Firms (15 th -17 th September, 2005/around 250)	Training course designed to improve the business management of small and medium size accounting firms, mainly featuring examples of TKC in Japan	<ul style="list-style-type: none"> • Implementation of a voluntary TKC study tour • Strengthening of the network of accounting firms
IFRSs Seminar and Round Table Talk (25 th November, 2005/around 600)	Introduction of the recent trends of the IASB and discussions on problems relating to the application of accounting standards	<ul style="list-style-type: none"> • Increased interest in the activities of the IASB

(2) Seminar on Accounting Standards for SMEs and Round Table Talk

This seminar was held for the purpose of explaining the trends of the IASB and problems in Thailand regarding the setting up of accounting standards for SMEs, which has become a major issue in Thailand, so that the relevant discussions can widely take place.

At the seminar held in the morning, Mr. Paul Pacter who plays a central role in the IASB's project on accounting standards for SMEs and invited to the seminar as a guest speaker delivered a lecture on the international trends, primarily featuring "A Preliminary View on Accounting Standards for SMEs", a discussion paper prepared by the IASB. At the same time, recent DBD policies regarding accounting were explained (see Appendix 32 for the seminar program). Simultaneous interpretation in English and Thai was provided for this seminar.

Following the seminar, a round table talk was held with the participation of Mr. Pacter and people deeply involved in the subject of accounting standards for SMEs (see Appendix 33 for the list of participants). A lively Q & A session on the presentation by Mr. Pacter during the morning seminar was held together with a debate on the accounting of SMEs in Thailand.

These activities increased the degree of recognition of the IASB project in Thailand. During an interview with the Chairman of the FAP held in September, 2005, it was learned that the FAP was planning to develop accounting standards for SMEs in Thailand based on the IASB's accounting standards for SMEs.¹⁵⁾

(3) XBRL (eXtensible Business Reporting Language) Seminar and Round Table Talk

This seminar and round table talk to which related persons were invited were held for the purpose of publicising XBRL, providing an opportunity to kick-off activities to spread its use in Thailand. Because of the significant role to be played by the FAP in future activities, they were jointly hosted by the DBD and the FAP.

XBRL is a type of computer language which has been attracting much attention in recent years for the purpose of financial reporting. Its special feature lies with its easy extensionability in accordance with certain rules which makes this language easy to use. Development and dissemination activities are currently in progress in more than 20 countries worldwide. As national accountancy bodies and the IASB strongly support its

15) In February, 2005, the IASB changed the project title to "Accounting Standards for Non-Publicly Accountable Entities".

dissemination, XBRL is now the de facto global standard for financial reporting using the electronic method.

At the seminar held in the morning, Mr. Eiichi Watanabe, Vice-President of XBRL Japan, Mr. Kurt Ramin, Chairman of XBRL International and other XBRL experts were invited as speakers to deliver lectures on the outline, introduction strategy and an introduction example in Japan as well as to demonstrate the system (see Appendix 34 for the seminar program). Simultaneous interpretation in English and Thai was provided for this seminar.

Following the seminar, a round table talk was held with the participation of XBRL-related persons and those representing the relevant organizations in Thailand (see Appendix 35 for the list of participants). A lively Q & A session and debate took place on such matters as the advantages of introducing XBRL in Thailand, the obstacles and the desirable process for the adoption of XBRL in Thailand.

Prior to the commencement of the TA Program, XBRL was virtually unknown in Thailand but the activities implemented significantly increased the local interest in XBRL, resulting in the commencement of the process to examine the actual introduction of XBRL in Thailand.¹⁶⁾

The SET sent a delegation of seven members to the 12th International XBRL Conference held in Tokyo in November, 2005. The fact that this delegation learned more about XBRL and exchanged opinions with XBRL-related persons in other countries is a special achievement of the TA Program.

(4) Training Course for Owners of Accounting Firms

As many SMEs entrust an accounting firm to conduct their bookkeeping work, improvement of the capacity of accounting firms is essential to improve the accounting practices of SMEs. In the past, the DBD has provided training for the owners of some 300 accounting firms and it was decided that the BBS would inherit and develop such a practice after the reorganization of the BBS in March, 2005.

As a lecture by a person related to the TKC¹⁷⁾ of Japan in the course of the counterpart training under the TA Program led to a display of strong interest by the DBD in the

16) During an interview with the FAP held in September, 2005, it was learned that the SET was examining the possibility of introducing pilot XBRL for the top 50 companies in terms of the market capitalization.

17) TKC is a network of accounting firms in Japan. The counterpart training was conducted in October, 2004.

techniques used by the TKC, it was decided to provide a three day training course, mainly featuring the case of the TKC, as an advanced course for those owners of accounting firms who had participated in the training session provided by the DBD in the past (see Appendix 36 for the training program).

For this training course, Mr. Koji Sakamoto, a certified public tax accountant, Mr. Iizuka, President of the TKC and other accounting specialists of TKC were invited from Japan to introduce such unique efforts of the TKC as a monthly field auditing, etc. In-depth debate on practical problems also took place during a panel discussion involving owners of accounting firms in Japan and Thailand. Furthermore, the lectures were followed by group discussions on the lecture themes, the introduction of advanced cases in Thailand and the introduction of operational guidelines for accounting firms (see 3.4) which were formulated under the TA Program. The lectures delivered by the Japanese people were translated into Thai by paragraph by paragraph.

This training had a considerable impact on the participants and induced a strong willingness to improve accounting work using Japanese examples as references. Such strong impact was vividly illustrated by the fact that a TKC study tour was organized at the expense of 21 tour members in November, 2005 due to the strong desire to learn more about TKC techniques among the owners of accounting firms who had participated in the training course.

(5) IFRSs Seminar and Round Table Talk

Many accounting professionals, such as CPAs and B/Ks, were invited to this seminar and meeting for the purposes of educating them about the IFRSs which exerts great influence on the TASs and of prompting interest among Thai accounting professionals in international activities. These events were jointly hosted by the DBD and the FAP as the Accounting Professions Act stipulates that it is the role of the FAP to set up accounting standards.

At the seminar held in the morning, Mr. Tatsumi Yamada, a Board Member of the IASB, was invited as a lecturer to deliver a lecture on the latest activities and major themes of the IASB. The Chairman of the Accounting Standards Committee of the FAP explained the policies regarding the setting up of the TASs (see Appendix 37 for the seminar program). Simultaneous interpretation in English and Thai was provided for this seminar.

Following the seminar, a round table talk was held with the participation of Mr. Yamada and those people deeply involved in the setting up of the accounting standards (see

Appendix 38 for the list of participants). Practical discussions on the introduction of accounting standards were held during the meeting.

As the TASs are actually based on the IFRSs, it is hoped that accounting professionals in Thailand will be involved in the process of setting up the standards at the IASB. The seminar and round table talk are believed to constitute the first opportunity for the building of strong collaboration between the DBD/FAP and the IASB.

4. Recommendations

4.1 Second Recommendations for CPD

The work to formulate the second recommendations for the management of the CPD system focused on two areas: (i) practical matters to ensure the proper management of the system as in the case of the first recommendations in August, 2004 and (ii) matters requiring analysis from the long-term viewpoint for the future improvement of the guidelines. As in the case of the first recommendations, the adopted approach firstly involve a comparative analysis between the future state to be aimed at (successful case) and state to be avoided (unsuccessful case) to identify the main factors for success so that recommendations on concrete measures regarding each factor for success could be made. As a result, concrete measures for the three main factors for success listed below were recommended.

- (1) Strengthening of the incentives to participate in CPD
- (2) Reduction of the burden of participating in CPD
- (3) Sufficient publicity of the CPD system

Table 4-1 “Situation to be Aimed at” and “Situation to be Avoided” Regarding CPD

	Bookkeepers: B/Ks	Educational Institutions Implementing CPD: E/Is	Managers of Juristic Persons: M/Js
Situation to be Aimed at (Case of Success)	<ul style="list-style-type: none"> • Showing of a strong interest in CPD as a means of improving and appealing one’s own capability • Selection of an appropriate course for one’s own capability 	<ul style="list-style-type: none"> • Active engagement in CPD as a business opportunity • Improvement of the quality of training through competition between E/Is, including informal educational institutions • Availability of training courses of diverse quality and fees 	<ul style="list-style-type: none"> • Assistance for B/Ks in terms of time allowance and expenses by upholding CPD as a means of improving the quality of accounting work and attracting excellent B/Ks
Situation to be Avoided (Case of Failure)	<ul style="list-style-type: none"> • Failure to fulfil CPD obligations due to the expenses involved or other reasons • Selection of only inexpensive and short courses based on the idea that CPD is simply a burdensome obligation • False declaration based on non-existent training 	<ul style="list-style-type: none"> • Not to apply for an approved institution because of an aversion to the additional clerical work caused by participation in CPD • Shortage of institutions and courses providing CPD • Non-participation by informal educational institutions 	<ul style="list-style-type: none"> • Not showing much interest or provision of assistance based on the belief that CPD for B/Ks has nothing to do with the interests of the company

The concrete recommendations explained below take into consideration the state of introduction of CPD courses during the period from October, 2004 when the first CPD course was approved to July, 2005 and reflect the problems, proposals and comments made by front line staff during a series of interviews with CPD training providers.

(1) Strengthening of Incentives to Participate in CPD

1) Strengthening of Incentives for Accounting Professionals to Provide Training

As the creation of a situation where many accounting professionals act as CPD instructors is desirable to provide practical CPD courses, incentives for busy accounting professionals to act as instructors for CPD training should be introduced. Some conceivable incentives are given below.

- Addition of the provision of a useful CPD course for in-house staff and outsiders to the conditions of an award system for excellent accounting firms, the introduction of which is currently being considered by the DBD
- Addition of a mechanism whereby a CPA who has acted as a CPD instructor for the training of B/Ks is awarded CPD units to the CPD system for CPAs, the introduction of which in the future is planned. In this way, training effects on the instructors themselves can be expected. The DBD and the FAP, etc. will assist the related administrative work which is usually conducted by CPD training providers so that the work burden on the CPD instructors can be reduced.

(2) Reduction of Burden of Participating in CPD

1) Reduction of Burden on CPD Training Providers

a) Collaboration between DBD and CPD Providers to Conduct Seminars in Provinces

Some CPD training providers have pointed out the difficulty of organizing local training because of uncertainties regarding the estimated number of participants and the profitability. The DBD can encourage CPD providers to organize local training courses through its collaboration with them. For example, the DBD conveys information on the date, venue and expected number of participants, etc. for the local seminars it organizes to CPD training providers in advance. As the supply of the above-mentioned information will allow CPD training providers to have some ideas regarding the estimated number of participants and other relevant issues in advance, it should have the effect of encouraging CPD training providers to organize their seminars around the time of the DBD

seminars. (In local areas, the participants of CPD training courses often come from neighbouring provinces or from far beyond because of the few training opportunities.)

b) Electronic Storage of CPD-Related Administrative Documents

CPD training providers have pointed out the heavy burden of providing space for the storage for CPD-related legal documents and have requested the approval of the electronic storage of these documents. According to a DBD notification, these providers have an obligation to store the said documents for a period of five years. This is a problem which many CPD training providers will face in the future and examination of the feasibility of the electronic storage of the said documents is strongly recommended. Needless to say, the approval of electronic storage should not lead to a situation where unlawful acts (for example, the fraudulent act of creating a non-existent training course by altering the data) can be easily conducted. To prevent this, one possible measure is the introduction of a system of advance notification for the electronic storage of legal documents with the approval of only reliable CPD training providers.

2) Reduction of Burden on B/Ks

a) Permission for Self-Learning

The outline of the self-learning CPD course which is currently being prepared by the DBD (as of May, 2005) and the relevant recommendations by the Study Team are described below.

Table 4-2 Draft Plan of DBD for Self-Learning CPD Course and Recommendations by the Study Team

Objectives	<p>Plan of the DBD To make it possible for B/Ks to select a convenient and inexpensive CPD training course</p> <p>Recommendations by the Study Team To assist B/Ks in local areas where the number of CPD training providers is small and to make it possible for B/Ks to select an inexpensive course; from the institutional point of view, CPD training providers in the private sector should, in principle, provide courses and the self-learning course should be considered to be a temporary measure until CPD courses provided by the private sector become readily available throughout the country</p>
Contents	<p>Plan of the DBD The participants will study predetermined subjects for self-learning by themselves, then sit a test organized by the DBD nationwide and acquire CPD training units on achievement of a certain score.</p>
Subjects for Self-Learning	<p>Plan of the DBD Accounting : accounting standards; cost accounting Auditing : auditing standards Laws relating to the accounting profession: Accounting Act, Accounting Professions Act, Commercial Code, Public Limited Company Act, Revenue Code and Securities and Exchange Act</p>
Test	<p>Plan of the DBD Duration : three hours with 60 multiple choice questions consisting of 20 easy questions, 20 intermediate questions and 20 semi-difficult questions, i.e. three minutes to answer each question</p> <p>Recommendations by the Study Team Duration : three hours with 36 multiple choice questions consisting of 12 easy questions, 12 semi-difficult questions and 12 difficult questions, i.e. five minutes to answer each question^{*1}</p> <p>All-round questions : instead of testing the knowledge of individual points for learning, all-round questions are asked for such groups of themes as “accounting standards and assets”, “accounting standards and liabilities, capital, leases and time value, etc.” and “Commercial Code, Accounting Act and Accounting Professions Act”, etc.^{*2}</p>
Training Duration	<p>Plan of the DBD Correct answer rates of 60% and 80% will award CPD training units equivalent to three hours and 4.5 hours respectively.</p> <p>Recommendations by the Study Team Correct answer rates of 60% and 80% will award CPD training units equivalent to six hours and nine hours respectively. The acquisition of and application for CPD training units can only be made once for each subject. However, those failing the test (those scoring less than 60%) will be allowed to retake the test at a rate of twice per calendar year. The situation of compliance with this rule will be automatically checked using the electronic CPD declaration system.^{*3}</p>
Timing of the Test	<p>Plan of the DBD Six times a year in January, March, May, July, September and November</p> <p>Recommendations by the Study Team The first test should be organized by the end of 2005, possibly in December. Subsequently, the test should be organized three times a year in March, July and November. The date and venue of the test should be publicly announced at least one month before the test date.^{*4}</p>
Test Fee and Venues	<p>Plan of the DBD Test fee : 200 baht; the venues will be arranged by the BBS and local offices of the DBD; the introduction of an on-line test in the future will be considered.</p> <p>Recommendations by the Study Team The venues should be arranged by local offices of the DBD under the instruction of the BBS. The first test should be conducted at some 20 venues, including the Head Office of the DBD in Bangkok and its local offices. Those provinces where there is no CPD training provider at present despite a relatively large number of B/Ks should be selected. The actual venues should be scattered so that the test is conducted at four venues, for example, each in the North, Northeast, Central and South.^{*5} If the self-learning course is given the status of a temporary measure during the initial period of introducing the CPD system, there is little need for the DBD to develop the on-line test by itself.</p>

Table 4-3 Other Recommendations by the Study Team on Self-Learning Course

Scope of Test; Recommended Textbooks	The scope of the test and the recommended textbooks should be announced in advance. At least one copy of each textbook should be made permanently available at each local office of the DBD so that anyone wanting to purchase it can easily do so. *6
Division of Roles Between Head Office and Local Offices	At the beginning, the Head Office should play a leading role in the implementation of the test. The work should then be gradually transferred to local offices. In the future, subcontracting of the test to the private sector will be an option. The main contents of the administrative work are (1) public notification of the contents of self-learning and the test, (2) public announcement of the test date and venues, etc., (3) work to receive applications and to collect the test fee, (4) preparation (selection) of the test questions and delivery of the test papers from the Head Office to local offices, (5) supervision of the test on the day, collection of test papers and delivery of the test papers from local offices to the Head Office, (6) scoring and preparation of a report on the test results and (7) notification of the test results to each applicant. For the first test, local offices will perform (3) and (5) and the Head Office will perform the rest. *7
Future Direction	In parallel with the continual offer of the minimum necessary self-learning CPD course, activities to provide incentives for the entry of private CPD training providers to this educational market and collaboration with the FAP, etc. should be conducted to reduce the burden for local and low income B/Ks to participate in CPD courses.

The underlying reasons for the above recommendations by the Study Team are explained below.

*1, *3

- In view of the purpose of the self-learning course described above, the introduction of simple conditions which can be easily accepted by local and low income B/Ks is appropriate.
- The character of this test differs from that of a qualification test or school entrance test. The process of self-learning for CPD is more important than the test result.
- A test which lasts for three hours usually requires self-learning hours which are several times longer than the test duration.
- The psychological burden of sitting this test is presumably large. Compared to learning during a general seminar, there should be less of a feeling of unfairness among the learners, thereby producing few complaints based on such a feeling.
- The CPD system in Thailand is fairly strict by international standards. For example, the CPD system for CPAs in Japan does not rigorously check the results of self-learning.

*2

- If the number of tests per year is too many, the DBD as the organizer will face a heavy demand to stock and maintain mass volumes of the test questions as well as answers.

*4

- The same reason as that cited for *2 above. This recommendation also aims at increasing the training opportunities for the first CPD declaration, which is attracting much attention, and to improve the ratio of achieving the obligation. Meanwhile, as this self-learning CPD course is a relief/temporary measure during the initial introductory period of the CPD system, the frequency of the test should be kept to a minimum from the viewpoint of not disrupting the activities of CPD training providers.

*5

- The same reasons as those cited for *4 above. The number of required venues (minimum requirement) for the self-learning CPD test has been calculated to achieve “30 or more provinces where a CPD training provider(s) is operating” which is one indicator adopted for the project. As of November, 2005, the number of provinces with a CPD training provider(s) is 16 (24 providers), indicating the need to set up a venue(s) for the self-learning CPD test in 14 or more additional provinces.

*6

- As it crucial for the process of self-learning for CPD, clear indication of the scope of self-learning and suitable textbooks is highly desirable.

*7

- As the key for the successful outcome of the project is uniform and reliable test management nationwide, the Head Office should conduct most of the work associated with the test.

Self-learning CPD courses should prove useful not only to support B/Ks in remote areas and/or with a low income but also to prompt the training of B/Ks on those themes which are unpopular or not taught by any CPD training provider despite the importance attached to them by the DBD.

The Japanese Institute of Certified Public Accountants distributes the “Vocational Ethics for Certified Public Accountants” which is a CD-ROM material for the CPD of CPAs free of charge. (CD-ROM teaching materials for self-learning are usually purchased by individual CPAs on a voluntary basis.) In the process of teaching by this CD-ROM, secret codes are displayed and learners must write these secret codes at the time of CPD declaration as proof of having completely studied the CD-ROM contents.

b) Support for B/Ks Unfamiliar with the Internet

There is concern that there may be many B/Ks who are unfamiliar with the necessary use of the Internet for the electronic declaration of CPD achievements. As the least support, the DBD should introduce measures, such as those listed below, at the time of the first CPD declaration at the beginning of the 2006 term with a view to assisting those B/Ks who are unfamiliar with the Internet.

- Preparation and posting of a guidebook for the declaration of CPD achievement through the Internet to B/Ks
- Provision of a service at DBD offices nationwide to assist input to the electronic CPD achievement declaration page for B/Ks on the DBD’s website at the time of first declaration
- Acceptance of paper-based declaration from B/Ks on a case by case basis.

(3) Sufficient Publicity of the CPD System

Despite the fact that it is almost one year since the first announcement of the CPD system, the following findings suggest that there are still many B/Ks who do not understand the CPD system. It is, therefore, essential to continue to publicise the system for B/Ks and other persons concerned.

- Interview results with the CPD training providers mentioned earlier
- Although the DBD made a request more than one year ago that all B/Ks in the country obtain the user ID and password to be used for electronic declaration of CPD achievements, etc., the number of B/Ks who have obtained these as of the end of June, 2005 is 37,823, accounting for only 56% of the 67,353 B/Ks registered as of the 20th June, 2005.

- According to information provided by the DBD, there are many B/Ks who participated in a seminar organized by the DBD and the FAP, etc. but who did not obtain a certificate of seminar attendance.

1) Publicity of the System for B/Ks in Preparation for First CPD Declaration

Intensification of the publicity for the CPD system for B/Ks and other persons concerned is essential in order to smoothly conduct the first CPD declaration scheduled to be done by February, 2006.

It is desirable to say the least to post a document(s) explaining the following matters to all B/Ks, CPD training providers and other stakeholders. It may also be an idea to collaborate with the FAP using its means of communication with members who represent a large portion of B/Ks (the number of registered B/Ks with the FAP as of June, 2005 is approximately 40,000), including its newsletter.

- Outline of the CPD system, CPD as an obligation of all B/Ks, minimum requirement of six hours learning a year, penalties for non-compliance with the obligation and disadvantages arising from non-compliance with the obligation, etc.
- Electronic declaration is the recommended way to declare CPD achievements, necessitating the obtaining of a user ID and password
- Guidance on electronic declaration for easy understanding of the process
- List of seminars organized by the DBD and FAP for which attendance can be used for CPD declaration, availability of a certificate of seminar attendance and how to obtain a certificate

2) Continuous Publicity Activities

In addition to publicising the CPD system using the e-mail newsletter for B/Ks and the website for B/Ks by the DBD, the following publicity activities should be conducted via various stakeholders.

- Publicity of the CPD system via the FAP: request for the FAP to put information regarding the CPD system in the newsletter for its members and in documents to be given to new members
- Supply of information list (name, address and e-mail address, etc.) stored in the DBD's B/K database to CPD training providers provided that the consent of

individual B/Ks is obtained; facilitation of the supply of information on the CPD system from each CPD training provider to B/Ks.

- Maintenance of continual communication with CPD training providers using e-mail and others: such communication has the advantage of the DBD sending a request for the publicity of the CPD system (and information on seminars organized by the DBD in local areas as mentioned earlier) and instructions, etc. while obtaining information on the modification of CPD courses, problems, voices from the front line of training and information on untrustworthy providers, etc. from CPD training providers.
- Request for cooperation for the CPD system to the Revenue Department: some examples are for the Revenue Department to encourage participation in CPD courses on its website and publicity of the CPD system during training sessions organized by the Revenue Department on taxation matters.

(4) Recommendations Regarding Matters Requiring Examination from Long-Term Viewpoint

1) Draft E-Learning Scheme

At present, there is no CPD course based on e-learning because of limitations in terms of funding and technology, etc. and the difficulty of verifying attendance at seminars. However, e-learning is a very effective tool to provide sufficient training opportunities in terms of both quality and quantity for B/Ks in local areas and it is desirable for the DBD to examine the feasibility of its use. The following draft e-learning scheme has been drawn up as a first step for e-learning, taking the present limitations into consideration.

Draft E-Learning Scheme

<p><u>Goals</u></p> <ul style="list-style-type: none"> · Situation where there is a sufficient number of courses, initially in terms of quantity and then also in terms of quality, throughout Thailand using distance education and e-learning techniques · Availability of low cost opportunities to participate in CPD courses for B/Ks throughout Thailand 	
<p><u>Present Situation/Limitations</u></p> <ul style="list-style-type: none"> · Few instructors and shortage of textbooks, etc. in remote areas · Slow spread of computer use in remote areas: as the number of personally owned computers is small, the cooperation of companies for which B/Ks work will enable B/Ks to use computers for CPD · Difficulty of introducing a constant Internet connection system (broadband service) given the present conditions of the telecommunications network 	
<p><u>Concept of the Scheme</u></p> <ul style="list-style-type: none"> · Packaging of live lectures for CPD in the form of a CD-ROM (display of slide materials in tune with a film featuring a lecture) · In addition to passive viewing of the CD-ROM, efforts to facilitate the active involvement of learners and to enhance their level of understanding should be made, including the functions to search definitions of technical words and to send questions via e-mail, etc. · Combined use of the self-learning method and group training method as the learning by individual B/Ks in local areas will be followed up by teaching by local tutors. 	<p><u>Merits</u></p> <ul style="list-style-type: none"> · Utilisation of the experience obtained through the development of “Computer Based Self-Learning Materials” for local staff members of the DBD · Ease of participation for B/Ks in remote areas as Internet connection is unnecessary · Relatively low development cost · Alleviation of the time and location-related limitations posed by the uneven distribution of instructors who are conversant with the subjects · Effect of training accounting educationalists in local areas who will act as tutors · Ease of verifying participation in seminars/training
<p><u>Components of the Draft Scheme</u></p> <ol style="list-style-type: none"> 1. Production of CD-ROM teaching materials featuring lectures by instructors who are conversant with the subjects 2. Training of local tutors by instructors: group training in Bangkok, followed by Q&A sessions using a mailing list, etc. 3. Self-learning of CD-ROM teaching materials by individual B/Ks 4. Group training of B/Ks by area by tutors: this training may include re-showing of parts of the CD-ROM contents, explanation of the key points, Q&A sessions and mini-tests, etc. and training on different subjects will be held on the same day. 	

Prior to the introduction of the above scheme, it is believed that the creation of a video library of lectures on various accounting themes/subjects together with the digitalisation of related reference materials should prove useful as a step to consolidating the basis for e-learning in the future.

2) Measures Dealing with Those Failing to Fulfil Their Obligation

The vicious cycle of those who honestly abide by the rules feeling cheated, resulting in an increased number of violations, must be avoided. The imposition of penalties

according to the law and the fact that some people have actually been penalised should be disclosed on the DBD website to achieve a curbing effect on violations.

In practice, the following stepped measures should be adopted.

Example: Sending of a warning letter → publication of the name on the DBD website → imposition of an appropriate fine

When the achievement ratio of the CPD obligation becomes high in the future, cancellation of the B/K status should be considered for those failing to attend a CPD course following a warning.

A similar measure will be necessary to deal with those companies which do not use B/Ks.

4.2 Recommendations for Improvement of Other Aspects of Enforcement of Accounting Act

As the purpose of the TA Program is the capacity building of the DBD regarding its assistance for enforcement of the Accounting Act, there are areas where no special study or survey has been conducted to present a set of recommendations except those regarding the CPD system for B/Ks as described in 4.1. The following recommendations include those relating to points which the Study Team has noticed in the course of the TA Program even though the subject areas are not principally targeted by the Study Team.

(1) Recommendations for Business Management of DBD and BBS

1) Review of Business Emphasis

It is desirable for the DBD to review the scope and emphasis of its business while paying due attention to the business environment, including revision of the relevant laws and international trends. The Study Team believes that it is desirable for the DBD to shift its emphasis from actual accounting-related work to the planning of various improvement measures for accounting practices and from the individual control of accounting professions to regulation of the industry through the FAP as well as a shift towards the planning of fostering for accounting professions in cooperation with the FAP and in response to international trends.

At present, the work of the BBS which is the main body within the DBD to enforce the Accounting Act mainly consists of such work in direct contact with companies

as the inspection of accounting documents submitted by companies and the provision of a consultation service as well as accounting guidance for companies. For example, out of 58 staff members of the BBS, 36 belong to the section responsible for the inspection of accounting documents, while substantially all staff members as part of their assignment are involved in the accounting consultation service in rotation. Thailand is an exceptional case in the work as the Study Team is unaware of any other country where a government organization conducts accounting-related work in direct contact with companies. It is difficult for such direct involvement in accounting-related work by a government organization to contribute to the general improvement of the enforcement situation of the Accounting Act as such work can only deal with only a limited number of companies subject to application of the Accounting Act. For example, the number of companies of which the accounting documents are inspected is only some 7,000 a year compared to 470,000 juristic persons. It is apparent that the present approach where instructions for improvement are issued to companies of which the accounting documents are found to have problems in the process of the inspection of individual companies has limitations from the viewpoint of improving the general enforcement situation of the Accounting Act.

The Government of Thailand has a policy of transferring the work in direct contact with companies to private organizations as much as possible. The Study Team understands that the enforcement of the Accounting Professions Act of 2004 was in line with this policy. Some of the DBD's work, including the registration of auditors, has now been transferred to the FAP which was established in 2005 following the enforcement of the Accounting Professions Act, constituting the first important step to reviewing the scope of business of the DBD in the field of accounting and auditing. It is hoped that this policy will be further promoted in the coming years for the purpose of boldly reviewing the business emphasis of the DBD regardless of the past customs. It is inferred that the prospect of business transfer will expand with the increasing capacity of the FAP to conduct practical activities. The following proposals feature concrete measures which should be emphasised by the DBD in the coming years.

a. Fostering and Capacity Building of Accounting Firms

As many SMEs in Thailand use an accounting firm, the capacity building of accounting firms is essential for improvement of the accounting practices of SMEs. Many of these accounting firms are small and their business management base is often not yet firmly established. The fostering and capacity

building of these firms should be given the status of being the primary work of the DBD. The current legal system awards the B/K qualification to individual persons and the mechanism of facilitating the capacity building of individual persons has been firmly established as the CPD system. However, many staff members of accounting firms are not qualified B/Ks. Accounting firms acting as organizations provide services for their clients and capacity building at the organizational level, including quality management and personnel management, is necessary to enable them to maintain a high level of work ethics and to provide appropriate services.

The DBD began to train accounting firms by means of organizing seminars for them some three years ago and this work has now been transferred to the BBS following the reorganization of the latter in March, 2005. As part of the TA Program, an advanced training course was held in September, 2005 for owners of accounting firms and positive achievements were made (see 3.6 (4)).

While the accounting services provided by accounting firms essentially contribute to the development of companies, some company owners are reluctant to implement proper accounting work because they prefer tax saving by inappropriate accounting practices. It is also often the case that accounting is simply considered to be an obligation and the selection of an accounting firm is made solely based on cost. As such, the services provided by accounting firms always have the inherent risk of “bad money driving out good money” and this is precisely the problem faced by accounting firms providing services for SMEs in Thailand.

To solve this problem, there should be an effective “mechanism” which makes it easier for accounting firms providing appropriate services to expand the scope of their business. It is hoped that the DBD will make efforts to create such a mechanism in cooperation with other related organizations.

Examples of the mechanisms/measures which the DBD should try to develop for their effective outcomes are listed below.

- Award system for excellent accounting firms

The introduction of an award system has been discussed within the DBD several times in the past. The creation of a mechanism whereby the clients of excellent accounting firms actually benefit from the award in addition to the simple awarding of excellent accounting firms is believed to be

preferable. The “preferential loan conditions” offered by financial institutions in Japan in recent years are a very good example of a benefit for the clients of excellent accounting firms.

- Provision of useful tools for the work and management of accounting firms
Here, the further development of the operational guidelines for accounting firms which have been prepared under the TA Program is desirable.
- Facilitation of stronger collaboration between accounting firms
- Facilitation of the development of excellent accounting software which is suitable for the accounting system in Thailand

In regard to the last two points, the example of the TKC in Japan which was introduced during the training course for owners of accounting firms held in September, 2005 is a good reference.

b. Introduction of International Trends to Thailand and Participation in International Activities

Actual accounting and auditing practices are considerably affected by the relevant international trends. One important responsibility of the DBD as the supervisory body for accounting and auditing practices is to pay constant attention to international trends with a view to their introduction in Thailand.

As part of the TA Program, a seminar was held to introduce some of the latest international trends, namely accounting standards for SMEs and XBRL, etc., because of their importance for Thailand. It is hoped that the DBD, through division of the work with the FAP, will continually introduce international trends together with its introduction of the accounting systems and situation in Thailand to other countries as the representative organization of the Government of Thailand in this field. For this reason, upgrading of the English proficiency of staff members is essential.

2) Inspection of Accounting Documents

a. Clarification of Purposes of Accounting Documents Inspection and Future Image

Throughout the cooperation period which lasted for two years, the Study Team obtained the impression that there is no common understanding in regard to the

purposes of the work to inspect accounting documents between the DBD managements and staff members of the BBS. It is not sufficient to conduct inspections because they are required by law. It is essential for all staff members to share a common understanding by clarifying the purposes of the law and what is expected to be achieved.

Because of the reasons described below, the Study Team considers that the purposes of the inspection of accounting documents are to restrain companies, B/Ks and CPAs from malpractice and to warn all others by exposing and punishing bad offenders. An increase of the number of inspected companies and the establishment of an inspection system which is primarily designed to expose serious offending are essential to enhance these effects.

As mentioned earlier, there is hardly any example abroad of a government organization conducting work similar to the inspection of accounting documents by the DBD. In Thailand, it is an obligation for almost all juristic persons to be audited by a CPA and, in principle, it should be possible to guarantee the appropriateness of submitted financial statements which have passed their audit by a CPA.

The Study Team has analysed and concluded that “guidance on companies” cannot constitute a purpose of the inspection of accounting documents despite it being indicated as such by many BBS staff members. The role of the DBD/BBS should instead be to implement measures designed to making accounting firms perform such a guiding function.

The Study Team recognises that the CPA auditing is not sufficiently performing its essential role expected under the Accounting Act because of an insufficient number of CPAs in Thailand. Given this situation, the Study Team believes that the work of the DBD to inspect accounting documents is quite significant if the inspection method is improved. The Study Team also believes that this work can be reduced in the future in line with the improvement of accounting practices and CPA auditing.

b. Increase of the Number of Inspected Companies through Improvement of Inspection Method

At present, the work to inspect accounting documents is quite detailed as whether or not the book entries of individual companies conform with the

Accounting Act and relevant notifications are checked. In consideration of the current available human resources of the DBD, restriction of the check items to those which are important in order to increase the number of inspected companies should prove to be more effective. For example, if the target number of inspected companies is set at 50,000 (some 20% of the juristic persons currently submitting financial statements) a year, simple calculation suggests the necessity to reduce the average inspection time per company to one-seventh of the present time. The Study Team proposed quick inspection based on this line of thought and provided assistance for its trial. As a result, the method of extracting the subject companies for inspection has been greatly improved. However, the application of the conventional inspection method to the extracted companies means that no major increase of the number of companies subject to inspection has materialised.

c. Application of Quick Inspection Program to Inspection of Accounting Documents in Local Areas

As the application of the quick inspection program under the TA Program was at the pilot stage, the program was only applied to inspection by the Central Team. It is hoped that this program will be applied to inspection by the Local Teams. One feasible method is for the BBS to extract the subject companies using the program and to inform its local offices about these companies.

d. Utilisation of Quick Inspection Program in Other Fields

The quick inspection program is designed to extract companies based on financial data and other conditions and can be used to extract a variety of data for the planning of administrative measures in addition to its use for the inspection of accounting documents. Two application examples are described below.

- Establishment of the number of companies subject to inspection

While small partnerships are exempt from obligatory auditing under the Accounting Act, the DBD has no accurate figure on the number of partnerships which face obligatory auditing. By inserting an extraction criterion based on the provision of exemption in the Accounting Act, an accurate figure can be established as far as those partnerships submitting financial statements are concerned.

- Establishment of the number of dormant companies

Although there is a question of how dormant companies should be defined, establishment of the number of companies based on the definition, for example, that the amount of sales is nil for two years is possible.

3) Accounting Consultation Work

a. Increase of Subscribers to E-Mail Newsletter

The number of subscribers should be considerably increased by means of enlarging the server and adopting an automatic mail sending system. If 69,000 B/Ks are considered to be the main targets, the target number to be achieved in the near future could be 20,000 to 30,000.

b. Divided Roles to Answer Enquiries on the Application of Accounting Standards (Long-Term Task)

It is desirable for the DBD to urge the FAP to consolidate the latter's accounting consultation service so that the DBD and the FAP play their own roles corresponding to the nature of specific questions.

The questions posed by companies relating to the application of accounting standards should essentially be answered by accounting firms providing accounting or audit services for these companies. As these accounting firms know the business of their clients, they can provide more appropriate answers than the DBD in most cases. At present, companies appear to make enquiries to the DBD as they do not want to pay an extra fee to an accounting firm. In addition, Thai people tend to trust in the government sector. The DBD considers that the entrustment of the consultation service to a private sector outsider(s) is not an option as its refusal to answer inquiries on accounting standards would invite criticism. However, further consolidation of the free service by the DBD may obstruct the business expansion of accounting firms. While there may be cases where an accounting firm (or a B/K or auditor) makes an enquiry to the DBD, it is difficult for a BBS staff member who is not engaged in practical accounting work to answer something which an accounting expert does not understand.

Under these circumstances, the establishment of a system where 1) the questions posed by companies are answered by accounting firms and 2) the questions posed by accounting firms are answered by accounting experts with

considerable experience is desirable. In the light of the purport of the Accounting Professions Act, it appears to be appropriate for the answers to questions posed by accounting firms to be answered by the FAP. The Accounting Act demands that all juristic persons use a B/K while the Accounting Professions Act demands that all B/Ks become members of (or register with) the FAP. If the FAP establishes a solid accounting consultation service for its members, all juristic persons will be able to enjoy this service via B/Ks. However, the FAP's capacity has not built to take such responsibility. The DBD has to continue to reply those inquiries for the time being, and support the FAP to enhance its capacity.

4) Gathering and Use of Information

In the course of the TA Program, the Study Team faced a number of occasions where the DBD appeared to neither gather nor use the information required to establish or improve the enforcement situation of the Accounting Act. There were also many cases where historical changes (of the number of consultations made, etc.) were not properly understood because the information gathering criteria as well as the level of accuracy of the gathered information changed due to changes of the persons in charge and where information on the work for which bureaus other than the BBS within the DBD were responsible (situation of the submission of financial statements and the number of penalised cases due to violation of the Accounting Act, etc.) was not possessed by the BBS despite its leading status for enforcement of the Accounting Act. The causes of these cases are presumably (i) a lack of understanding why the information in question should be gathered among the persons in charge because of the insufficient sharing and use of the gathered information and (ii) a lack of understanding on the part of many staff members in regard to which sections or who prepared such information and to whom they reported. The system of the DBD where the exchange of information between different sections must be conducted through managers/heads also appears to be a contributory factor in the prevention of information sharing within the DBD.

Another necessary improvement for the DBD is the possession of essential information for the planning of measures, including the number limits for the accounting courses of various universities. The lack of this kind of information would pose a major problem when the DBD shifts the emphasis of its work to the planning of policies and measures. The insufficient change of awareness among staff members of the fact that the nature of their work is shifting from the execution of

front line work to planning is believed to form the background for the absence of information.

5) Approach for Companies Failing to Submit Financial Statements

One of the most serious violations of the Accounting Act is failure to submit financial statements to the DBD. As the responsibility of the BBS does not cover the acceptance of financial statements and the subsequent dealing with companies which fail to submit these statements, no supporting activities have been conducted under the TA Program to address this situation. However, the present situation where nearly half of the juristic persons fail to submit financial statements is extremely serious and this problem is assumed to command higher priority than the accounting inspection of companies which do submit financial statements. The accounting system in Thailand is based on the practice of the submission of financial documents by all juristic persons to the DBD for free access by all and the prevailing non-submission fundamentally undermines this system. At present, the responses to non-submission include a campaign to urge submission, the issue of a warning letter and the imposition of a fine for companies failing or delaying the submission of financial statements. Although the causes of non-submission have not been analysed in detail by the DBD, the likely main reasons are business dormancy, unwillingness to pay tax, simple disregard (no tax return is made to the Revenue Department in these three categories) and no penalty imposed by the DBD for non-submission even though statements are submitted to the Revenue Department. Given the scale of non-submission, the approach of individually contacting non-submitting companies has limited scope for success, making an institutional response necessary.

The introduction of a system whereby the submission of financial statements to the DBD is checked at the time of their submission to the Revenue Department or whereby financial statements are submitted to the Revenue Department via the DBD will make it possible to prevent the existence of juristic persons who submit financial statements to the Revenue Department but not to the DBD.

Another possible effective method to eliminate non-submission would be the creation of a mechanism whereby the non-submission of financial statements to the DBD hampers the business operation of non-submitting companies. For example, the submission of financial statements to the DBD can be made a necessary condition through collaboration with other government organizations for application for various types of government permits or approval. Even today, the number of foreign subsidiaries failing to submit financial statements must be rare as any

application for a work visa or work permit by foreign nationals must be accompanied by the submission of financial statements to the DBD.

(2) Recommendations for DBD and BBS Organizations

1) Transfer or Rotation of BBS Staff Members to Other Sections

Most staff members of the BBS have a bachelor's degree in accounting and have worked at the BBS for a long time after recruitment as accounting experts. When the emphasis of their work shifts from front line work to the planning of policies and measures in the coming years, there is a strong possibility that their narrow field of experience will pose a problem for their capacity building. The Study Team got the impression during the course of the TA Program and training that the knowledge of and interest in the work of other sections of the DBD were rather low among BBS staff members. Moreover, the transfer of those staff members with expert knowledge of accounting to other sections is likely to be effective for not only the capacity building of these staff members but also for the work performed by other sections. Accounting constitutes basic knowledge for any business operation and people with accounting knowledge must be required by even those sections which are not directly responsible for accounting-related work.

Conversely, when the work of the BBS shifts to the planning of policies and measures, it will be unnecessary for the majority of BBS staff members to be accounting experts. The presence of people specialising in other fields is likely to have the effect of producing new ideas through the exchange of people with different specialities and different ways of thinking.

2) Merit Rating of Temporary Staff Members and Reflection of Merit on Their Treatment

Temporary staff members are given an annual contract and their working conditions remain the same regardless of the length of their employment through contract renewal. It is highly likely that the motivation and morale of temporary staff members are adversely affected by the lack of reflection of their merit rating on their treatment, resulting in a high resignation rate. Improvement of the motivation and morale of temporary staff members is likely to be achieved by the introduction of a pay rise system and/or a system of changing their status from temporary to permanent based on merit.

3) Promotion of Recruitment of People with Practical Accounting Experience

Accounting is a professional field in which practical experience significantly matters and practical experience in the private sector is highly effective for people's growth as accounting experts. The recruitment of a certain number of people who have acquired practical experience in the private sector as BBS staff members would certainly enhance the capacity of the BBS to successfully conduct its businesses. At present, however, academic background and experience as a government officer in other government ministries or agencies are taken into consideration when deciding the financial and other aspects of employment at the time of recruitment while practical experience at a private company is entirely ignored. Under this system, there is hardly any incentive for capable people with practical experience in the private sector to apply for a job at the DBD. The introduction of a system whereby practical experience in the private sector is reflected on the employment conditions is, therefore, highly desirable. The Study Team is well aware that this problem is not unique to the DBD but is common throughout the employment system for government officers in Thailand.

4) Improvement of IT Environment

Throughout the work lasting for two years, the Study Team felt that the IT environment at the BBS is insufficient. Many of the PCs used by staff members are designated for common use. As not all staff members are allocated an e-mail address, many staff members use a free e-mail address. Under these circumstances, the ability to use a PC greatly varies from one person to another. The allocation of one PC to at least each regular staff member and the allocation of an e-mail address to each staff member in the domain of the MOC are highly desirable. Moreover, given the lack of uniformity of the software versions, their uniformization should prove to be effective for efficient computer operation.

(3) Recommendations Regarding Accounting and Audit Systems and Policies

1) Exemption of Small Companies from Audit Requirement

While the number of companies which are legally required to have their accounts audited by a CPA is more than 200,000, the number of CPAs only totals some 6,000. The Study Team believes that this imbalance is preventing a qualitative improvement of auditing in Thailand. The elimination of this imbalance is essential for a qualitative improvement of auditing and this should be achieved by exempting small companies from the audit requirement because of the following reasons.

- a. In the case of small companies, the scope of users of financial statements is extremely limited and it is questionable whether or not any benefit comparable to the cost of the audit will be realized.
- b. A rapid increase of the number of CPAs carries a risk of lowering the quality of CPAs.
- c. As the Accounting Act of 2000 makes it compulsory for all juristic persons to use a B/K who is required to have a certain level of accounting knowledge, institutional arrangements are already in place which can replace auditing.

All juristic persons in Thailand must undergo audit by a CPA or tax auditor. Although the Accounting Act of 2000 exempts small partnerships from an audit by a CPA, the Revenue Department has introduced a tax auditor system, making the tax audit of juristic persons (exempt from an audit by a CPA under the Accounting Act) by a CPA or tax auditor a compulsory requirement. As a result, the reduction of the burden on small partnerships as intended by the Accounting Act has hardly been realised.

The system adopted in Thailand where all juristic persons are subject to an audit is widespread, centering on Commonwealth countries. However, these countries are characterised by the existence of a large number of professional accountants, such as CPAs, who conduct auditing and this situation completely differs from that in Thailand where the number of CPAs is approximately 6,000. The UK exempts limited companies from an audit in accordance with an EU directive and hardly any advanced countries enforce the auditing of all juristic persons as a compulsory legal requirement.

The Study Team understands that its proposal cannot be realised without undergoing the difficult process of changing laws because the Civil and Commercial Code stipulates the compulsory auditing of all limited companies together with a similar provision by the Revenue Code. At the same time, however, the Study Team strongly believes that any improvement of practical auditing work in Thailand will be difficult to achieve without addressing this problem.

The Study Team would also like to emphasise that a steady increase of the number of CPAs and improvement of their quality must be achieved to improve the audit system in Thailand.

2) Improvement of Quality of CPA Auditing

The early introduction of two systems, i.e. the CPD system and the quality control review system, both of which are stipulated by the IFAC standards, is hoped for as these are essential for improvement of the quality of CPA auditing. In particular, the implementation of the CPD system by the FAP is stipulated by the Accounting Act and its urgent implementation is necessary. Moreover, as a precondition for a quality control review system, it is necessary to prepare “quality control standards” which make the introduction of a quality control system to audit firms a compulsory requirement.¹⁸⁾

The absence of these systems which are stipulated by the IFAC standards is preventing the audit system in Thailand from establishing international credibility. At present, the IFAC is implementing a program to evaluate whether or not each of its member bodies has achieved the obligations as a member body (i.e. compliance with the IFAC standards). There is an urgent need for the FAP to address the problem of absent systems in view of the ongoing evaluation exercise by the IFAC.

3) Steady Enforcement of Accounting Professions Act

Although the Accounting Professions Act was enforced in 2004, it has not yet achieved full operational status because of the lack of development of relevant ministerial ordinances and regulations, etc. The steady introduction of these ordinances and regulations is essential. The FAP, which should play a leading role, faces a very heavy work load, including expansion of its staff strength, and must prioritise matters for their steady implementation. The matters to be dealt with by the FAP are listed below.

- a. Introduction of the CPD system for CPAs
- b. Establishment of quality control standards for auditing and the introduction of a quality control review system
- c. Thorough enforcement of B/K registration and elimination of duplicate registration with the DBD
- d. Performance of the leading role in the introduction of XBRL
- e. Expansion of member services, including the accounting consultation service

18) In Thailand, the legal principle has been that the auditor qualification is given to individual persons so that these individual persons are responsible for auditing. However, clarification of the legal responsibility of audit firms as juristic persons under the Accounting Professions Act has increased the necessity for audit firms to introduce a quality control system.

- f. Active involvement in international activities (active participation in the activities of the IFAC and the IASB and enrolment with the Confederation of Asia and Pacific Accountants (CAPA), etc.)¹⁹⁾

The Accounting Professions Act is a law which regulates all accounting professions and it is expected that all accounting professions specified by royal decrees apart from CPAs and B/Ks will register with the FAP. In the coming years, the registration of such accounting professions as system auditors and internal auditors with the FAP will become compulsory under royal decrees as soon as the organizational setting up of the FAP has been completed. Given the fact that the work performed by tax auditors under the system stipulated by the Revenue Code is practically the same as the work of CPAs, their registration with the FAP should obviously become compulsory in the light of the purport of the Accounting Professions Act.

4) Introduction of XBRL

XBRL is a computer language for financial reporting. It has been attracting increasing attention in recent years and has become the de facto global standard. The introduction of XBRL is one of the principal achievements of the TA Program and the dispatch of a delegation by the SET to the 12th International XBRL Conference held in Tokyo in November, 2005 was a great step forward towards the actual introduction of XBRL in Thailand.

It is important to establish a body equipped with the provisional jurisdiction in which many related parties participate from an early stage to start the process of introducing XBRL in Thailand through continued contact with XBRL International. In many countries, an organization of professional accountants acts as the main body to promote XBRL because of its neutrality and mobility as a private sector organization. From this viewpoint, the Study Team believes that the FAP is the most suitable body in Thailand to promote XBRL. Meanwhile, it is desirable for the DBD and other government bodies to assist the FAP's activities in terms of funding and human resources while considering the adoption of XBRL for their own activities.

19) At present, although the FAP is a member of the IFAC, it is not a member of the CAPA, a regional body of the IFAC. It is planned that member bodies of the IFAC which have not yet achieved their obligations as IFAC member bodies will undergo a gradual capacity building process with the assistance of a regional body. The non-membership of the FAP to the CAPA suggests that there may be problems for it to receive the necessary assistance.

The Study Team believes that the application of XBRL in the following fields will prove to be highly effective.

- a. Electronic disclosure at the SET
- b. Form (Sor Bor Cho 3) to be submitted to the DBD
- c. Financial statements to be submitted to the DBD
- d. Electronic tax returns to the Revenue Department

In connection with a. above, the SET is considering the launch of a pilot project under which XBRL will be applied to the top 50 companies in terms of market capitalization. The implementation of a pilot project featuring large companies is a good way to start because their ability to absorb a new technology or technique is high. As a precondition for the introduction of XBRL, the development of a taxonomy in line with the TASs will be necessary. As the TASs are almost identical to the IFRSs, the best way to develop a new taxonomy is the use of the IFRSs taxonomy as the base.

5) Development of Accounting Standards for SMEs

It is difficult for SMEs to observe the TASs, the development of which primarily focused on listed companies, and the development of accounting standards for SMEs is urgently required. At present, the application of some parts of the TASs is exempted for companies other than public limited companies. However, this approach has such problems as a) insufficient reduction of the burden on SMEs and b) exemption of SMEs from the application of the standards which should be equally applied to both large companies and SMEs. The IASB is currently developing accounting standards for SMEs and the Study Team organized a seminar designed to introduce the said development efforts of the IASB in the course of the TA Program (see 3.6 (1)). The fact that the Small and Medium Enterprise Agency of Japan has formulated the Guidelines for Accounting for SMEs was mentioned in the training for BBS staff members (see 3.5 (4)). The DBD is currently preparing to translate the Guidelines for Accounting for SMEs (issued in August 2005) into Thai for their use as a future reference.

The development of accounting standards for SMEs in Thailand from scratch will, in reality, be difficult and a more realistic option is the introduction of such accounting standards by referring to the corresponding standards being developed by the IASB and those in Japan and other countries. In this case, it is desirable for the persons concerned in Thailand to participate in the ongoing IASB project by means of submitting comment letters and attending round table talks. The IASB has

established an advisory panel for the project to formulate accounting standards for SMEs and the absence of a Thai representative on this panel is a major shortcoming.

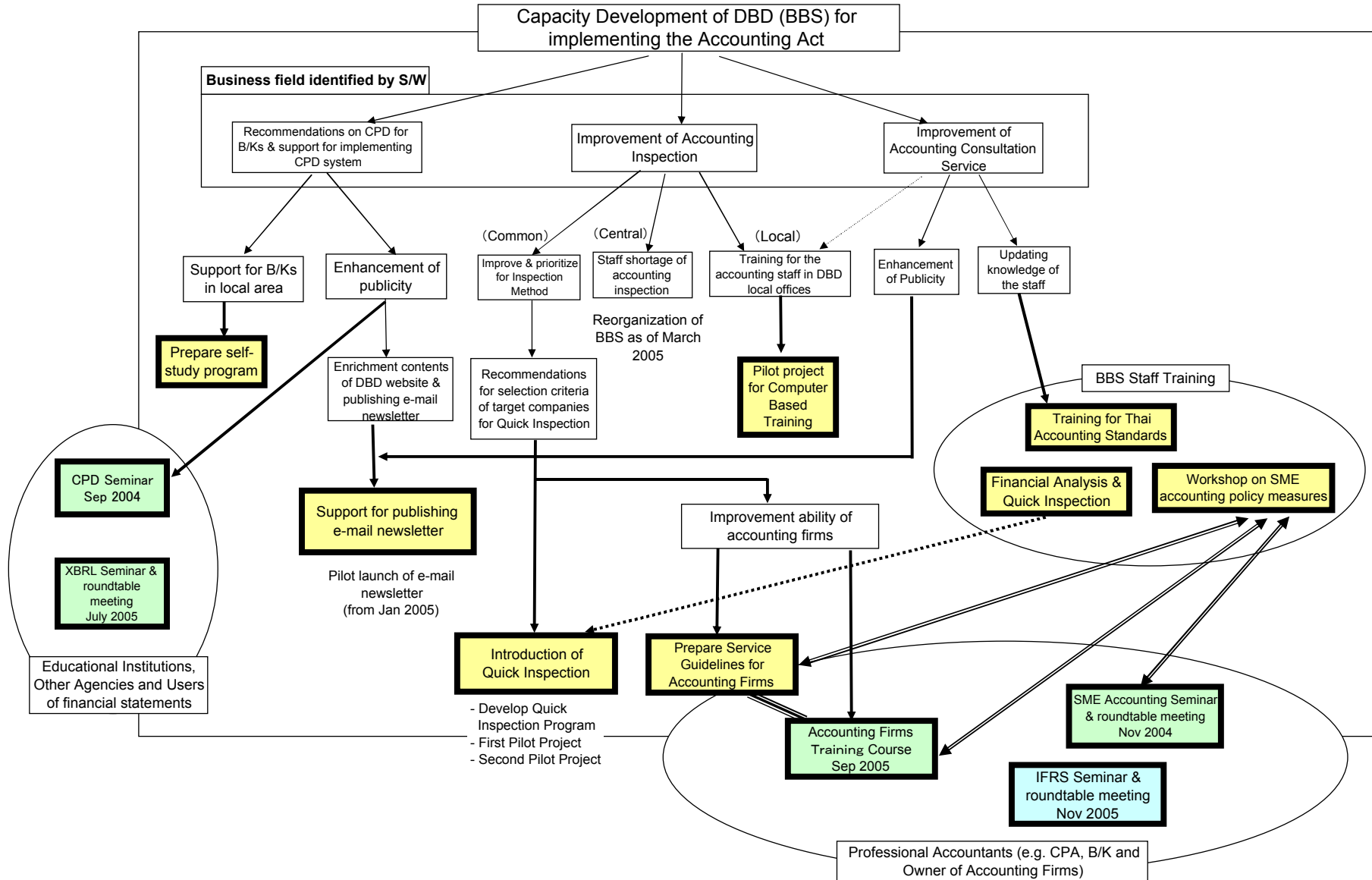
6) Review of Accounting Act and Related Systems to Reflect Real Conditions

The Accounting Act and related systems often stipulate bookkeeping work in great detail, including the bookkeeping method and timing of entries, and contain penal provisions. However, there are many provisions which are, in practice, difficult to abide by (see 2.1 (3)).

Review of the provisions of these systems in view of their modification to suit the real conditions is imperative. Any discrepancy between the provisions of the Accounting Act and those of the Revenue Code make a practical response difficult and it is, therefore, highly desirable to try to establish compatibility between these two laws.

APPENDICES

TA for implementing the Accounting Act - Correlation Chart of Sub-projects



Appendix 2

Work Assingment for Each Study Team Members

Name	Responsible Area of Work	Work Description
Tadashi Sekikawa	Team Leader/Financial Audit 1	<ul style="list-style-type: none"> • Management, command and supervision of the entire TA Program • Reporting to and communication with the JICA • Discussions and coordination with the BBS • Liaisoning with various related organizations • Workshops • Compilation of reports
Motokazu Kanokogi	Sub-Team Leader/Human Resources Development 1	<ul style="list-style-type: none"> • Assistance for the Team Leader • Training of BBS staff members (leader) • Evaluation of the improvement effects of the financial statements inspection and the consultation services
Nobuyuki Yamada	Financial Audit 2	<ul style="list-style-type: none"> • Improvement of the financial statements inspection (sub-leader) • Training of BBS staff members
Keita Inoue	SME Accounting 1	<ul style="list-style-type: none"> • Improvement of financial audit inspection • Training of BBS staff members
Sirintip Tongta	SME Accounting 2	<ul style="list-style-type: none"> • Improvement of the consultation services (sub-leader) • Proposals for CPD improvement (sub-leader) • Lecturer for the training of BBS staff and external seminars • Gathering of field data
Takashi Matsumura	Human Resources Development 2	<ul style="list-style-type: none"> • Proposals for CPD improvement (leader) • Training of BBS staff members
Kazuyuki Kawamoto	Accounting Act	<ul style="list-style-type: none"> • Improvement of the consultation services (leader) • Lecturer for the training of BBS staff members and external seminars
Yumiko Ando	Work Coordination	<ul style="list-style-type: none"> • Logistics • Support for the workshops and seminars • Support for the compilation of reports • Settlement of accounts

1. List of Members of the Capacity Building Team (CBT) of BBS

Name	Title	Division
Ms. Chutamane Yodsaeng	CBT leader / Trade officer	Accounting System & Standard Development Group
Ms. Jirada Pongpun	CBT sub-leader / Trade officer	Accounting System & Standard Development Group
Ms. Sorada Hertharpachit	Trade officer	Corporate Governance Group
Ms. Supaporn Boontan	Trade officer	Education & Technology
Ms. Sornpana Sinuankhan	Trade officer	Accounting Inspection Group (Special area)

2. Activity with CBT members

- **The 1st CBT meeting** was held on the 27th of January, 2004: The purpose, mission and activities of Capacity Building Team (CBT) were shared among the CBT members and the JICA Study Team.
- **The 2nd CBT meeting** was held on the 27th of April, 2004: Survey results for improving business management for the BBS were presented by the JICA team. The plan for the Provincial Bookkeepers' Training was introduced by CBT.
- **The 3rd CBT meeting** was held on the 6th of May, 2004. The outcomes of the introductory seminar were shared: 1) analysis of the test results, and 2) results of the questionnaires. Preparatory training for Group Discussion was conducted.
- **The 4th CBT meeting** was held on the 14th of May, 2004, a draft plan of the BBS staff training to be held in July, 2004 was introduced and discussed. Problem Analysis in the Group Discussion was reviewed.
- **The 5th CBT meeting** was conducted on the 30th of July 2004: The plan of the BBS staff training to be conducted in July and September were discussed.
- **The 6th CBT meeting** was conducted on the 23rd of September 2004: The progresses of pilot projects were presented by the JICA team.
- **The 7th CBT meeting** was conducted on the 18th of November 2004: The plan of the BBS staff training in 2005 was discussed. The debriefing of the counterpart training was presented.
- **The 8th CBT meeting** was conducted on the 25th of November 2004: The plan of the BBS

staff training in 2005 was still discussed.

- **The 9th CBT meeting** was conducted on the 19th of January 2005: The plan of the BBS staff training in 2005 was discussed.
- **The 10th CBT meeting** was conducted on the 26th of April 2005: The plan of the BBS staff training in 2005 was discussed.
- **The 11th CBT meeting** was conducted on the 22nd of June 2005: The plans for XBRL seminar and Accounting Forms Training course were shared.
- **The 12th CBT meeting** was conducted on the 12th of September, 2005: The outcomes of the JICA project were discussed. The details of final BBS staff training and the Accounting Firms Training Course were shared.

Appendix 4

PDM: The Capacity Building for Implementing Accounting System (TA for Implementing Accounting the Act) - 2nd Draft

Target Area: Entire Thailand

Implementation period: December, 2003 – December, 2005

Target Group: Companies submitting financial statements (F/S) to the Ministry of Commerce

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>< Overall Goal > Improvement of the compliance situation of the Accounting Act among Thai companies</p>	<ol style="list-style-type: none"> Ratio of the companies that have not submitted F/S of FY 2009 as of May 2010 : 30% or less¹ Ratio of the companies that are not pointed out any non-compliance with the Accounting Act in the inspections during FY 2009 : 30% or higher² Ratio of the companies that have not registered B/Ks at the end of 2010 : 20% or less³ Ratio of B/Ks that have completed compulsory CPD from 2008 to 2010: 80% or higher 	<ol style="list-style-type: none"> Records of submission of F/S Records of F/S inspection B/K Database Training course attendance records for B/Ks 	
<p>< Project Purpose > Improvement of the capacity of the BBS to enforce the Accounting Act</p>	<ol style="list-style-type: none"> The number of inspections of F/S in FY 2005 : 7,000 or more⁴ BBS staff are more confident in offering accounting consultation services in September 2005, compared in July 2004 The number of participants of approved CPD courses by the end of September 2005 : 30,000 or more 	<ol style="list-style-type: none"> Records of F/S inspection Questionnaire and interview results with BBS staff Records of certification of CPD courses 	No severe deterioration of the economy
<p>< Output ></p> <ol style="list-style-type: none"> Effective recommendations are made for CPD for B/Ks The efficiency of the inspection of F/S is improved The efficiency of accounting consultation services is improved The abilities of BBS staff are improved 	<ol style="list-style-type: none"> Effective recommendations on CPD (First: August, 2004) Effective recommendations on CPD (Second: December, 2005) Electronic data is available for the inspection of F/S XX% Increase in the number of access and visits to the web site concerning accounting consultation services in FY 2005 compared to the same period in 2003 Minimum proportion of BBS staff evaluated as C or higher in the five grade evaluation of abilities (A – E) of XX% 	<ol style="list-style-type: none"> CPD report Final Report BBS data BBS data The evaluation results of the BBS staff (EV2) 	No major changes in terms of the organization, duties and manpower strength of the BBS
<p>< Activities ></p> <p>Activity 1: Preparation of recommendations on CPD for B/Ks</p> <ol style="list-style-type: none"> Preparation of the First Recommendations on CPD (July, 2004) 1st CDP Workshop (September, 2004) Assistance for approval of training bodies and training courses 2nd CDP Workshop (May, 2005) Preparation of the Second Recommendations on CPD (September, 2005) <p>Activity 2: Improvement of the inspection of F/S</p> <ol style="list-style-type: none"> Fact-finding of the present situation and analysis of the work Preparation of improvement recommendations Implementation of improvement recommendations <p>Activity 3: Improvement of the accounting consultation services</p> <ol style="list-style-type: none"> Fact-finding on the present situation, analysis of the work and analysis of the causes of identified problems Preparation of improvement recommendations Implementation of improvement recommendations <p>Activity 4: Implementation of BBS staff training</p> <ol style="list-style-type: none"> Preparation of the training plan Implementation of basic training Implementation of advanced training <p>Activity 5: Other activities contributing to improvement of the enforcement of the Accounting Act</p> <ol style="list-style-type: none"> Accounting Act workshop Seminar for senior executives Seminar for accounting personnel 	<p>< Input: Japanese Side ></p> <ul style="list-style-type: none"> Eight study team members (approximately 58 M/M planned) and study cost Cost of organizing seminars and workshops 	<p>< Input: Thai Side ></p> <ul style="list-style-type: none"> Organize the CBT Participation of BBS staff in the Project Provision of work place for the JICA team Travel expenses for BBS staff to attend provincial seminars 	<p>Consent for the activities by other related organizations</p> <p>< Precondition > No occurrence of any security problems</p>

¹ Ratio of the companies that have not submitted F/S of FY 2002 by May 2004 is about 46%.

² Ratio of the companies that were not pointed out any non-compliance with the Accounting Act in the inspections during FY 2003 (from October 2002 to September 2003) is about 14%.

³ Ratio of the companies that have not registered B/Ks as of April 2004 is about 35%.

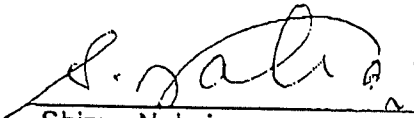
⁴ The number of inspections of F/S in FY 2003 is 5,500.

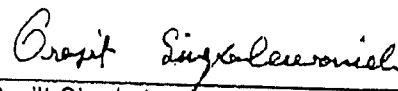
Appendix 5

SCOPE OF WORK
FOR
THE CAPACITY BUILDING
FOR
IMPLEMENTING ACCOUNTING SYSTEM
(TA FOR IMPLEMENTING THE ACCOUNTING ACT)
IN
THE KINGDOM OF THAILAND

AGREED UPON BETWEEN
DEPARTMENT OF BUSINESS DEVELOPMENT
MINISTRY OF COMMERCE
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

Bangkok, October 9 , 2003


Shinya Nakai
Resident Representative
Thailand Office, Japan International
Cooperation Agency
Japan


Orarit Singkalavanich
Director-General
Department of Business Development,
Ministry of Commerce
Kingdom of Thailand

I. INTRODUCTION

In response to the request of the Government of the Kingdom of Thailand (hereinafter referred to as "GOT"), the Government of Japan (hereinafter referred to as "GOJ") decided to conduct a [Development Study for Capacity Building for Implementing Accounting System (TA for Implementing the Accounting Act)] (hereinafter referred to as "the Study") with the Department of Business Development, Ministry of Commerce (hereinafter referred to as "DBD") in accordance with the Agreement on Technical Cooperation between the GOJ and the GOT signed on 5th November, 1981.

Accordingly, the Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of the GOJ, will undertake the Study in close cooperation with the relevant authorities concerned of the GOT.

DBD shall act as a counterpart agency to the Japanese study team and also as a coordinating body in relation with other relevant organizations for the smooth implementation of the study.

The present document sets forth the scope of work for the Study.

II. OBJECTIVES OF THE STUDY

Providing appropriate financial information in business is important to the economic development of the country, in terms of realizing access to the finance, better business management planning and corporate governance. In this sense, GOT has been attempting to develop proper accounting system in Thailand.

The objective of the Study is to facilitate implementation of accounting acts and related regulations and to enhance the capacity of the staff of the Bureau of Business Supervision (hereinafter referred to as "BBS"), DBD who is in charge of supervising the bookkeeping of businesses. In order to achieve the objectives, the Study will include:

1. Implementation of capacity building of the staff of BBS
2. Recommendation on improving services provided by DBD

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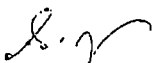
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III. SCOPE OF THE STUDY

1. Review current situation of accounting system in Thailand (Collecting information)
 - 1-1. Review policies, measures and programs concerning accounting system
 - 1-2. Review businesses' and bookkeepers' compliance with accounting related laws and standards

2. Study and analyze activities of BBS/DBD
 - 2-1. Study and analyze the service activities of each group in BBS/DBD
 - Inspection and auditing of financial statements submitted to DBD by companies
 - Consultation service in relation to implementing Accounting Act
 - Continuing Professional Development for bookkeepers (including preparation of this program)
 - Other activities, if necessary
 - 2-2. Evaluate the achievement of these activities

3. Capacity building of DBD
 - 3-1. Provide suggestions and recommendation on capacity building of BBS/DBD staff for those activities described in the above section 2-1.
 - 3-2. Carry out the above capacity building of BBS/DBD by ways of
 - Seminars
 - Exercising (On the Job Training)
 - Other effective methods, if applicable.
 - 3-3. The capacity building program includes development of curriculum and training courses and provision with training materials and manual, if necessary.
 - 3-4. Give advice and recommendation on the improvement of the services of DBD (described in the above section 2-1.), including the improvement of the compliance of related stakeholders with accounting related acts and standards.



IV. WORK SCHEDULE

Duration of the Study is about two years, starting from the middle of December, 2003. The details shall be discussed with the submission of Inception Report. The tentative schedule of the Study is attached as the Annex.

V. REPORTS

JICA shall prepare and submit the following reports in English and the Final Report in Thai to the GOT.

- (1) Ten (10) copies of the Inception Report
(at the beginning of the Study)
- (2) Ten (10) copies of the Progress Report
(at the intermediate stage of the Study)
- (3) Ten (10) copies of the Interim Report
(at the latter stage of the Study)
Thirty (30) copies of the Draft Final Report
(at the final stage of the Study)
- (5) Thirty (30) copies of the Final Report
(after completion of the Study)

VI. UNDERTAKING OF THE THAI AUTHORITIES CONCERNED

1. Specific privileges and other benefits to the Japanese Study Team (hereinafter referred to as "the Team") necessary for the conduct of the Study will be provided in accordance with the Agreement on Technical Cooperation between the GOJ and the GOT signed on November 5, 1981.
2. The DBD shall act as the counterpart agency to the Team. The DBD shall also as the coordinating body between the other governmental and non-governmental organizations concerned with smooth implementation of the Study.
3. To facilitate the smooth conduct of the Study, the DBD shall take the following necessary measures in cooperation with other relevant organizations within the laws and regulations in force in Thailand:

S. J.

Prasit Singsakul

- 1.1 to cooperate in securing the safety of the Team when and as required in the course of the Study,
 - 1.2 to cooperate in securing permission for entry into private properties or restricted areas for the implementation of the Study,
 - 1.3 to cooperate in securing permission for the Team to get access to all data, documents and information necessary for the execution of the Study, and
 - 1.4 to provide medical service as needed. Expenses will be chargeable to the member of the Team
4. The DBD shall, at its own expense, provide the Team with the following in cooperation with other organizations:
- 4.1 available data related to the Study,
 - 4.2 counterpart personnel,
 - 4.3 suitable office space with necessary equipment in Bangkok and the Study sites, and
 - 4.4 credentials and/or identification cards.

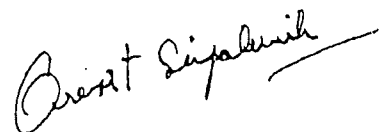
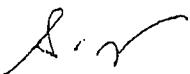
VII. UNDERTAKING OF JICA

For the implementation of the Study, JICA shall take the following measures:

1. To dispatch, at its own expense, the Team to Thailand.
2. To pursue technology transfer to the Thai counterpart personnel in the course of the Study.

VIII. CONSULTATIONS

JICA and DBD shall consult with each other in respect of any matter that may arise from, or in connection with, the Study.



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Annex

		Tentative Schedule of the Study																							
Year	2003	2004												2005											
Month	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Work in Thailand		■				■				■	■	■		■				■				■			
Work in Japan	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>	
Submission of Report	Δ					Δ						Δ							Δ						Δ
	I C/R					PR/R						IT/R							DF/R						F/R
		I C/R		I NCEPT ION REPORT		PR/R		PROGRESS REPORT		IT/R		I NTER I M REPORT		DF/R		DRAFT FI NAL REPORT		F/R						FI NAL REPORT	

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Appendix 6

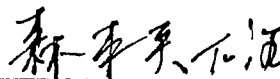
**MINUTES OF MEETING
FOR
THE TECHNICAL ASSISTANCE PROGRAM
ON
IMPLEMENTING ACCOUNTING ACT
IN THE KINGDOM OF THAILAND
AGREED UPON BETWEEN
MINISTRY OF COMMERCE
AND
THE JAPAN INTERNATIONAL COOPERATION AGENCY**

Signed in Nonthaburi

11th July, 2003



Ms. Pongpun Gearaviriyapun
Director of Bureau of Business Supervision
Department of Business Development



Mr. Hideo Morimoto
Leader
JICA Study Team

The Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a mission headed by Mr. Hideo Morimoto from 8th to 11th July, 2003(hereinafter referred to as "the Mission") for the technical assistance program on capacity building for implementing Accounting Act (hereinafter referred to as "TA program").

The Mission had a series of discussions with the Representatives of the Department of Business Development, Ministry of Commerce of the Kingdom of Thailand (hereinafter referred to as "the Thai side"), and this document sets forth the main points confirmed in the discussions.

1. The outline of the TA program

The main objective of the TA program is capacity building of the staff of the Bureau of Business Supervision of Department of Business Development (hereinafter referred to as "BBS" and "DBD", respectively). The TA program can be divided into two subsets. One of them is capacity building for the DBD's services, such as consultation services and inspection of financial statements. The other one is assistance for BBS/DBD's preparation for the Continuing Professional Development for Bookkeepers. TA program also includes suggestions and proposals for an appropriate implementation of Accounting Act, for example, holding seminars for business management in order to promote businesses to keep accounts under the Accounting Act.

2. TA program for Continuing Professional Development for Bookkeepers

The Mission learned that the draft guideline of the Continuing Professional Development for Bookkeepers (hereinafter referred to as "CPD") will be discussed among DBD and the relevant educational institutes at the end of July 2003, and the final guideline will be announced by DBD as soon as it is agreed, but not later than its effective date (10th of August 2004). The TA program does not basically include the preparation of this guideline due to the time restraint, it will, however, include proposals for the elaboration of the guideline for the future CPD.

3. Additional recommendations and proposals for improving the activities of BBS/DBD

The Thai side expressed its wishes for additional recommendations and proposals for improving the activities of BBS/DBD by the consultants in the course of the TA program, even if detailed elements of the recommendation and proposals are not prescribed in the

Scope of Work.

4. Reports

Regarding the reports and the materials (e.g. textbook of the seminars) produced in the course of the TA program, the inception, interim and progress reports of the TA program, if produced, shall be written in English, whereas the materials to be used in the seminars mainly for the staff of DBD shall be both in Thai and English. JICA and DBD have no objection to the publication of the reports and materials produced in the course of the study.

5. TA program Team

Further to the mission schedules of the TA program team, the Mission explained the way of the work of intermittent dispatch of the team consisting of around five or six members of which number and duration depend on the aim of each mission, and Thai side agreed on it.

6. Training in Japan

MOC is expected to submit A-2/A-3 forms to the Embassy of Japan in Bangkok to follow up its request that their personnel be accepted as trainees under the JICA training program.

7. Undertakings

- a) All the data necessary for the TA program shall be provided to the Japanese TA program team.
- b) DBD will provide offices in Nonthaburi for the TA program team.

Minutes of Meeting

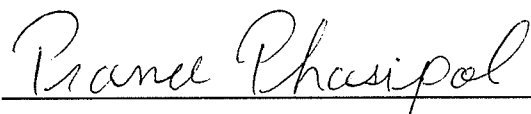
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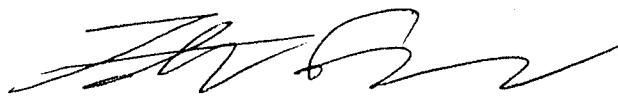
The Capacity Building For
Implementing Accounting System
(TA for Implementing the Accounting Act)
In The Kingdom of Thailand

January 20 & 21, 2004
Department of Business Development, MOC
Nonthaburi, Thailand

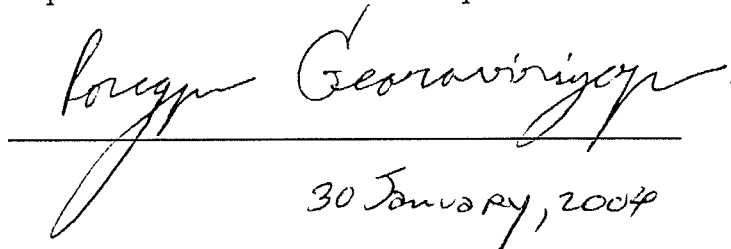
Ms. Pranee Phasipol
Deputy Director-General
Department of Business Development

Mr. Tadashi Sekikawa
Leader of the JICA
Consulting Team





Ms. Pongpun Gearaviriyapun
Director of Bureau of Business Supervision
Department of Business Development



30 January, 2004

1. Attendants

Ministry of Commerce, The Kingdom of Thailand (MOC)

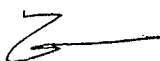

Ms. Pranee Phasipol,	Deputy Director General, DBD
Ms. Uthaisri Sirichai,	Accounting Specialist, DBD
Ms. Pongpun Gearaviriyapun,	Director, BBS
Ms. Anuchit Kaewruamwong,	Accounting System and Standard Development Group
Ms. Sukunya Songyothin,	Accounting System and Standard Development Group
Ms. Chanipat Khongkamon,	Business Inspection and Analysis Section
Ms. Winita Chaimanat,	Business Inspection and Analysis Section
Ms. Nutkamol Teparatimagorn,	Auditor Supervision Group
Ms. Supaporn Rungrampun,	Auditor Supervision Group
Ms. Suleporn Palachewin,	Accounting Inspection Group
Ms. Sorada Lertharpachit,	Accounting Inspection Group
Ms. Supaporn Boontan,	Auditor Supervision Group
Ms. Chutamane Yodsaeng,	Accounting System and Standard Development Group
Ms. Jirada Pongpun,	Accounting System and Standard Development Group
Ms. Sonpana Sinuankhan,	Business Inspection and Analysis Section

Japan International Cooperation Agencies(JICA)

Mr. Hiroshi Takabayashi,	Industrial Development Study Division
Mr. Akira Shibuya,	Assistance Resident Representative, Thailand office
<u>The JICA Consulting Team</u>	
Mr. Sekikawa Tadashi,	Team Leader/Financial Audit
Mr. Motokazu Kanokogi,	Sub-Leader/Human Resource Development
Mr. Nobuyuki Yamada,	Financial Audit
Mr. Keita Inoue,	SME Accounting
Ms. Sirintip Tongta,	SME Accounting
Mr. Takashi Matsumura,	Human Resource Development
Mr. Kazuyuki Kawamoto,	Accounting Act
Ms. Yumiko Ando,	Work Coordination

2. Summary of the meeting

The outline of the IC/R was clearly explained by the JICA Team and was well understood and basically agreed by BBS. In the meantime, BBS expressed their requests regarding some part of the contents of the program. A series of close talks on each item shown in the appendix 5 of the IC/R were made between the both parties. The results of the two-day talk are summarized as shown in the attached table of this minute.

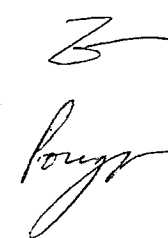



APPENDIX Summary of the Two-day Talk held on January 20 & 21, 2004

	Discussion Item	Key Points for Discussion	Conclusion
1	Purposes and Principal Policies of the TA Program		
1a	Formation of the Capacity Building Team (CBT) and its composition	<ul style="list-style-type: none"> • Should a CBT be established? • Member of the CBT 	<ul style="list-style-type: none"> • A CBT is established. • The CBT is consisted of 5 members who represent each group or section in BBS.
1b	Use of the PCM method and the main items of the PDM	PCM <ul style="list-style-type: none"> • Should the PCM method be used? • Main contents of the PDM 	<ul style="list-style-type: none"> • The PCM method is used for managing the project. • Indicators in PDM must be determined in the next survey.
2	Training of BBS Staff		
2a	Scope of the staff subject to training	Persons who will receive the training <ul style="list-style-type: none"> • Irregular staff? • Provincial staff? 	<ul style="list-style-type: none"> • The program focuses on the regular staff of BBS, about 50 staff, excluding irregular staff and provincial staff.
2b	Framework and rough contents of the training	Discussions on the abilities which require strengthening is necessary How many hours can BBS staff allocate to training in relation to their ordinary work?	The following items are confirmed. <ul style="list-style-type: none"> • Basic accounting training is not necessary. • Knowledge of related laws will be advised by BBS. • There are deep interests in the area of auditing and Computer-Assisted Audit Techniques and Tools (CAATTs) • The training to improve capacity of staff in planning and administration will be provided. • Introduction of cases in other countries regarding the accountant system will be highly appreciated.



			<ul style="list-style-type: none"> • Accounting standard together with case studies will be also appreciated. • Corporate governance together with some case study will be also appreciated. • BBS will request other subjects to be included in the curriculum later. • Curriculum for trainer's training will be provided. • Training for planning, management and service mind as government officers are also welcomed • The methods of the training that are proposed in IC/R are acceptable. • BBS will review and suggest the appropriate schedule of the training.
2c	Evaluation method for the training results	<p>Sharing of a picture of the situation at the end of the Consulting (targets)</p> <ul style="list-style-type: none"> • Frequency of evaluation • Evaluation method, particularly the evaluation method for abilities at the beginning of training 	<ul style="list-style-type: none"> • For evaluation method, interviews and small group discussion will be acceptable. • However, BBS agreed to perform pre-test.
2d	Utilization of the evaluation results	<ul style="list-style-type: none"> • Should the evaluation result be utilized for personnel merit-rating? • Method to ensure that the result cannot be utilized and announcement to BBS staff when such results are not used 	<ul style="list-style-type: none"> • The evaluation result is to be used only for the training purposes.
2e	Introductory seminar	<ul style="list-style-type: none"> • Desirability of an introductory seminar • Method and contents 	<ul style="list-style-type: none"> • The seminar will be held during the Second Field Survey



3	CPD for Bookkeepers		
3a	Outline of the recommendations for CPD	<p>Checking of the progress situation of the CPD system is necessary.</p> <ul style="list-style-type: none"> • Outline and timing of the First Recommendation • Outline and timing of the Second Recommendation 	<p>As described in the IC/R, following recommendations will be provided.</p> <p>First Recommendation (July, 2004): Practical matters to ensure the smooth operation of the system and future themes</p> <p>Second Recommendation (September, 2005): further elaboration of the First Recommendation</p>
3b	Examples of other countries requiring detailed analysis	Presentation of examples of other countries to specify the subjects for detailed analysis	<p>As to CPD system, introduction of many case studies will be highly appreciated. Cases in developed countries (e.g. US, UK and Japan) and China as well. The presentation will be conducted for all regular BBS staff, namely around fifty people.</p>
3c	Support for CPD	Clarification of the future work to be implemented by the BBS and contents of the support required of the Consulting Team by the BBS	<ul style="list-style-type: none"> • A seminar on CPD should be conducted for the related organizations and agencies. (ICAAT, Chamber of Commerce, Educational Institutions) • How to monitor the CPD system of B/Ks is to be discussed in the near future.
3d	CPD workshop	<ul style="list-style-type: none"> • Desirability of a CPD workshop • Picture of its contents, timing and target persons, etc. 	<p>The CPD workshop will be held as proposed in IC/R.</p> <ul style="list-style-type: none"> • Two workshops will be held.
4	General Contents of the TA Program		
4a	Overall schedule of the TA Program	<ul style="list-style-type: none"> • Timing of the field survey • Timing of the preparation of reports • Others 	<p>The schedule of the 2nd Survey in May might be changed because of the tight schedule of BBS staff during that period.</p>



Appendix to M/M

4b	Subject bodies for the interview survey	<ul style="list-style-type: none"> • Subject bodies for the interview survey and the planned interview contents 	The subject bodies that are listed in the appendix 6 of the IC/R seem to be appropriate.
5	Other Activities		
5a	Frequency of activities in the provinces	<ul style="list-style-type: none"> • Extent of activities in the provinces. 	Some training programs in provincial area will be effective.
5b	Accounting Act workshop	Target persons, venue and frequency	<ul style="list-style-type: none"> • Accounting Act Workshop should be held. Details are to be discussed later.
5c	Seminar for senior executives	Target persons, venue and frequency	Left to be discussed for the following.
5d	Seminar for corporate accounting personnel	<ul style="list-style-type: none"> • Implementation method, venue and frequency • Possible co-sponsorship with other bodies 	Left to be discussed for the following.



Minutes of Meeting

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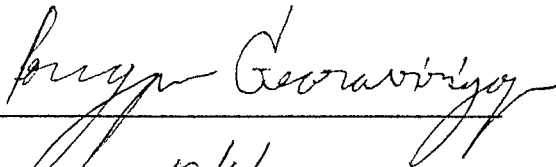
The Capacity Building for
Implementing Accounting System
(TA for Implementing the Accounting Act)
In the Kingdom of Thailand


May 13 & 14, and June 16 & 18, 2004

Department of Business Development, MOC
Nonthaburi, Thailand

Ms. Pongpun Gearaviriyapun
Director of Bureau of Business Supervision
Department of Business Development

Mr. Tadashi Sekikawa
Leader of the JICA Consulting Team


18/6/2004


June 18, 2004

1. Attendants

Ministry of Commerce, The Kingdom of Thailand (MOC)

Ms. Pongpun Gearaviriyapun, Director, BBS

The JICA Consulting Team

Mr. Sekikawa Tadashi, Team Leader/Financial Audit

Mr. Motokazu Kanokogi, Sub-Leader/Human Resource Development

2. Summary of the meeting

JICA team's visit will be planned in conjunction with DBD's provincial seminar for Bookkeepers. Schedules are as follows:

- Chaing Mai: July 15 to 17
- Nakhon Ratchasima: August 5 to 7
- Chon Buri: August 22 to 24

Priority of training is discussed in the CBT meeting held on May 14th, based on the results of test, questionnaire, and group interviews. The following priority has been set:

1. Time Value Concept
2. Lease (TAS 29)
3. Construction (TAS 49) focusing on case studies
4. Consolidation(TAS 44), Equity Method(TAS 45), Investment(TAS 40)
5. Auditors' Report focusing on Comparatives
6. Debt Restructuring (TAS 34)
7. Impairment (TAS 36)
8. Business Combination (TAS 43)

Draft Progress Report that reflects 2nd field survey were reviewed and discussed on June 16 and 18. The draft was approved without major amendments. However, both side agreed to discuss further what kinds of activities will be held as "other related activities". Ms. Pongpun indicates that according to past experiences of BBS, seminar for senior executives is difficult to hold. One of possible useful activities would be seminar for bookkeepers of bookkeeping service firms in Bangkok.

Minutes of Meeting

For

The Capacity Building for
Implementing Accounting System
(TA for Implementing the Accounting Act)
In the Kingdom of Thailand

January 28, 2005

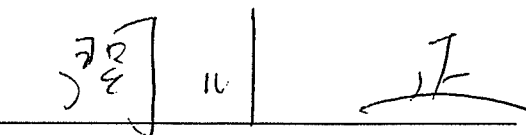
Department of Business Development
Ministry of Commerce

Nonthaburi, Thailand

Ms. Pongpun Gearaviriyapun
Director of Bureau of Business Supervision
Department of Business Development

Mr. Tadashi Sekikawa
Leader of the JICA Study Team





1. Attendants

Ministry of Commerce, the Kingdom of Thailand (MOC)

Ms. Pongpun Gearaviriyapun, Director of BBS

The JICA Study Team

Mr. Tadashi Sekikawa, Team Leader/Financial Audit

Mr. Motokazu Kanokogi, Sub-Leader/Human Resource Development

JICA Thai Office

Mr. Hirofumi Kinugasa, Assistant Resident Representative

2. Summary of the meeting

(1) Explanation of Interim Report

The outline of the Interim Report was clearly explained by the JICA Study Team and was well understood by BBS.

(2) Plan of the Activities from April 2005

Both sides agreed the revision of the work plan described in the Progress Report (June 2004), subject to an approval of JICA headquarter, in the following points:

- a) CPD workshop scheduled in the seventh field survey will not be held because it is still the first implementation stage of CPD system. BBS would have to directly provide a basic self-study CPD course for B/Ks in remote area and/or with low income. The JICA team will provide necessary material such as test questions used in assessment.
- b) Seminars for senior executives (at provincial areas) will not be held because we focus on quality improvement of accounting firms which provide bookkeeping services to SMEs. Awareness of the importance and usefulness of accounting among senior executives should be improved through improved quality of services by those accounting firms. A training course for those accounting firms would have higher priority. The course would also aim at promulgating "service guidelines for accounting firms" that would be developed by the TA Program.

- c) Seminars for corporate accounting personnel (at provincial areas) will be replaced by the two seminars in Bangkok; one is “XBRL” seminar (tentatively planned in July), the other is “IFRSs seminar” (tentatively planned in November). The JICA Study Team do not have to visit provinces since it has already obtained baseline data through accounting test conducted from July to November 2004. The purpose of XBRL seminar is to share information about XBRL with related parties so that a promoting organization of XBRL in Thailand might be established. Introduction of XBRL would drastically improve efficiency of BBS’s financial statement inspections as well as improving public access to financial information.
- d) Accounting Act workshop 2 will be divided into two roundtable discussions, where the limited number of participants (20 – 30) will discuss the theme; one is for XBRL the other is for IFRSs. Each of them will follow the respective seminar held in July and November (See c) above).

Both sides agreed to further develop and/or follow up each activity described in the Interim Report as follows:

a) Computer Based Training Material

Assumed successful development of the material, DBD will use the material for orientation training of its regional staff. The JICA Study Team will continuously support effective implementation of the material.

b) Quick Inspection

Assumed successful results in the Quick Inspection, BBS will expand its application. JICA Study Team will support BBS by improvement of the method including computer program used in the Quick Inspection.

Both sides note quality of BOL database is indispensable for its further expansion.

c) E-mail Newsletter

Both sides note DBD’s system environment should be enhanced in order to expansion of the e-mail newsletter distribution. BBS will take the best effort to upgrade its system environment. The JICA Study Team will continuously provide technical support (both in system-related and content-related) for the program.

d) Service Guidelines for Accounting Firms

Both sides note that high priority would be placed on the quality improvement of accounting firms which provide bookkeeping services to SMEs. Service guidelines will be developed by the BBS with technical assistance of the JICA Study Team. Both sides note that incentive scheme such as a commendation system would be necessary to promulgate the service guidelines.

e) Training of BBS Staff

Both side noted training focused on “skill” rather than “knowledge” will be provide as advanced level training. The following two trainings will be provided:

- Workshop on Policy Measures for Enhancement of SMEs Accounting
- Financial Analysis Used in the Inspection

Minutes of Meeting

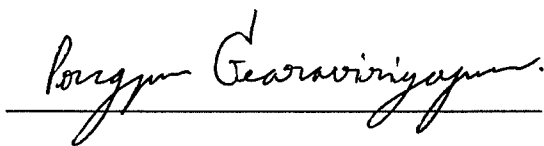
For

The Capacity Building for Implementing Accounting System (TA for Implementing the Accounting Act) In the Kingdom of Thailand

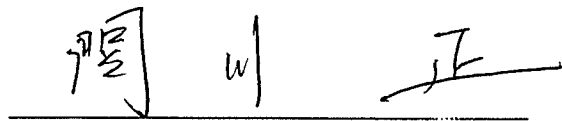
December 23, 2005

The Study Team of the Japan International Corporation Agency ((hereinafter referred to as "the Study Team") exchanged views and had a series of discussion with the Bureau of Business Supervision (hereinafter referred to as "BBS") of the Department of Business Development (hereinafter referred to as "DBD"), Ministry of Commerce, regarding contents of the Draft Final Report prepared by the Study Team and overall evaluation of the TA Program.

As a result of the discussions, the major points agreed on by BBS and the Study Team are summarized as attached hereto.



Ms. Pongpun Gearaviriyapun
Director of Bureau of Business Supervision
Department of Business Development



Mr. Tadashi Sekikawa
Leader of the Study Team

1. Attendants

DBD

Ms. Pongpun Gearaviriyapun, Director of BBS

Ms. Chutamanee Yodsaeng, BBS

Ms. Jirada Pongpun, BBS

The Study Team

Mr. Tadashi Sekikawa, Team Leader/Financial Audit

Mr. Motokazu Kanokogi, Sub-Leader/Human Resource Development

JICA Headquarter

Mr. Ken Fujie, Trade, Investment and Tourism Team, Economic Development
Department

JICA Thailand Office

Mr. Kazutoshi Inoue, Regional Project Formulation Advisor

Mr. Hirofumi Kinugasa, Assistant Resident Representative

2. Summary of the meeting

(1) Explanation of Draft Final Report

The outline of the Draft Final Report was clearly explained by the Study Team and was well understood by BBS. BBS agreed to the contents of the Draft Final Report principally. However, it expressed its interest in descriptions of some paragraphs. As a result of discussions, BBS agreed that the Study Team finalizes the Final Report in accordance with the Appendix.

(2) Distribution and Disclosure of the Final Report

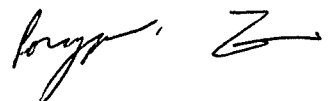
BBS and Study Team agreed that the Final Report will be widely distributed to parties concerned both in Thailand and Japan and that the Report will be accessible to the public.

(3) Follow-up work to implement fruits of the TA Program

The Study Team, as well as JICA, emphasized the importance of BBS's follow-up work to implement fruits of the TA Program. BBS agreed to make a best effort to implement them. The Study Team specifically express and the BBS noted the following opinions;

1) Self Study Program of CPD

The self study program of Continuous Professional Development (CPD) for



Bookkeepers (B/Ks) needs to be implemented as soon as possible to give appropriate remedy for B/Ks in provincial areas.

2) Operational Guidelines for Accounting Firms

"The Operational Guidelines for Accounting Firms" drafted by the Study Team needs further development to become more user-friendly tool for accounting firms in Thailand. Participation of professional accountants in such development is essential.

1. Outline of the Technical Assistance Program (TA Program)

1.1 Background of the TA Program

(1) Importance of Accounting and Audit System

The development of an accounting and audit system forms the basis for economic development through the enhancement of corporate strength and improvement of the investment environment. The existence of a reliable accounting and audit system is particularly essential in developing countries to attract foreign investment. The Asian economic crisis in 1997 vindicated the notion that the consolidation of an accounting and audit system is a precondition for sustainable economic growth and provided the opportunity for Asian countries to reform their accounting and audit systems as seen with the full revision of the accounting standards in Korea and the reform of the accountant qualification system in Indonesia. Thailand has also proceeded with the full revision of its accounting standards and other reforms since this economic crisis.

There are two principal purposes of accounting: (i) accurate understanding of the state of a company by its owner to ensure the sound business management of the company (internal purpose) and (ii) accurate understanding of the state of a company by creditors and investors to assist their decision-making for loans and investment (external purpose). In the case of accounting by SMEs, the internal purpose is more emphasized while the external purpose is more emphasized for accounting by large companies. Sound accounting practices at large companies, especially listed companies, are essential for the development of the capital market. For SMEs, sound accounting practices contribute to their development as well as the development of the general economy as they prompt sound business management and smooth the way for bank loans. The strengthening of SMEs, which account for half of the employees in Thailand, through the improvement of accounting practices, contributes to the enhancement of "human security" through the stabilization and expansion of employment.

(2) Present Conditions and Problems of Accounting and Audit System in Thailand

In Thailand, the Accounting Act was fully revised in 2000 and the Accounting Professions Act was enforced in 2004. The development of the accounting and audit system in Thailand has been making steady progress as international standards are fully incorporated into the relevant national accounting and audit standards. In fact, the accounting and audit system in Thailand has the most stringent demands in the world in that all companies are, in principle,

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required to be audited by a CPA and must submit their financial statements with the government.

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However, the operational aspect of the system has many shortcomings. For example, approximately half of all juristic persons fail to submit financial statements to the government in violation of the Civil and Commercial Law as well as the Accounting Act. The biggest problem of the accounting and audit system in Thailand is the large gap between the very stringent demands of the system and the reality of system enforcement.

This gap between the reality and the system is particularly noticeable with SMEs. Even though the financial statements of SMEs are audited by a CPA, they are not trusted by banks, failing to secure a sufficient supply of funds for SMEs. It is pointed out that one reason for the poor accounting practices of SMEs is insufficient awareness of the importance of accounting for business management on the part of business owners who tend to regard accounting as a mere obligation.

(3) Approaches to Solve the Problems

To reduce the gap between the system and the reality to achieve the objectives of accounting, i.e. the healthy management of a business and the protection of creditors and investors, the priority must be to improve the reality to approach a situation expected by the system. Meanwhile, it is also necessary to review the system to reflect the reality with a view to make the system more realistic. The system which is too aloof from the reality has the inherent risk of lowering the sense of necessity to abide by the system. In particular, it is inappropriate from the cost-benefit viewpoint to demand that the accounting practices of SMEs primarily serving the internal purpose abide by the same rules designed for large companies with emphasis on the external purpose.

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This TA Program was implemented to strengthen the functions of the Department of Business Development (DBD), which is the supervisory body for the accounting and audit system, in order to mainly improve the reality of accounting practices. In the case of large companies, particularly listed companies, as the Securities and Exchange Commission (SEC) conducts intensive monitoring, the gap between the system and the reality is believed to be small. In contrast, the nominal existence of auditing and chronic tax evasion by non-listed companies, particularly SMEs, are pointed out by many people involving in accounting and auditing. Given this situation, this TA Program emphasized the improvement of accounting

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practices by SMEs where the situation is much worse than that of large companies. In connection with the second task, i.e. review of the system, the Study Team recommended improvement measures considered to be necessary together with the presentation of pertinent matters at seminars and training sessions.

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1.2 Scope of the TA Program

Based on the agreement between the JICA and the DBD, it was decided to place the emphasis of the capacity building of the DBD on the following three fields.

- a) Continuing professional development (CPD) system for bookkeepers (B/Ks)¹
- b) Improvement of the accounting document inspection work
- c) Reform of the accounting consultation service

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Apart from the training of staff members of the DBD and those of the Bureau of Business Supervision (BBS) who are directly responsible for the above-mentioned work or service, it was decided that general capacity building of the DBD/BBS would be attempted through seminars and on-the-job training.

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The Study Team prepared a number of draft recommendations for improvement in these three fields, selected the following four recommendations which the BBS would find difficult to implement without external support and primarily focused its efforts on conducting supporting activities relating to these four recommendations.

- a) Development of computer-based self-learning materials
- b) Support for the introduction of quick inspection
- c) Publication of an e-mail newsletter
- d) Preparation of service guidelines for accounting firms

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1 In this report, the term "bookkeeper" is used to indicate someone who is qualified as a bookkeeper pursuant to the provisions of the Accounting Act in Thailand. Those engaged in accounting work without such qualification are described as "corporate accounting personnel".

2. Analysis of the Present Situation, Outcomes of the JA Program and Recommendations

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2.1 Functions of the DBD

(1) General

Analysis of the Present Situation

The Accounting Act awards the authority and responsibility for enforcement of the Act to the Director-General of the DBD. Within the DBD, the BBS plays a central role in terms of accounting matters. The business activities of the BBS predominantly consist of such front line work as the registration of B/Ks, the inspection of accounting documents (financial statements) and the accounting consultation service. For example, 36 of the 58 staff members of the BBS belong to the sections responsible for the inspection of accounting documents while substantially all staff members, as a part of their assignment, are involved in the accounting consultation service on a rota basis.

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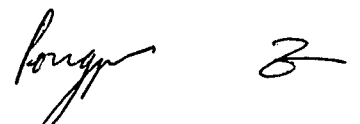
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The DBD has one staff member at each of its provincial offices to conduct the inspection of accounting documents and the accounting consultation service. As these staff members are temporary staff, the ratio of their annual turnover is as high as 20 – 30%.

The role required of the DBD is shifting from a passive role, including the registration of companies and the reception and collection of financial statements, to an active role, such as the fostering of SMEs. This shift is symbolically illustrated by the change of its name from the Department of Commercial Registration to the Department of Business Development in October, 2002. In the accounting field, the DBD/BBS are required to play the role of planning and implementing improvement measures for accounting practices, such as the training of accounting personnel and the capacity building of accounting firms. Enforcement of the Accounting Professions Act in 2004 made it possible to transfer much of the front line work performed by the DBD/BBS to the Federation of Accounting Professions (FAP). As such, the preconditions for the DBD/BBS to play new roles are in place and enhancement of their ability to formulate policies and measures to correspond to their changing roles is now required.

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Outcomes of the Study

Training on accounting policies and measures targeting SMEs was provided at a workshop for staff members of the BBS to enhance their policy planning ability and awareness of the importance of appropriate accounting policies and measures. An external seminar was also held featuring such topics as accounting standards for SMEs, capacity building of accounting firms, change of financial data into an electronic form and internationalization of the national accounting standards, all of which are necessary measures to be pursued by the DBD/BBS. Participation in the workshop and seminars, has contributed in improvement of the ability of staff members of the DBD/BBS to formulate these measures, along with enhancement of the organizational strength of the DBD/BBS in terms of formulating policies and measures. This enhancement of the organizational strength is illustrated by (i) the introduction of a new section within the BBS which is responsible for the fostering of accounting firms to organize training courses at the BBS's own initiative and (ii) commencement of the process to examine the introduction of a system to award excellent accounting firms.

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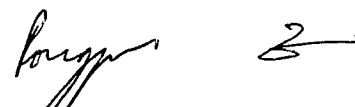
Moreover, computerized self-learning materials have been developed for local staff members responsible for accounting matters and these materials stored in a CD-ROM have been distributed to all local offices of the DBD. It is expected that this CD-ROM will be used for the orientation training for new recruits to improve the efficiency. This CD-ROM has proved its effectiveness for the capacity building of existing staff members and has also had the effect of raising the level of interest among staff members of the BBS in e-learning.

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Future Tasks and Recommendations

The contents of the actual work of the DBD/BBS are not yet fully compatible with the required changes of their roles. The Study Team believes that the principal work of the government in the accounting field is the planning and implementation of policies and measures designed to improve accounting practices. It is necessary for the DBD/BBS to retrench such front line work of providing direct services for corporate accounting personnel and companies as the registration of B/Ks, inspection of accounting documents and accounting consultation service in the long run so that the DBD/BBS can implement measures to improve accounting practices, including the capacity building of accounting firms, change of financial data into an electronic form and improvement of the accounting system to suit the reality.



Review of the necessity of each type of work, the transfer of work to the FAP and improvement of the work efficiency through the application of IT should prove effective to facilitate the ongoing reduction of the front line work of the DBD/BBS although strengthening of the FAP's functions is a precondition for the transfer of work to the FAP.

(2) Inspection of Accounting Documents

Analysis of the Present Situation

The DBD/BBS demand that all juristic persons submit their account books to check the state of compliance with the Accounting Act. Although there are some 470,000 registered juristic persons, the number of staff members responsible for the inspection of accounting documents is approximately 100 nationwide. Consequently, the number of inspections remains small at some 7,000 a year or only 1 – 2% of the total number of registered juristic persons.

Thailand is unique in the world in that a government body conducts this kind of inspection. The Accounting Act gives the DBD an authority to inspect companies' accounting documents. Given the fact that it has not been a long time since the enforcement of the Accounting Act, the primary policy of the DBD is currently placed on promoting good accounting practices rather than giving penalties. However, a strategy of the inspection to fulfill the policy may not appear clearly established within the DBD/BBS. Referring to limited resources of BBS to cover 470,000 companies, establishing the strategy of the inspection and prioritizing all duties are indispensable for appropriate allocation of BBS's resources.

The Study Team has identified three conceivable purposes of the work to inspect accounting documents and the opinions of the Study Team regarding these three purposes are described below.

a) Guidance on Individual Companies to Improve Their Accounting Practices

There is no doubt that the level of accounting practices among Thai companies, especially SMEs, is low, requiring guidance. It is unrealistic, however, for the DBD/BBS to provide guidance for individual companies because of their limited resources, and the Study Team believes that such work is beyond the direct duty of

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the government. It will, therefore, be more effective to make accounting firms provide such guidance.

b) Warning Shot to Companies, B/Ks and Auditors

The number of companies inspected is too small at present for inspection to function as a warning shot for possible malpractice. The inspection frequency should be increased to a level where most companies are aware that the DBD/BBS inspect accounting documents.

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c) Exposure of Serious Offending

The inspection method traditionally adopted by the DBD/BBS is not very effective to expose serious offending. An approach which is capable of narrowing down companies suspected of serious offending is required so that more concentrated efforts can be made to inspect these suspected companies.

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Outcomes of the TA Program

The Study Team analyzes that b) and c) of the conceivable purposes described above can be the two primary purposes, if inspection is to become meaningful for the present situation in Thailand. For these purposes, the Study Team recommended the quick inspection method using the corporate finance database possessed by the DBD for the inspection of accounting documents and assisted its implementation. This quick inspection method is outlined below.

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Step 1 : Use of the corporate finance database to extract companies showing unnatural financial figures or ratios based on the financial analysis (the necessary program was developed in the course of the TA Program)

Step 2 : Simple review of extracted companies using a questionnaire

Step 3 : More detailed check by asking a company to submit its accounting books if the results of the simple review has strengthened the suspicion of malpractice

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Training on the financial analysis technique and program operating technique was provided for staff members of the BBS as familiarity with these techniques is a precondition for quick inspection.

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As a result of this quick inspection program, the method to extract suspected companies has improved compared to the previous sampling method, enabling the extraction of companies with a high risk of serious offending as targets for inspection. However, as the simplified method of reviewing extracted companies has not been put into practice because DBD/BBS has a concern that such simplified method cannot detect malpractices of the companies effectively. As a result, the number of inspected companies has not significantly increased.

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BBS has also utilized quick inspection program to classify the companies such as by size, industry, and/or legal structure, etc. This also contributes for BBS to select targeted companies effectively based on its policies.

Future Tasks and Recommendations

Firstly, it is essential to establish a strategy of the inspection of accounting documents within the DBD/BBS, followed by the establishment of an inspection method which is relevant vis-à-vis these purposes. The Study Team analyses that direct guidance for individual companies by BBS has constraint in terms of its resources. The role of the DBD/BBS should rather be the implementation of various measures which are designed to make accounting firms perform such function of providing guidance (refer to 2.3).

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As analyzed by the Study Team, if the restraint (warning shot) effect and the exposure of serious offending become the purposes of the inspection of accounting documents, the following tasks must be fulfilled to achieve these purposes.

a) Significant Increase of the Number of Inspected Companies

The DBD needs to establish a clear target in terms of the number of companies inspected firstly. If the target number is set at 50,000 (some 20% of the juristic persons currently submitting financial statements at present) a year, simple calculation suggests the necessity to reduce the average inspection time per company to one-seventh of the present time. To achieve this, simple review using a questionnaire or a major reduction of the inspection items as recommended by the Study Team will be necessary.

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b) Application of Quick Inspection Program for Inspection by Local DBD Offices

As the application of the quick inspection program under the TA Program was at the pilot stage, the program was only applied to inspection by the Central Team. It is hoped that this program will be applied to inspection by the Local Teams. One feasible method is for the BBS to extract the subject companies using the program and to inform its local offices about these companies.

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(3) Accounting Consultation Work

Analysis of the Present Situation

The accounting consultation service is one of the one-stop consultation services offered by the Head Office of the DBD and some 70 staff members (some 40 temporary staff members) of the BBS provide this service on a rota basis. Some 20,000 cases of consultation are made a year by means of actual visits, enquiries via the web notice board or telephone. At the local DBD offices, staff members responsible for accounting matters provide a similar consultation service.

The nature of the enquiries is diverse, ranging from those regarding the submission of financial statements and the provisions of the Accounting Act to the application of specific accounting standards. Some questions can be easily answered once the relevant law or notification is properly read. The DBD has been trying to publicize the laws and systems relating to accounting by means of publishing a Q & A pamphlet explaining frequently asked questions and laws and regulations, (some of these publications are uploaded to the DBD's website).

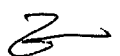
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It appears to be the case that consultations on the application of accounting standards should essentially be provided by accounting firms. It is unclear why questions on the application of accounting standards are made so often but reluctance on the part of companies (or persons making enquiries) to pay a consultation fee is suspected. In addition, Thai people tend to trust in the government sector. The DBD considers that the entrustment of the consultation service to a private sector outsider(s) is not an option as its refusal to answer enquiries on accounting standards would invite criticism. However, staff members of the BBS lack sufficient knowledge of the new accounting standards resulting from the substantial revision of the Thai Accounting Standards around 2000. It is also believed that staff members of the BBS find it difficult to answer questions regarding the application of accounting standards as they are not involved in practical accounting work.

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Outcomes of the TA Program

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Based on the understanding that the short-term tasks for the DBD/BBS are the efficient implementation of the consultation service and improvement of the quality of their answers, the Study Team adopted the approach described below for each category of answers.

a) In regard to basic questions for which answers can be readily found in the law, etc., it is desirable for people making enquiries to find the answers themselves without contacting the DBD/BBS. For this purpose, it will be effective for the DBD to provide information on its website in a manner which is easy to understand and to urge potential questioners to gain access to the website.

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b) Answers on the website are preferable to answers by telephone to improve the quality of answers to complicated questions. In the case of telephone enquiries, it is sometimes difficult to provide an appropriate answer because of the often unclear nature of the question and lack of prior preparation on the part of the answerer. The preparation of answers to questions on the website is preferable because of the resulting automatic compilation of a kind of collection of Q & A and improvement of the efficiency,

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c) In connection with enquiries regarding accounting standards in particular, the level of knowledge should be improved, primarily on the new accounting standards for which BBS staff members feel uneasy about giving correct answers.

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To realize a) and b) above, it is essential to guide potential questioners to the DBD's website. The Study Team recommended the issue of an e-mail newsletter precisely for this reason and also to enhance the publicity of the CPD system (refer to 2.2) and provided assistance for the necessary work. This e-mail newsletter was issued 14 times in the period from January to September, 2005. Because of technical limitations, the number of subscribers remained small at approximately 500. Nevertheless, after the issue of the first e-mail newsletter, the number of telephone enquiries in a seven month period (February through August) dropped by 24% while the number of enquiries using the website increased by 72%.

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To improve knowledge on accounting standards among BBS staff members, i.e. Task c), training totaling 40 hours was provided on seven accounting standards, resulting in improvement of the ability of staff members to respond to enquiries.

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Future Tasks and Recommendations

a) Increase of Subscribers to E-Mail Newsletter

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The number of subscribers should be considerably increased by means of enlarging the server and adopting an automatic mail sending system. If 69,000 B/Ks are considered to be the main targets, the target number to be achieved in the near future could be 20,000 to 30,000.

b) Divided Roles to Answer Enquiries on the Application of Accounting Standards (Long-Term Task)

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It is desirable for the DBD to urge the FAP to consolidate the latter's accounting consultation service so that the DBD and the FAP play their own roles corresponding to the nature of specific questions.

The questions posed by companies relating to the application of accounting standards should essentially be answered by accounting firms providing accounting or audit services for these companies. As these accounting firms know the business of their clients, they can provide more appropriate answers than the DBD in most cases. At present, companies appear to make enquiries to the DBD as they do not want to pay an extra fee to an accounting firm. However, further consolidation of the free service by the DBD may obstruct the business expansion of accounting firms. While there may be cases where an accounting firm (or a B/K or auditor) makes an enquiry to the DBD, it is difficult for a BBS staff member who is not engaged in practical accounting work to answer something which an accounting expert does not understand.

Under these circumstances, the establishment of a system where 1) the questions posed by companies are answered by accounting firms and 2) the questions posed by accounting firms are answered by accounting experts with rich experience is desirable. In the light of the purport of the Accounting Professions Act, it appears to be appropriate for the answers to questions posed by accounting firms to be answered by the FAP. The Accounting Act demands that all juristic persons use a

B/K while the Accounting Professions Act demands that all B/Ks become members of (or register with) the FAP. If the FAP establishes a solid accounting consultation service for its members, all juristic persons will be able to enjoy this service via B/Ks. However, FAP's capacity has not built to take such responsibility. DBD has to continue to reply those inquiries for the time being, and support FAP to enhance its capacity.

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2.2 CPD System for B/Ks

Analysis of the Present Situation

B/Ks are institutionalized under the Accounting Act of 2000 and some 69,000 B/Ks are currently registered with the DBD. The Accounting Act demands that B/Ks undergo continuous training and the continual professional development (CPD) system was introduced in August, 2004.

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The CPD system is a mechanism to facilitate the continual capacity building of B/Ks and is crucial for the proper functioning of the B/K system. Given the fundamental purpose of the CPD system, it is desirable for educational institutions in the private sector to provide a variety of training courses for B/Ks based on the ability and interests of individual B/Ks. However, there is concern in regard to the insufficient provision of training courses for B/Ks working in local areas as it is likely that most training courses are based in Bangkok and other big cities.

Outcomes of the TA Program

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In August, 2004 prior to the start of the CPD system, the Study Team compiled the first set of recommendations. Out of these recommendations, the DBD adopted publicity using the website and the e-mail function (e-mail newsletter), use of the website to declare CPD achievements and the introduction of a self-learning program. The Study Team provided assistance for the issue of the e-mail newsletter and the development of a self-learning program while publicizing the CPD to potential CPD training providers at a CPD seminar.

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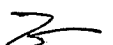
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As a result, 1,115 CPD courses provided by 106 CPD training providers have been certified by the DBD as of 7th November, 2005, indicating a fairly smooth start to the CPD system for B/Ks in general. The introduction of a self-learning program, developed to compensate for

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the shortage of training courses in local areas is expected to provide the opportunity for all B/Ks to undergo a CPD course.

Future Tasks and Recommendations

1) Assured Training Opportunities for B/Ks in Local Areas

As of November, 2005, 31% of B/Ks are registered in local areas, while only 10% of the existing CPD courses are organized by CPD training providers based in local areas. The shortage of training opportunities in local areas is also illustrated by the fact that 59 out of 75 provinces have no local CPD training providers. CPD training providers feel that it is difficult to organize training in local areas because of uncertainties regarding the possible number of participants and the profitability.

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The system could not achieve its purposes if many B/Ks fail to meet their obligation because of the shortage of training courses in local areas. As a provisional measure to deal with this shortage, a self-learning program was developed under the TA Program. In the short term, it is important for the DBD to provide the opportunity to attend a CPD training course, which is a legal obligation, for all B/Ks by spreading this program in all local areas.

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In view of the fundamental purpose of the CPD system, however, it is desirable for B/Ks in local areas to be able to select a course from among a variety of training courses to suit their own abilities and interests. The provision of a variety of training opportunities for B/Ks in local areas will, therefore, be essential in the long run by means of utilizing e-learning and other methods.

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2) Punitive Measures for Those Failing to Meet Their Obligation

The introduction of measures to warn and punish those B/Ks which fail to meet their obligation is necessary to avoid the situation of a vicious cycle where those honest B/Ks abiding by the rules feel cheated, thus increasing the number of violations.

2.3 Accounting Firms Providing Services for SMEs

Analysis of the Present Situation

As many SMEs actually use an accounting firm, it will be more effective to try to improve the accounting practices of these companies via accounting firms rather than the direct inspection of and guidance for SMEs by the DBD in the form of the inspection of accounting documents.

Many accounting firms in Thailand are small and their business management base is weak. Their clients have a strong tendency to emphasize a low fee level rather than service quality. As the proper execution of accounting services by accounting firms makes tax evasion and the personal use of company assets, etc. more difficult, it is not unusual for the owner of a SME to avoid an accounting firm which properly conducts the work and to seek a firm which is willing to follow instructions.

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While the CPD system for B/Ks is consolidating the base for individual B/Ks to spontaneously seek their own capacity building, many staff members of accounting firms are not qualified B/Ks. Accounting firms acting as organizations provide services for their clients and capacity building at the organizational level, including quality management and personnel management, is necessary to enable them to maintain a high level of work ethics and to provide appropriate services.

In 2002, the DBD organized a training course for accounting firms for the first time and, following the reorganization of the BBS in March, 2005, the DBD considers the capacity building of accounting firms to be one of the important policies and measures of the DBD/BBS.

Outcomes of the TA Program

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Following the reorganization in March, 2005, the BBS has been making wide-ranging efforts in regard to the capacity building of accounting firms. Apart from the work listed below which was assisted by the Study Team, these efforts include examination of the introduction of a system to award excellent accounting firms and the sponsorship of general training courses.

- 1) An advanced training course (three days) for owners of accounting firms was held and the case of the TKC² in Japan was introduced as a main topic. Following this course, the voluntary efforts of owners of accounting firms have made much progress, including a study tour to Japan voluntarily organized by some of the participants of the training course.
- 2) Draft service guidelines for accounting firms were prepared to prompt the qualitative improvement of accounting firms and were introduced at the advanced training course. The guidelines have a good potential to act as an effective tool for the qualitative improvement of accounting firms in the coming years.

Future Tasks and Recommendations

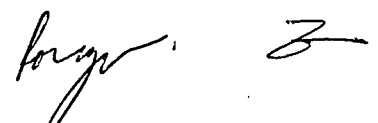
The continuous voluntary commitment of accounting firms to the qualitative improvement of their services is necessary with the assistance of the DBD. Given the limited capacity of individual accounting firms, it should prove effective for accounting firms to collaborate with one another in terms of the development of tools for work management and staff training, the development of accounting software and the mutual introduction of successful cases, etc.

Some of the seemingly effective measures to be adopted by the DBD are explained below.

- 1) Development of a mechanism whereby good money drives out bad money or where the business of accounting firms providing proper services expands because of their good reputation. For example, an award system for excellent accounting firms should produce the motivation for accounting firms to improve the quality of their services.
- 2) Revision of the service guidelines for accounting firms which were prepared under the TA Program to make them more practical and their spread for general use.
- 3) Introduction of the actual work of excellent accounting firms in Thailand and abroad at training courses and on other opportunities and the provision of "places" for accounting firms to facilitate their collaboration.

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2) The TKC is a network of accounting firms in Japan.



2.4 Systems and Policies Relating to Accounting

(1) Accounting and Audit System for SMEs

Analysis of the Present Situation

Even though a very strict system, including the compulsory requirement for all juristic persons to undergo financial audit, is applied to SMEs, the reality of system operation is far from ideal. In particular, the following facts can be pointed out.

- 1) Some two-thirds of registered partnerships, i.e. the form of business preferred by many small companies, fail to submit their financial statements to the DBD.
- 2) The number of CPAs conducting auditing of some 6,000 is very small compared to the some 200,000 companies subject to a CPA audit.
- 3) Even though small partnerships are exempt from a CPA audit under the Accounting Act of 2000, the intended alleviation of the audit burden on these partnerships has not been realized because of the compulsory tax audit imposed by the Revenue Department.
- 4) Many of the accounting standards introduced in 2000 and afterwards are too complex for SMEs to apply. Therefore, some accounting standards are exempt for companies other than public limited companies under a notification of the Ministry of Commerce.

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Outcomes of the TA Program

The accounting standards for the SME project of the IASB were extensively introduced to the persons concerned through a seminar on the accounting standards for SMEs and a round table talk. In addition, a workshop on systems and measures relating to the accounting and auditing of SMEs was held as part of the BBS staff training and some useful cases for the planning of measures were introduced. As a result, there is a growing commitment by the DBD and the FAP to prepare accounting standards for SMEs in Thailand, referring to the examples of the IASB and other countries. The FAP, which has the authority to establish accounting standards, expressed its intention to establish accounting standards for SMEs based on the IASB standards after the completion of the IASB project. Meanwhile, the DBD intends to proceed with the

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translation of the Japanese Guidelines for Accounting of SMEs (publicly announced in August, 2005) into Thai with a view to their use as reference materials.

Future Tasks and Recommendations

1) Exemption of Small Companies from Audit Requirement

The Study Team recommends the revision of the Accounting Act, the Civil and Commercial Code and the Revenue Code with a view to their exemption from the audit requirement.

At present, auditing is not a compulsory requirement for small companies in many countries from the cost-benefit viewpoint. Given the fact that the number of CPAs in Thailand is only some 6,000, reduction of the number of companies subject to auditing is necessary to improve the quality of auditing.

The rules of auditing for limited companies are set forth in the Civil and Commercial Code. It is, therefore, necessary to revise both the Accounting Act and the Civil and Commercial Code to exempt small limited companies from their obligation to have their accounts audited. Moreover, the audit burden on small companies cannot realistically be alleviated unless the rules of audit stipulated by the Revenue Code are also revised to avoid the repeat of the positive effect of the Accounting Act of 2000 to exempt small companies from the obligation to have their accounts audited by the introduction of the tax audit system based on the Revenue Code.

2) Preparation of Accounting Standards for SMEs

It is difficult for SMEs to comply with the TAS developed to primarily target listed companies, making the preparation of accounting standards for SMEs an urgent task. In view of the fact that the TAS have been developed based on the International Financial Reporting Standards (IFRS) of the IASB, it will be appropriate for the FAP which has the authority to establish accounting standards to prepare new accounting standards for SMEs in Thailand, referring to the IASB's accounting standards for SMEs of which the preparation is in progress.

(2) Electronic Financial Data and XBRL

Analysis of the Present Situation

The Government of Thailand is proceeding with efforts to develop an electronic form of government services, including applications, notifications and access to administrative information. The situation of the use of electronic data in the financial field is outlined below.

- 1) Electronic disclosure of data on listed companies on the Stock Exchange of Thailand (SET) website
- 2) Provision of a fee-charging on-line service by Business Online to allow access to financial statements submitted to the DBD; access to part of the above electronic data on the DBD website
- 3) Commencement of electronic tax returns

The electronic data mentioned above uses such formats as XML, Word, Excel and PDF. Meanwhile, XBRL (eXtensible Business Reporting Language) which can be easily used for the secondary processing of data has become the de facto global standard for computer languages for financial reporting but the existence of XBRL was hardly known in Thailand prior to the TA Program.

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Outcomes of the TA Program

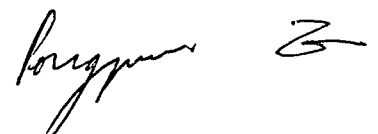
As a result of the publicity of XBRL through the relevant seminar and round table talk, local activities to introduce this language commenced. The SET in particular showed strong interest and sent a delegation of seven members to the 12th International XBRL Conference held in Tokyo in November, 2005.

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Future Tasks and Recommendations

The first step is the establishment of a body to promote the introduction of XBRL with the participation of wide-ranging stakeholders. In many countries, an organization of professional accountants acts as the main body to promote XBRL because of its neutrality and mobility as a private sector organization. From this viewpoint, the Study Team believes that the FAP is the most suitable body in Thailand to promote XBRL. Meanwhile, it is desirable for the DBD and other government bodies to assist the FAP's



activities in terms of funding and human resources while considering the adoption of XBRL for their own activities.

3. General Conclusions: Strengthening of Thai SMEs with Proper Accounting Practices

The purpose of the development of an accounting system or that of the Accounting Act is to contribute to the sound development of companies through improved accounting practices, thereby contributing to the development of the national economy. The DBD which is responsible for enforcement of the Accounting Act must always operate the system with full awareness of the Act's purposes. While enforcement of the system itself tends to become the sole purpose, the system is a tool to improve the actual situation rather than a purpose.

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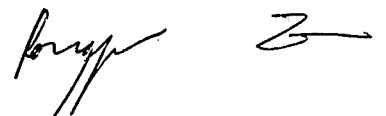
The current situation of SMEs on which the TA Program primarily focused is a huge gap between the principle and the reality regarding the system required by the Accounting Act. As such, the materialization of sound business management and the appropriate supply of information to external stakeholders, both of which are sought by the Accounting Act, have a long way to go. Under these circumstances, the DBD which is responsible for management of the system must identify the important as well as fundamental problems and their causes from the viewpoint of improving actual accounting practices which is the purpose of the system and deal with them as a matter of priority. The Study Team believes that the biggest reason for the lack of proper accounting lies with the attitude of SME owners who view accounting simply as a legal obligation and have little understanding of its usefulness for the management of their companies. Accounting is an important tool for business management and the viewpoint of using this tool to strengthen companies and for the sound development of the national economy must not be forgotten. While it is difficult to change the attitude and awareness of company owners, this must be achieved under a long-term perspective.

Accounting in Thailand is conducted by such accounting professionals as auditors and B/Ks in the private sector. The improvement of accounting practices cannot be achieved without collaboration between the DBD/BBS and these accounting professionals. The fact that the DBD/BBS have begun intensive efforts to foster accounting firms is highly valued from this viewpoint. Japan's experience shows that the persistent and committed pursuit of clients by accounting firms can achieve a positive change of the attitude and awareness of SME owners.

The enforcement of the Accounting Professions Act has given the FAP important roles to be played as a self-regulatory body for accounting professions. It is important for the FAP to strengthen its capacity to fulfill the roles expected by the Accounting Professions Act. Meanwhile, the DBD/BBS must seek the improvement of accounting practices in Thailand through the appropriate division of roles as well as collaboration with the FAP.

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Many staff members of the BBS point out that the reason for their inspection of accounting documents lies with the authority to conduct this inspection which is afforded to the DBD under the Accounting Act.		
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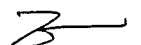

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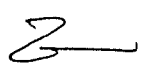
Page 6: [12] Deleted According to the analysis by the Study Team, the reason for this lack of a consensus lies with the fact that understanding of the purpose of the inspection	tohmatu	12/22/2005 1:52 PM
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of accounting documents remains at the stage of “doing it because it is required by law” without clarification of the purpose within the DBD/BBS.

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Appendix 11

Thai Accounting Standards

No.	Title	Related IAS No.	Note
-	Framework for Preparation and Presentation of Financial Statements	Framework	
7	Accounting for Hire-purchase-the lessor/the seller	-	unrelated to IAS
11	Doubtful Accounts and Bad Debts	IAS39 ?	
14	Research and Development Costs		
21	Contingencies and Events Occurring after the Balance Sheet Date		
24	Reporting Financial Information by Segment		
25	Cash Flow Statements	IAS 7	(*1)
26	Accounting for Sales of Real Estate	SFAS 66	
27	Disclosure in the Financial Statements of Banks and Similar Financial Institutions	IAS 30	
29	Leases	IAS 17	
30	The Effects of Changes in Foreign Exchange Rates	IAS 21	
31	Inventories	IAS 2	
32	Property, Plant and Equipment	IAS 16	
33	Borrowing Costs	IAS 23	
34	Accounting for Troubled Debt Restructuring	-	
35	Presentation of Financial Statements	IAS 1	
36	Impairment of Assets	IAS 36	(*1)
37	Revenue	IAS 18	
38	Earnings per Share	IAS 33	
39	Net Profit of Loss for the Period, Fundamental Errors, and Changes in Accounting Policies	IAS 8	
40	Accounting for Certain Investments in Debt and Equity Securities	IAS 25	
41	Interim Financial Reporting	IAS 34	
42	Accounting for Investment Companies	AICPA Guide	
43	Business Combinations	IAS 22	
44	Consolidated Financial Statements and Accounting for Investments in Subsidiaries	IAS 27	(*1)
45	Accounting for Investments in Associates	IAS 28	(*1)
46	Financial Reporting of Interests in Joint Ventures	IAS 31	
47	Related Party Disclosures	IAS 24	(*1)
48	Financial Instruments: Disclosure and Presentation	IAS 32	(*1)

No.	Title	Related IAS No.	Note
49	Construction Contracts	IAS 11	
50	Segmental Reporting	IAS 14	(*1)
51	Intangible Assets	IAS 38	
52	Events After the Balance Sheet Date	IAS 10	
53	Provision, Contingent Liabilities, Contingent Assets	IAS 37	
54	Discontinuing Operations	IAS 35	
55	Accounting for Government Grants and Disclosure of Government Assistance	IAS 20	
56	Income Tax	IAS 12	(*2)

(*1) As of July 2005, the following accounting standards have been exempted non-public companies from adopting:

TAS 25, Cash Flow Statements

TAS 36, Impairment of Assets

TAS 44, Consolidated Financial Statements and Accounting for Investments in Subsidiaries

TAS 45, Accounting for Investments in Associates

TAS 47, Related Party Disclosures

TAS 48, Financial Instruments: Disclosure and Presentation

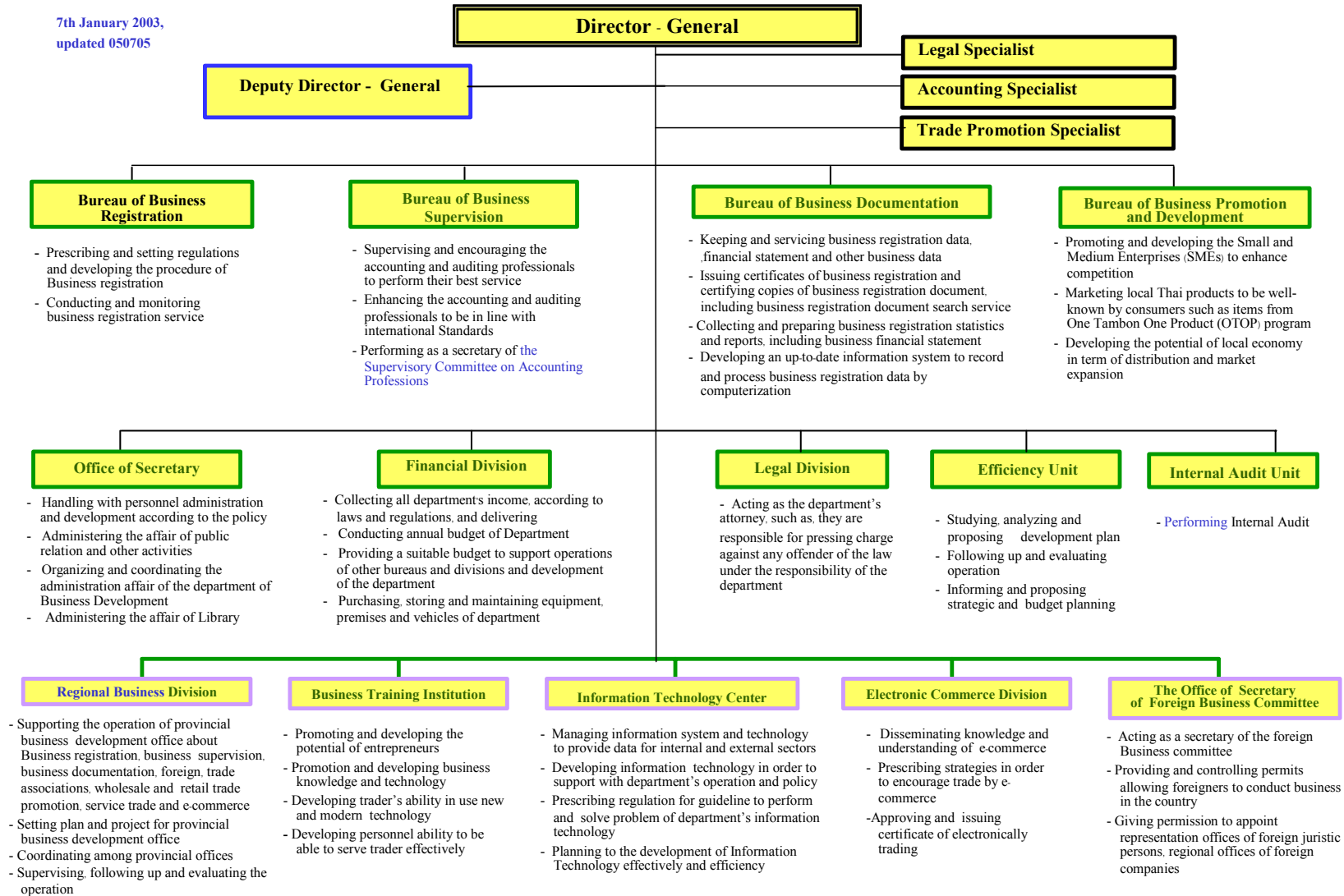
TAS 50, Segmental Reporting

Non-public companies at their option may elect to voluntarily adopt these accounting standards for financial reporting purposes.

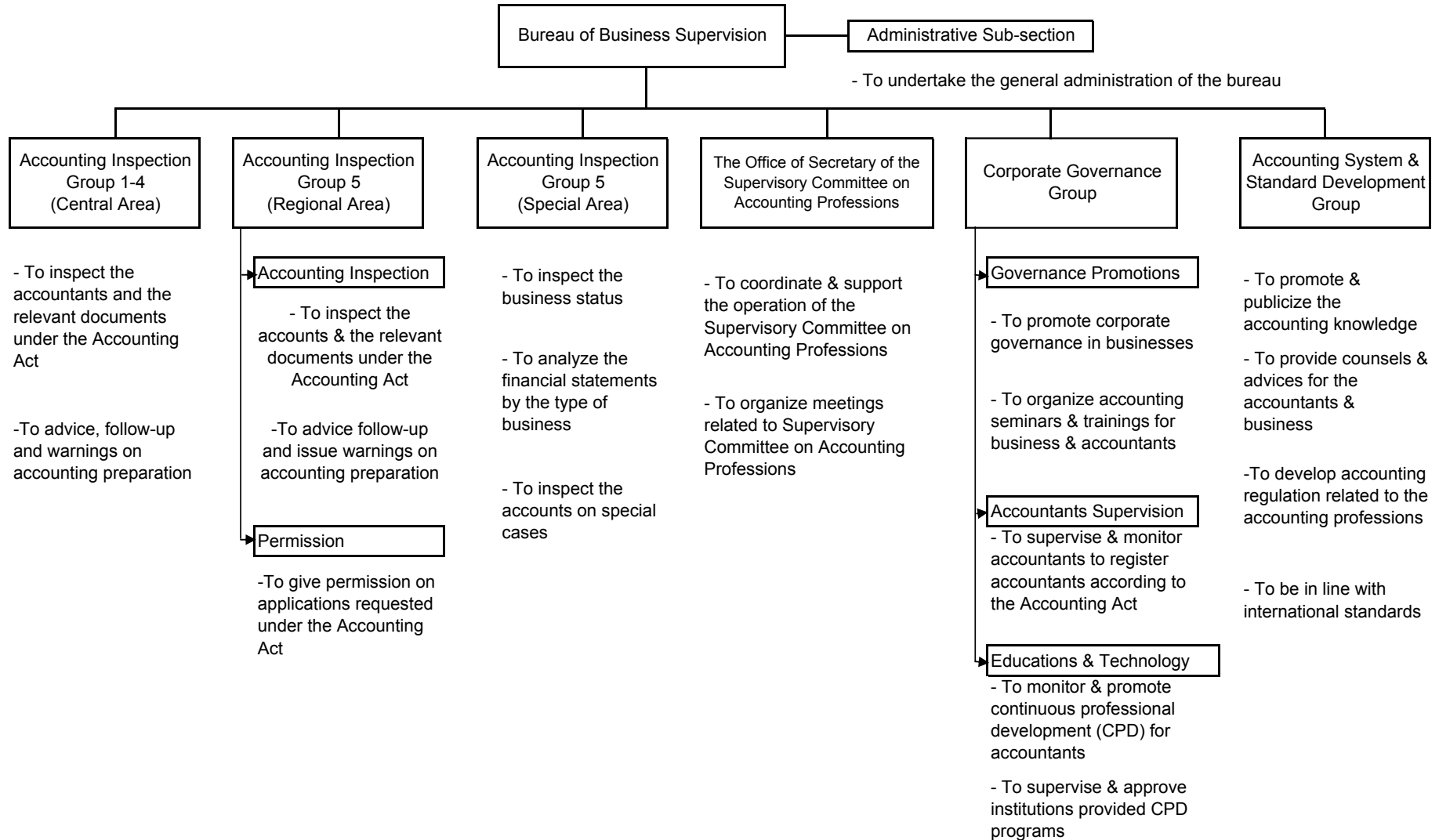
(*2) TAS No. 56 Income Tax which will become effective for financial reporting periods beginning on or after 1 January 2007.

DBD Organization Chart

7th January 2003,
updated 050705



BBS New Organization as of 1st March 2005



List of Organization for Interview Survey

Visiting Organizations	Name	Title/Department
Bangkok Bank	K. Rushda Theeratharathorn	Executive Vice President of BBL
BOL (Business On Line)	Mr. Johnny C Kiatnuntavimon Ms. Naphat Rangseewong	Deputy General Manager Business Development Manager
DIP (Department of Industrial Promotion) of the MOI (Ministry of Industry)	Mr. Prapat Vanapitaksa Mr. Wijak Ratanasuwan Mr. Viwaj Teerapongpipat Ms. Sunimol Tangsakul Ms. Suwimol Jintawat	Deputy Director General, Department of Industrial Promotion Bureau of Supporting Industry Development(BSID) Bureau of Supporting Industry Development(BSID) Bureau of Supporting Industry Development(BSID) Bureau of Entrepreneur & Enterprise Development(BEED)
ICAAAT(Institute of Certified Accountants & Auditors of Thailand)	Ms. Anchan Ms. Saranya	Manager Assistant Manager, Foreign Affairs
IFCT (Industrial Finance Corporation of Thailand)	Ms. K. Surang Thanutthanon Mr. Prathan Watthanaaphisit Ms. K. Siripan Leewanun	Project Finance Department1 Project Finance Department1 Data Center & Investor Relations Division, Policy & Planning D
JCC (Japanese Chamber of Commerce & Industry in Bangkok)	Mr. Keisuke Matsumoto	Secretary-General
Krungtai Bank	Mr. Ithinant Punyanitya (Clifton)	First Executive Vice President of Finance and Planning Group, C of ICAAT
SET (Stock Exchange of Thailand)	Ms. Patareeya Benjapolchai Ms. Paveena Sriphothong Ms. Primjai Eamphetcharapong	Executive Vice President Vice President, Listing and Disclosure Department Assistant Vice President, Listing and Disclosure Department
SME Bank	Mr. Chaiyawat Chanchowe Mr. Boonchorb Krutbua Mr. Kato Kimihiko	Sales Manager Business Counsellor Jica Expert
SEC (Security and Exchange Commission)	Ms. Saranya Mr. Kittipong	Director, Accounting Supervision Division Assistant Director, Accounting Supervision Division
TCC (Thai Chamber of Commerce)	Mr. Sathaporn Kotheeranurak (MBA, CPA.) Mr. Somsak Mekkajarawongs Ms. Anyanee Piboonrungruang	Vice Chairman, Audit Committee of TCC / Vice Chairman, Committee of Import and Export / Director, Committee of SMEs Chief Department of Finance Chief Department of Accounting

Visiting Organizations	Name	Title/Department
<i>CPD Provider Interviews</i>		
FAP (Federation of Accounting Professions)	Ms.Chaweerat Supphatada Ms.Sumana Sudtipunyo	Director, the Office of Training Assistant Executive Director
Dharmniti Public Company Limited	Mr. Anurak Champreecha Mr. Somdej Rojkureesathien Ms. Anothai Cha-Onpoj Ms. Urusa	Director, Dharmniti Public Company Limited. Editor Director, Dharmniti Office of Management Development Vice Managing Director, Dharmniti Office of Management Deve
The Institute of Internal Audit of Thailand (IIAT)	Assoc. Prof. Suna Sithilertprasit Ms. Kamonpat Chunchamnanchaikit	Chairman General Manager
The Institute for Parpatr-Dhurakijpundit (Parpatr Inst.)	Dr.Parporn Akathaporn	Director of Parpatr Institute
Bangkok University	Ms. Sutha Jiranaikulvanich Ms. Natcha Ms. Wasana	Dean, School of Accounting Assistant Professor Assistant Professor
Conference & Seminar Professional Co.	Ms. Wiriwan Saengngoen	Director
<i>Accounting Firm Interviews</i>		
Accounting Service Co.	Mr. Sitthiphol Sitthisat	Managing Director
Boonkuekul Account & Consulting	Ms. Anchalee Sinal	President
Integrate Consulting Group Co., Ltd.	Ms. Darin Yokpaisan	Managing Director
Network Advisory Team Ltd.	Ms. Sirirat	Managing Director
C.P.A. Accountancy Co., Ltd.	Mr. Surapong	Managing Director
P.W. Accounting & Law Co., Ltd.	Ms. Petchara	Managing Director
International Accounting & Taxation Office	Mr. Chaiyuth	Managing Director
Rungrueng Accounting & Lawyer Co., Ltd.	Mr. Wanludi	Managing Director
Office of S.J. & M. International Co., Ltd.	Dr. Sajeerat	Managing Director
Integrate Consulting Group Co., Ltd.	Ms. Darin	Managing Director
Arpon Inter Group Limited.	Ms. Monsiri	Managing Director

Visiting Organizations	Name	Title/Department
P.S. Accounting & Business Office	Mr. Pongsan	Managing Director
V.A.T. Law and Accounting Co., Ltd.	Mr. Tanakorn Promtrairatana	Managing Director
Rachaporn Accountancy & Law Co., Ltd.	Mr. Pairat Pattamapongsa	Managing Director
	Ms. Isariya Pattamapongsa	Accounting Manager
Korat Chamber of Commerce	Mr. Khomglid Sertraunsang	Executive Director
	Mr. Kamron Krobnoparat_ Director	Director
	Mr. Suthep	Auditor of Chamber of Commerce, Owner of Accounting Firm a
Rajamangala Institute of Technology	Ms. Lerdluk, Accounting Departmental Dean	
	Ms. Nutsawat Kitilapanon_CPA	Professor of Accounting Department, (master degreeer)
	Mrs. Sunan Supa	Professor of Accounting Department, (master degreeer)
	Ms. Uspa Jahlxan,	Professor of Accounting Department, (master degreeer)
DBD Korat Office	Mr. Sompong Nopsuvan	Chief of DBD's Korat Office
	Miss. Panadda Pegram_jiew	Temporary Staff
DBD Buriram Office	Mrs. Wadchara Armatsena(Miew)	Temporary Staff
DBD Chaiyaphun Office	Miss. Siwaporn Nannaphang_Tay	Temporary Staff
DBD Khonkaen Office	Miss. Jiraporn Promleechan	Temporary Staff
DBD Udon Thani Office	Ms. Nadtayagorn Torngpeht Tukta	Temporary Staff

**Continuing Professional Development (CPD) Seminar
Schedule**

**Monday, 20 September 2004
At Ballroom of the Landmark Hotel, Sukhumvit**

Time	Contents	Person
08.30 – 9.00 am 09.00 – 9.20 am	Registration and receive documents Opening Remarks	Ms. Pranee Phasipol Deputy-Director General of DBD Mr. Shoichi Okumura Deputy Representative of JICA Thailand Office
09.20 – 10.30 am	Explanation of CPD for Bookkeepers - CPD schemes according to the Notification of Department of Business Development - CPD practicing way for Bookkeepers	Ms. Pranee Pasripol Deputy Director General of DBD Ms.Pongpun Gearaviriyapun Director of BBS
10.45 – 11.45 am	Proposal for CPD and IFAC Direction	Mr. Tadashi Sekikawa Leader of JICA Study Team
11.45 – 12.00 pm	Q&A Session	

Remark: 1. Lecturing at 10.45 – 11.45 am is conducted in English without translation.

**Components of Computer Based Training (CD-ROM) for
the DBD provincial office temporary staff**

Item	Lecturer	Estimated hours
<p>Topic 1 Accounting Inspection</p> <ul style="list-style-type: none"> — Accounting Inspection Policy <ul style="list-style-type: none"> • Outline • Reporting — Accounting Inspection Procedure <ul style="list-style-type: none"> • Compliance with the Accounting Act • Compliance with the Thai Accounting Standards 	<p>Ms.Jiranan</p> <p>Ms.Naowarat</p>	1.5 hours
<p>Topic 2 Bookkeeper Registration Process</p> <ul style="list-style-type: none"> — Bookkeeper Registration <ul style="list-style-type: none"> • Process • Continuous Professional Development for Bookkeepers — Recommendations on newly established companies — Acknowledgement & notification in line with the Accounting Act 	<p>Ms.Tarat</p> <p>Ms.Chanipat</p> <p style="text-align: center;">ditto</p>	3 hours
<p>Topic 3 Thai Accounting Standards</p> <ul style="list-style-type: none"> — No.29 Leases — No.30 The Effect of Changes in Foreign Exchange Rate — No.31 Inventories — No.32 Property, Plant and Equipment — No.33 Borrowing Costs 	Ms.Supaporn	1.5 hours

Appendix 17

Questionnaire for semifinal CD-ROM of Computer Based Training

Date: 16th February, 2005

Participant: 32 temporary staff in BBS, Nonthaburi

Question	Answer	Total number	ratio(%)
1-1 Usage of your PC (Check all that apply)	a) Typing documents (Word, Excel)	30	28.0%
	b) Input data	21	19.6%
	c) Sending and receiving e-mail	23	71.9%
	d) Searching information via the Internet	30	93.8%
	e) Others	3	9.4%
1-2 How often do you use your PC per a week ?	a) Everyday	12	37.5%
	b) 3-5 times / week	13	40.6%
	c) 1-2 times / week	5	15.6%
	d) 1-2 times / month	2	6.3%
2-1 Do you agree that new hire temporary staff get an work outline in line with the Accounting Act by the CD-ROM training?	a) Agree	24	75.0%
	b) Disagree	8	25.0%
2-2 How do you rate your understanding in each training topic?			
2-2-1 Accounting Inspection Policy	a) High	7	21.9%
	b) Middle	24	75.0%
	c) Low	0	0.0%
	d) No answer	1	3.1%
2-2-2 Accounting Inspection Procedure	a) High	4	12.5%
	b) Middle	27	84.4%
	c) Low	1	3.1%
2-2-3 Accounting Standard in accordance with the Accounting Act B.E.2543	a) High	11	34.4%
	b) Middle	20	62.5%
	c) Low	1	3.1%
2-2-4 Permission work in accordance with the Accounting Act B.E.2543	a) High	10	31.3%
	b) Middle	22	68.7%
	c) Low	0	0.0%
2-2-5 Bookkeeper Registration Process	a) High	11	34.4%
	b) Middle	19	59.4%
	c) Low	2	6.2%
2-3 What would you have impression of the CD-ROM after learning the work policy in line with the Accounting Act B.E..2543?	a) Suitable	16	50.0%
	b) Should improve	15	46.9%
	c) Do not use CD-ROM as a training material	1	3.1%
3. How will your knowledge gained by the CD-ROM training contribute to improvement your work? (Check all that apply)	a) Directly used as a work outline	24	75.0%
	b) Give a suggestion to related person or general people	24	75.0%
	c) Be advantage for an additional study	20	62.5%
	d) Others	1	3.1%
	d) No answer	1	3.1%
4. What would have made the CD-ROM more practical and helpful? (Comments)			

Comment on pre-final product on February 16th, 2005

Question 2-1 Do you agree that new hire temporary staff get an outline of their work in line with the Accounting Act by CD-ROM training?

Affirmative response: CD-ROM can help prepare staffs before start working

- Comment 1 Convenient, Save more time and training budget
- Comment 2 It is very useful for a pre-study
- Comment 3 CD-ROM can be repeated more than one time in case we can't catch a lecturer's point.
- Comment 4 Convenient for studying at home.
- Comment 5 Convenient for self-information searching.
- Comment 6 It's like we attend the real training.
- Comment 7 CD-ROM can help save a long-term training cost

Negative response:

- Comment 1 Teaching one by one still doesn't make me work efficiently.
- Comment 2 Cannot ask questions if we don't understand some contents in CD-ROM and also if we misunderstand, we might follow a wrong work direction.
- Comment 3 In reality computers are not enough for us, but if DBD provides with enough computers, e-learning method will work efficiently.
- Comment 4 CD-ROM format doesn't draw any users' attention (might make them fall asleep)

Question 2-2 How do you rate your understanding in each training topic?

- Comment 1 CD-ROM and documents(handbook) doesn't match together.

Question 2-2-1 Accounting Inspection Policy

- Comment 1 Lecturer reads textbook and doesn't look ahead while speaking.
- Comment 2 Should reduce an intervening sound in a video recording.

Question 2-2-2 Accounting Inspection Procedure

- Comment 1 Lecturer speaks so fast, I can't catch up with.
- Comment 2 Too less examples

Question 2-2-3 Accounting Standard in accordance with the Accounting Act B.E.2543

- Comment 1 No documents

Question 2-2-4 Permission work in accordance with the Accounting Act B.E.2543

Comment 1 No documents about newly established companies

Question 2-2-5 Bookkeeper Registration Process

Comment 1 No examples 4-6

Question 2-3 What would have improved the CD-ROM, if BBS changes new temporary staff orientation from a lecture format to CD-ROM training?

Comment 1 Cannot ask questions.

Comment 2 Should have CD-ROM manual about how to use

Comment 3 A sound in CD-ROM was echoed and unclear.

Comment 4 Some lecturers speak in a monotone because of textbook reading only and we don't know which parts are important.

Comment 5 Lecturing should cohere with PPT slides (documents) or handbook

Comment 6 Should improve the presentation of lecturers

Comment 7 Attached documents in CD-ROM have too small letters.

Comment 8 Should improve a video recording process (Light in a video is getting dark and then getting bright).

Comment 9 Should give more precise examples of case study in each topic

Comment 10 PPT slides and video aren't interesting enough to study

Comment 11 Should have PPT slide in handbook

Question 4 What would have made the CD-ROM more practical and helpful to the temporary staff?

Comment 1 Contents in CD-ROM should be kept appropriately updated.

Comment 2 Lecturers should prepare themselves very well before lecturing

Comment 3 Lecturer speaks so fast (Accounting Inspection Policy)

Comment 4 Cannot ask questions

Comment 5 Should distribute CD-ROM to entrepreneurs for they can learn more about A/C Act and other matters

Comment 6 It might be a problem for out-of-date B/Ks who don't know how to use computer (in case of distributing this CD-ROM to B/K)

Comment 7 Should provide more case study in CD-ROM

Comment 8 CD-ROM contents should be uploaded on the website where we can download the information about which we want to study more.

Comment 9 Should have more examples about Accounting Inspection Procedure

Evaluation of final product of the CD-ROM by Manager

Computer based training material (CD-ROM) for the new temporary staff of DBD provincial office

Agenda of the evaluation session:

1. Opening remarks by Khun Pongpun
2. Full demonstration of CD-ROM and briefing in the use of CD-ROM by Khun

Date: 16th February, 2005 from 9 am to 16:30 pm

Participant: Director of BBS and 9 Capacity Building Team members for a total of 10 participants

Question	Answer	Total number	ratio(%)
1. Do you think contents of CD-ROM contains all training materials for DBD temporary staffs' work outline?	a) Yes.	8	80%
	b) No.	2	20%
2. Do you think the CD-ROM can be a good alternative to a lecture-based training?	a) Yes.	6	60%
	b) No.	4	40%
3. Do you think the CD-ROM will contribute to DBD temporary staff's work improvement?	a) Yes.	10	100%
	b) No.	0	0%
4. Do you think we should have a post-evaluation after the CD-ROM training?	a) Yes.	9	90%
	b) No.	1	10%
5. Do you think it is too complicated to use CD-ROM from the perspective of CD-ROM user?	a) Yes.	1	10%
	b) No.	9	90%
6. In the future, do you think updating the contents of CD-ROM is possible and easy?	a) Yes.	5	50%
	b) No.	5	50%
7. Do you think the DBD provincial office supervisor will fully understand the significance of training and take a corporative stance toward the CD-ROM training?	a) Yes.	10	100%
	b) No.	0	0%
8. Do you think the CD-ROM training may have applicability to other trainings of BBS?	a) Yes.	9	90%
	b) No.	1	10%
9. Do you think this project will receive good responses from CD-ROM users, and this project is available to CPD (Continuous Professional Development) training?	a) Yes.	9	90%
	b) No.	1	10%
10. What would you have any comments or suggestions on achievement of its objectives of this project?			

Manager' Comments on pre-final product on February 16th 2005

Question 2: Do you think the CD-ROM can be a good alternative to a lecture-based training?

Negative response – No, I don't think so, because of lack of case study.

Negative response – No, **It can be used as a primary training only**

Suggestion: Though CD-ROM can be used for staff doing their job for the first time, if they work for a while, we might have to set up a live training for they can ask any questions.

Question 4: Do you think we should have a post-evaluation after CD-ROM training?

Yes. Should make a self-evaluation through the Internet

Yes, Should give tests or practices.

No, A post-evaluation will not be effective for each one of the staff in each of the provinces, because they will work in diversified ways so that problems and questions they might have are different from each other.

Question 5: Do you think it is too complicated to use the CD-ROM from the perspective of CD-ROM user?

No, It includes enough examples and forms for study

Question 6: In the future, do you think updating the contents in CD-ROM is possible and easy?

Yes, Contents in CD-ROM can be updated accordingly with a present time.

Yes, Long distance training material in which lecturer can update contents all the time (in my understanding "training through satellite", I'm not sure)

Yes, E-learning through the Internet

No, It might be inconvenient to make another video-recording and others.

No, BBS will have to hire outsource to prepare a new version of CD-ROM. There are so many restrictions for outsourcing in the government system that includes limited budget.

Question 7: Do you think the DBD provincial office supervisor will fully understand the significance of training and take a corporative stance toward the CD-ROM training?

Yes, It is a kind of working handbook

Yes, It will help save more time for DBD provincial head officer to train their staffs

- Yes, Staffs can learn from CD-ROM as a self-study
- Yes, It is more convenient than training at the Central office.
- Yes, It can help staff to start working faster.
- Yes, Training is one of DBD duty and supervisor should study this kind of training material.

Question 8: Do you think the CD-ROM training may have applicability to other trainings of BBS?

- Yes, It can be adjusted for CPD training of Bookkeepers
- Yes, It can be adjusted for CPD test purposes
- Yes, It can be adjusted for a kind of a warehouse of questions for any kind of tests.
- Yes, It can be adjusted for POS training
- Yes, It can be adjusted for Accounting Standard

Question 9: Do you think this project will receive good responses from CD-ROM users or not, and this project is available to CPD (Continuous Professional Development) training?

- Yes, we have to create an attentive system to control CPD training so that this project would receive a good response from the users.
- Yes, because it is convenient and economical as well.
- Yes, we can of cause apply it in the Bookkeeper CPD training. It is not efficient in such a case like this where the number of user isn't large enough.

Question 10: What would you have any comments or suggestions on achievement of its objectives of this project?

- Comment 1 Should have an evaluation of CD-ROM learning. Whether they understand training contents well or not
- Comment 2 Need more budget
- Comment 3 BBS should have a kind of help outside that will help or take care of the users who have any inquiries.
- Comment 4 Tests to assist users to make self-study should be provided.
- Comment 5 A certain skill and proficiency have been built in preparation of the CD-ROM learning material that well cohere and cover all work outline. This is a good example of learning and doing.

Introductory Seminar
April 29th, 2004

Contents	Time		Speakers
	Morning	Afternoon	
1. Opening Remarks	9:00-9:15	13:00-13:15	Pongpun Gearaviriyapun Tadashi Sekikawa
2. Outline of the JICA project	9:15-9:35	13:15-13:35	Chutamanee Yodsaeng Motokazu Kanokogi
3. Presentation on Systems in Foreign Countries	9:35-10:20	13:35-14:20	Tadashi Sekikawa Keita Inoue
Coffee break	10:20-10:40	14:20-14:40	
4. Test	10:40-11:50	14:40-15:50	Sirintip Tongta and others
5. Questionnaire	11:50-12:00	15:50-16:00	Motokazu Kanokogi

1. Opening Remarks

- Purpose of the JICA project
 - Objectives of the Introductory Seminar
 - Importance of active participation of BBS staff in the JICA project
 - Introduction of CBT members
- Above remarks will be made by Ms. Pongpun
- Introduction of the JICA team members by Mr. Sekikawa

2. Outline of the JICA Project

- Purpose of the project : Ms. Chutamanee
- Basic Policies : Mr. Kanokogi
- Overall Schedule : Ms. Chutamanee

3. Presentation on Systems in Foreign Countries

- Accounting System in General: Mr. Sekikawa
- Bookkeeper System: Mr. Inoue

4. Test (Anonymous)

- Explanation by Ms. Tongta
- Test (60 minutes)
- Collection of test papers and distribution of model answers

5. Questionnaire

- Explanation by Mr. Kanokogi
- Filling in Questionnaire

Appendix 20

Results of Questionnaires of Introductory Seminar

Morning Session :20 staff Afternoon Session: 16 staff

Program	Question	Total	Average	Average	
				AM	PM
1. Seminar Program	1) The program was suitable.	129	3.58	3.75	3.38
	2) Time allotted for various segments was appropriate.	125	3.47	3.60	3.31
	3) How would you rate the proceedings of the seminar?	128	3.56	3.65	3.44
2. Outline of the JICA Project	1) How would you rate your understanding about this project.	125	3.47	3.65	3.25
	2) This project will help BBS improve its work.	138	3.83	3.90	3.75
	3) I feel that this project will help me do my job better.	139	3.86	3.95	3.75
	4) The explanation was easily understood.	120	3.33	3.65	2.94
	5) The slides and handouts were clearly organized.	116	3.22	3.35	3.06
3.1 Presentation on Accounting System	1) How would you rate your personal interest in this presentation.	130	3.61	3.65	3.56
	2) The explanation was easily understood.	113	3.14	3.30	2.94
	3) This presentation will help BBS improve its work.	124	3.44	3.50	3.38
	4) I feel that the presentation will help me do my job better.	122	3.39	3.30	3.50
	5) The presenter was an effective communicator.	108	3.00	3.30	2.63
	6) The slides and handouts were clearly organized.	115	3.19	3.30	3.06
3.2 Presentation on Bookkeeper licenses in Asian countries	1) How would you rate your personal interest in this presentation.	121	3.36	3.45	3.25
	2) The explanation was easily understood.	110	3.06	3.20	2.88
	3) This presentation will help BBS improve its work.	119	3.31	3.30	3.31
	4) I feel that the presentation will help me do my job better.	122	3.39	3.35	3.44
	5) The presenter was an effective communicator.	106	2.94	3.10	2.75
	6) The slides and handouts were clearly organized.	108	3.00	3.20	2.75
4. Examination	1) The kinds of questions were suitable.	134	3.72	3.80	3.63
	2) The questions ranged covered from easy to difficult.	138	3.83	3.90	3.75
	3) The test time was sufficient for completing the examination.	100	2.78	3.00	2.50
	4) The examination is effective for my personal development.	158	4.39	4.40	4.38
5. To what degree are these topics relevant to your job?	1) Knowledge of Accounting Practices	163	4.53	4.35	4.75
	2) Knowledge of Accounting Standards	165	4.58	4.40	4.81
	3) Knowledge of Accounting Law (including related notifications)	165	4.58	4.55	4.63
	4) Knowledge of Auditors Law (including related notifications)	151	4.19	4.20	4.19
	5) Knowledge of Civil and Commercial Law (including related notifications)	140	3.89	3.75	4.06
	6) Knowledge of Corporate Tax	125	3.47	3.40	3.56
	7) Knowledge of VAT	124	3.44	3.35	3.56
	8) Knowledge of auditing practices and auditing standards	154	4.28	4.20	4.38
	9) Knowledge of Int'l systems (e.g. International accounting standards etc.)	134	3.72	3.60	3.88
6. How would you rate your knowledge and skill about these topics?	1) Knowledge of Accounting Practices	121	3.36	3.25	3.50
	2) Knowledge of Accounting Standards	104	2.89	2.75	3.06
	3) Knowledge of Accounting Law (including related notifications)	124	3.44	3.40	3.50
	4) Knowledge of Auditors Law (including related notifications)	116	3.22	3.15	3.31
	5) Knowledge of Civil and Commercial Law (including related notifications)	98	2.72	2.85	2.56
	6) Knowledge of Corporate Tax	93	2.58	2.70	2.44
	7) Knowledge of VAT	94	2.61	2.70	2.50
	8) Knowledge of auditing practices and auditing standards	110	3.06	3.00	3.13
	9) Knowledge of Int'l systems (e.g. International accounting standards etc.)	87	2.42	2.70	2.06

5: High (Strongly agree) 1: Low (Strongly disagree)

Appendix 21

Summary of Group Interviews

1. Purpose: To promote mutual understandings, ownership to the project and communication among participants.
2. Method: Self introduction by every participant in the “Participatory Workshop” that is based on PCM method and that is characterized to use cards and a board. 90 minutes was given for each group.
3. Activity: On April 30th, May 3rd and 4th, 40 BBS regular staff (39 participants in actual) were divided into 11 groups, in each of which two or three JICA members participated.
4. Results: As a result of the interview smoothly carried out, the features of the staff members were identified and the communication is expected to be developed further.
5. Group Members List (* CBT member)

No.	Date	BBS Member	JICA team
1	2004/5/3	Ms. Chaowanee Ho-ampawanwonng (Chao) Ms. Ladawan Loma-in (Kae) Ms. Chutamane Yodsaeng (Tik)*	Sekikawa Tongta Kawamoto
2	2004/5/3	Ms. Chanipat Khongkamon (Da) Ms. Punnapa Puengsang (Jit) Ms. Jaruwan Charoensuk (Kob) Ms. Sornpana Sinuankham (Tui)*	Kanokogi Matsumura
3	2004/5/3	Ms. Winita Chaimanat (Vi) Ms. Surang Piyakulchaidej (Tue) Ms. Panas Hincharoen (Nas) Mr. Nipon Srithong (Nipon)	Sekikawa Tongta Kawamoto
4	2004/5/4	Ms. Kunkariya Plansakunwong (Yingwan) Ms. Angkana Nanthawadeepisarn (Som) Ms. Atittaya Lisawad (Chompu)	Matsumura Kawamoto

No.	Date	BBS Member	JICA team
5	2004/5/3	Ms. Supaporn Rungramphun (Yun) Ms. Thitima Sriseangthong (Gade) Ms. Jariyathon Chalermchawarit (Gade) Ms. Buaran Sinjungreed (Bua)	Sekikawa Tongta Kawamoto
6	2004/5/3	Ms. Pranom Owattassanee (Noi) Ms. Pennapha Didtakul (Nulek) Ms. Supaporn Boontan (Su)* Ms. Suchon (Tip)	Kanokogi Inoue
7	2004/4/30	Ms. Revadee Vachirapakron (Vieng) Ms. Malee Thountong (Meaw) Ms. Kulaya Chindawong (Tu)	Sekikawa Inoue
8	2004/4/30	Ms. Tarat Pitiphumsuksan (Rat) Ms. Worramon Ubolpoolpol (Jit) Ms. Linjong Chaianongsak (Lin) Ms. Jiranan Haewtrakulpanya (Jin)	Kanokogi Kawamoto
9	2004/4/30	Ms. Sorada Lertharpachit (So)* Ms. Apiradee Mongkolyanvarat (Joy) Ms. Naowarat Phataravithitkul (lee) Ms. Mattana Promshaykaow (Mat)	Sekikawa Inoue
10	2004/4/30	Ms. Anuchit Kaewruamwong (Noi) Ms. Achara Srisan (Att) Ms. Thanyporn Saelee (Lek) Ms. Pronthip Ngamyodyoi (Tam) Ms. Jirada Pongpun (Bua)*	Kanokogi Kawamoto
11	2004/5/3	Ms. Sureporn Palachewin (Porn)	Kanokogi Matsumura

Appendix 22

Summary of Group Discussions

1. Purpose: To identify and classify all problems over the enforcement of the Thai Accounting Act. CBT members are trained to be a moderator.
2. Method: Both stakeholders and problems analyses were done in the "Participatory Workshop" that is based on PCM method and that is characterized to use cards and a board.
3. Activity: On May 10th and 11th, 40 BBS regular staff (39 participants in actual) were divided into seven groups, in each of which 2 or 3 JICA members participated.
4. Results: Different results came out from different groups. Results are summarized as follows:

Stakeholders Analysis;

Category	Stakeholder written on cards
Investors	<ul style="list-style-type: none"> • Investor, Shareholder
Financial institutions	<ul style="list-style-type: none"> • Financial Institution, Bank/Lender
Enterprises	<ul style="list-style-type: none"> • Director (i.e. owner, director, CFO, manager), • Business, Accounting preparers (Owner/director/MD), Entrepreneur, Person who prepare Bookkeeping, • The company inspected, • Juristic company established under foreign countries' laws, the company that contacts BBS, Joint Venture, • The one who asks for inspection • Private company, Public company, Partnership
Accounting Professionals and institutions	<ul style="list-style-type: none"> • Bookkeepers, Freelance bookkeepers, staffs who concern • Tax Auditor • Accounting Firms, Auditor, CPA • ICAAT

Category	Stakeholder written on cards
Government Organizations	<ul style="list-style-type: none"> Government officer, Civil Servant Revenue Department., MOF, BOT, DIP, SEC, SET, NESDB, Police MOC, DBD, Legal Division, ITC, BISB, BBS, BBS staff, DBD staffs in other provinces
Educational Institutions	<ul style="list-style-type: none"> Higher Education Board, Educational Institute Personnel who produces and sells cassette tape, VCR, CD, VDOCD and DVD, Educational Institution, People e.g. students,

Problems Analysis;

- Managers and owners are less interested in the Accounting Act.
- Professional levels of B/Ks are diverse.
- Auditors do not audit properly.
- As a result of insufficient publicity on changes related to accounting rules such as accounting standards, many enterprises do not understand them well.
- Even BBS is lack of reference library and PCs.
- The staff in regional BBS offices frequently change and trainings for new staff members becomes a burden on the BBS staff.
- Levels among the related educational institutions are diverse.
- Lack of correspondence between executions of the Revenue Code and that of the Accounting Act.

Group Members List (* Moderator)

No.	Date	BBS Member	JICA team
1	2004/5/10	Ms. Chutamanee Yodsaeng (Tik)* Ms. Chaowanee Ho-ampawanwong (Chao) Ms. Surang Piyakulchaidej (Tue) Ms. Kulaya Chindawong (Tu), Ms. Jaruwan Charoensuk (Kob) Ms. Atittaya Lisawad (Chompu)	Sekikawa Matsumura
2	2004/5/10	Ms. Jirada Pongpun (Bua)* Ms. Chanipat Khongkamon (Da) Ms. Kunkariya Plansakunwong (Yingwan) Ms. Malee Thountong (Meaw) Ms. Thitima Sriseangthong (Gade) Ms. Buaran Sinjungreed (Bua)	Kanokogi Tongta Ando

No.	Date	BBS Member	JICA team
3	2004/5/10	Ms. Sorada Lertharpachit (So)* Ms. Winita Chaimanat (Vi) Ms. Thanyporn Saelee (Lek) Ms. Jariyathon Chalermchawarit (Gade) Ms. Ladawan Loma-in (Kae) Ms. Mattana Promshaykaow (Mat) Ms. Pronthip Ngamyodyoi (Tam)	Inoue Kawamoto
4	2004/5/10	Ms. Supaporn Boontan (Su)* Ms. Nutkamon Teparitargorn (Noy) Ms. Revadee Vachirapakron (Vieng) Ms. Naowarat Phataravithitkul (Lee) Ms. Worramon Ubolpoolpol (Jit) Mr. Nipon Srithong (Nipon)	Sekikawa Kawamoto
5	2004/5/10	Ms. Sornpana Sinuankham (Tui)* Ms. Apiradee Mongkolyanvarat (Joy) Ms. Supaporn Rungramphun (Yun) Ms. Tarat Pitiphumsuksan (Rat) Ms. Pranom Owattassanee (Noi) Ms. Punnapa Puengsang (Jit)	Kanokogi Tongta Ando
6	2004/5/10	Ms. Chutamanee Yodsaeng (Tik)* Ms. Sureporn Palachewin (Porn) Ms. Angkana Nanthawadeepisarn (Som) Ms. Jiranan Haewtrakulpanya (Jin)	Inoue Matsumura
7	2004/5/11	Ms. Jirada Pongpun (Bua)* Ms. Achara Srisan (Att) Ms. Linjong Chaianongsak (Lin) Ms. Pronthip Ngamyodyoi (Tam) Ms. Panas Hincharoen (Nas) Ms. Pennapha Didtakul (Nulek) Ms. Anuchit Kaewruamwong (Noi)	Kanokogi Kawamoto

Appendix 24

Training Course for the BBS staff - July 26 to 28, 2004
Concept of Time Value & Accounting for Lease (TAS 29)

Day	Group	Time	Topic	Lecturer	Language
Day 1	Group1	9:00-9:20	Opening Remarks	Pongpun & Sekikawa	Thai & English/Thai
		9:20-10:20	Lecture and exercise for "time value of money"	Vichai	Thai
		10:20-10:40	Break		
		10:40 - 12:00	Lecture and exercise for "time value of money" (continued)	Vichai	Thai
	Group2	13:00-13:20	Opening Remarks	Pongpun & Sekikawa	Thai & English/Thai
		13:20-14:20	Lecture and exercise for "time value of money"	Vichai	Thai
		14:20-14:40	Break		
		14:40 - 16:00	Lecture and exercise for "time value of money" (continued)	Vichai	Thai
Day 2	Group1	9:00-9:30	Points of revisions to TAS 29	Manoon & Vichai	Thai
		9:30-10:20	Lecture and exercise for revised TAS 29	Manoon & Vichai	Thai
		10:20-10:40	Break	-	-
		10:40-12:00	Lecture and exercise for revised TAS 29 (continues)	Manoon & Vichai	Thai
	Group2	13:00-13:30	Points of revisions to TAS 29	Manoon & Vichai	Thai
		13:30-14:20	Lecture and exercise for revised TAS 29	Manoon & Vichai	Thai
		14:20-14:40	Break		
		14:40-16:00	Lecture and exercise for revised TAS 29 (continues)	Manoon & Vichai	Thai
Day 3	Group1	9:00-9:40	Lecture and exercise for revised TAS 29 (continues)	Manoon & Vichai	Thai
		9:40-10:00	Lecture for IASB' s current discussion about lease accounting	Sekikawa	English/Thai
		10:00-10:40	Group discussion about IASB's discussion / Break	Each group	-
		10:40-11:00	Presentation of group discussion	Each group	Thai
		11:00-12:00	Evaluation (mini-test & questionnaire)	JICA Team / Manoon & Vichai	Thai
	Group2	13:00-13:40	Lecture and exercise for revised TAS 29 (continues)	Manoon & Vichai	Thai
		13:40-14:00	Lecture for IASB' s current discussion about lease accounting	Sekikawa	English/Thai
		14:00-14:40	Group discussion about IASB's discussion / Break	Each group	-
		14:40-15:00	Presentation of group discussion	Each group	Thai
		15:00-16:00	Evaluation (mini-test & questionnaire)	JICA Team / Manoon & Vichai	Thai

Appendix

**Agenda for Training of Thai Accounting Standards for Investments (TAS 40, 43, 44 and 45)
for the BBS Staff from September 27 to 30, 2004**

Day / Time	Group 1		
	Topic	Lecturers	Language
September 27, 2004			
8.30-10.00	TAS # 40 Investment for debt and equity instrument	Ms. Nisakorn Songmanee ¹ & Mr. Wonlop Vilaivaravit ²	Thai
10.00-10.15	Morning Break		
10.15-12.00	Practice Exercise and Example	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
12.00-13.00	Lunch Break		
13.00-15.00	TAS # 43 Business Combination	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
14.45-15.00	Afternoon Break		
15.00-16.30	Practice Exercise and Example	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
September 28, 2004			
8.30-10.00	TAS# 44 Consolidated Financial Statements and investment in Subsidiary Companies (Summary of the standard and practice exercises)	Ms. Chanpen Chanwanitwit ³	Thai
10.00-10.15	Morning Break		
10.15-12.00	TAS# 44 Consolidated Financial Statements and investment in Subsidiary Companies (Summary of the standard and practice exercises) - <i>continued</i>	Ms. Chanpen Chanwanitwit	Thai
12.00-13.00	Lunch Break		
13.00-15.00	TAS# 45 Investment in Associated Companies (Summary of the standard and practice exercises)	Ms. Chanpen Chanwanitwit	Thai
14.45-15.00	Afternoon Break		
15.00-16.30	TAS # 45 Investment in Associated Companies (Summary of the standard and practice exercises)	Ms. Chanpen Chanwanitwit	Thai
Day / Time	Group 2		
September 29, 2004			
8.30-10.00	TAS # 40 Investment for debt and equity instrument	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
10.00-10.15	Morning Break		
10.15-12.00	Practice Exercise and Example	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
12.00-13.00	Lunch Break		
13.00-15.00	TAS # 43 Business Combination	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
14.45-15.00	Afternoon Break		
15.00-16.30	Practice Exercise and Example	Ms. Nisakorn Songmanee & Mr. Wonlop Vilaivaravit	Thai
September 30, 2004			
8.30-10.00	TAS# 44 Consolidated Financial Statements and investment in Subsidiary Companies (Summary of the standard and practice exercises)	Ms. Chanpen Chanwanitwit	Thai
10.00-10.15	Morning Break		
10.15-12.00	TAS# 44 Consolidated Financial Statements and investment in Subsidiary Companies (Summary of the standard and practice exercises) - <i>continued</i>	Ms. Chanpen Chanwanitwit	Thai
12.00-13.00	Lunch Break		
13.00-15.00	TAS# 45 Investment in Associated Companies (Summary of the standard and practice exercises)	Ms. Chanpen Chanwanitwit	Thai
14.45-15.00	Afternoon Break		
15.00-16.30	TAS # 45 Investment in Associated Companies (Summary of the standard and practice exercises) (Continued)	Ms. Chanpen Chanwanitwit	Thai

Remarks:

¹ Ms. Nisakorn Songmanee is a senior audit manager of DTTJ. (Deloitte Touche Tohmatsu Jaiyos)

² Mr. Wonlop Vilaivaravit is an audit manager of DTTJ.

³ Ms. Chanpen Chanwanitwit is a senior audit manager of DTTJ who will have Ms. Supap Chantavit (audit manager) as her assistant.

**Agenda for the 3rd BBS Staff Training
from November 30 to December 3, 2004**

Day / Time	Group 1		
	Topic	Lecturers	Language
November 30, 2004			
9.00-10.15	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai ¹	Thai
10.15-10.30	Morning Break		
10.30-12.00	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
12.00-13.00	Lunch Break		
13.00-14.15	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
14.15-14.30	Afternoon Break		
14.30-16.00	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
December 1, 2004			
9.00-10.15	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull ² & Anat Pesito ³	Thai
10.15-10.30	Morning Break		
10.30-12.00	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
12.00-13.00	Lunch Break		
13.00-14.15	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
14.15-14.30	Afternoon Break		
14.30-16.00	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
Day / Time	Group 2		
December 2, 2004			
9.00-10.15	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
10.15-10.30	Morning Break		
10.30-12.00	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
12.00-13.00	Lunch Break		
13.00-14.15	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
14.15-14.30	Afternoon Break		
14.30-16.00	Auditor's reports (Standard summary, examples and practice exercises)	Arjarn Chongchitt Leekbhai	Thai
December 3, 2004			
9.00-10.15	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
10.15-10.30	Morning Break		
10.30-12.00	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
12.00-13.00	Lunch Break		
13.00-14.15	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai
14.15-14.30	Afternoon Break		
14.30-16.00	TAS # 49 Construction (Standard summary, examples and practice exercises)	Suparporn Anugull & Anat Pesito	Thai

Remark 1 Arjarn Chongchitt Leekbhai is an instructor at the Commerce and Accountancy Faculty, the University of Chulalongkorn and also an audit partner of DTTJ.
2 Khun Suparporn Anugull is a senior audit manager of DTTJ.
3 Khun Anat Pesito is an audit manager of DTTJ.

Appendix 27

BBS Staff Training - Financial Analysis & Quick Inspection**May 2 - 4, 2005 (3 days)**

Time		Contents	Lecturers
Morning	Afternoon		
Day 1: May 2			
9:00-	13:00-	Explanation of 3-day program as a whole	Sekikawa, Tongta
9:15-	13:15-	Quick Review of Financial Analysis - Theory	Sekikawa, Tongta
9:50-	13:50-	Training 1- Calculating Ratios	Sekikawa, Tongta
10:15-	14:15-	Coffee Break	
10:30-	14:30-	Answer of Calculation	Sekikawa, Tongta
10:45-	14:45-	Training 1- Group Discussion	Sekikawa, Tongta
11:00-	14:00-	Presentation of Group Discussion	Sekikawa, Tongta
11:15-	14:15-	Training 2 - Manipulation & Financial Analysis	Sekikawa, Tongta
Day 2: May 3			
9:00-	13:00-	Review of Day 1	Sekikawa, Tongta
9:15-	13:15-	Training 3 - Group work (Make up F/S)	Sekikawa, Tongta,
9:50-	13:50-	Training 3 - Group work (Think Questions!)	Kawamoto, Inoue
10:15-	13:15-	Coffee Break	
10:30-	14:30-	Training 3 - Questions & Answers	Sekikawa, Tongta,
10:45-	14:45-	Training 3 - Group Work (Make a conclusion)	Kawamoto, Inoue
11:00-	15:00-	Training 3 - Presentation of conclusions	
11:50-	15:50-	Wrapping-up of two days	Sekikawa, Tongta
Day 3: May 4			
9:00-	13:00-	Brief explanation of Quick Inspection	Inoue, Tongta
9:30-	13:30-	How to use rogram 1 - Data import/target delection	SF, Inoue, Tongta
10:15-	14:15-	Coffee Break	
10:30-	14:30-	How to use program 2 - Calculation & analysis of ratios	SF, Inoue, Tongta
11:00-	15:00-	How to use program 3 - Extraction of companies studied	SF, Inoue, Tongta
11:40-	15:40-	Fill in Questionnaire	

BBS Staff Training
Workshop on SME Accounting Policy Measures

June 29 - July 1, 2005 (3-day course)

Time		Contents
Morning	Afternoon	
Day 1 (May 2)		
9:00-	13:00-	Introduction to the Workshop
9:15-	13:15-	Lecture 1: SME accounting policy in Japan
10:00-	14:00-	Group Discussion 1
10:30-	14:30-	Coffee Break
10:45-	14:45-	Presentation of Group Discussion
11:15-	15:15-	Lecture 2: Accounting and Auditing for SMEs
Day 2 (May 3)		
9:00-	13:00-	Review of Day 1
9:15-	13:15-	Group Discussion 2
10:00-	14:00-	Presentation
10:30-	14:30-	Coffee Break
10:45-	14:45-	Lecture 3: Measures to upgrade accounting for SMEs
11:30-	15:30-	Individual Exercise
11:40-	14:50-	Presentation of Individual Exercise
Day 3 (May 4)		
9:00-	13:00-	Review of Day 2
9:15-	13:15-	Group Discussion 3
10:00-	14:00-	Presentation of Group Discussion
10:30-	14:30-	Coffee Break
10:45-	14:45-	Presentation (continue)
11:30-	14:30-	Conclusion and questionnaire

Appendix 29

The Final BBS Staff Training		
Date: Tuesday September 13, 2005 Place: Conference Room, BBS of DBD Theme: Evaluation and Award		
Time	Agenda	Person in charge
10:30	Opening Remarks by the Team Leader	Mr. Tadashi Sekikawa
10:35 - 10:40	Toastmaster of the Day - Purpose and program ¹ -	Mr. Moto Kanokogi
10:40 - 10:55	Brief Introduction of “Four levels evaluation”	Mr. T. Sekikawa
10:55 - 11:15	Evaluation	Mr. Moto Kanokogi
11:15 - 11:30	Short Speeches - About 6 Speakers in total from both sides-	Some JICA members and Honorable speakers from BBS
11:30 - 11:40	Awards - Good presentation awards - Perfect attendance awards	Mr. T. Sekikawa Assisted by Ms Yumiko Ando
11:40 - 11:48	Speech of thanks	Award winners
11:48	Closing Remarks by the Director of BBS	Ms. Pongpun Gearaviriyapun
11:55	Thanks and Adjourn	Mr. T. Sekikawa

¹ In Japan the “Government Policy Evaluations Act 2002 (GPEA)”
In US the “Government Performance Results Act of 1993 (GPRA)”

Comments & Suggestions for the BBS Staff Training

1. Have whatever changes happened in your job due to your attendance to the basic level training program? How great will it be?
- Gain more knowledge & will apply this knowledge with an auditing work
- Change working style to be better & quicker
- Enhance more understanding in accounting standard
- Enhance more knowledge
- Enhance more knowledge & working confidence
- Should set up more training & topics in depth
- Understand more about some accounting standards
- Require more training about auditing work
2. What result can be expected due to your attendance to the basic level training program? How great will it be?
- Will apply this knowledge with work
- Basic knowledge is very important for working.
- Can be adjusted properly with assigned work
- Apply knowledge gained with Clinic Bunchee
- Enhance more knowledge & understanding in some topics
- Some courses can be really used
- Gain knowledge & exchange some opinions including how private sectors use the accounting standard
- Can be used as an additional study
3. Have whatever changes happened in your job due to your attendance to the advanced level training program? How great will it be?
- So short period of training
- So short period of training and training should be continuing.
- Gain more knowledge in auditing & financial analysis
- In part of financial analysis & auditing work, it can be used to develop work more effectively
- Apply knowledge gained with work to be improve more effectively
- Support to work more effectively & act as an information source for more knowledge searching
- Improve work by using knowledge of quick inspection & also gain new knowledge about XBRL, E-newsletter, CD-ROM
- Some topics didn't directly apply with work.
- Get more ideas in financial analysis
- Slightly different between Thai & international standards
4. What results can be expected due to your attendance to the advanced level training program? How great will it be?
- So short period of training and training should be continuing.
- Will apply this knowledge with an auditing work
- Knowledge can be used for development & planning
- Knowledge gained can be applied
- Expect to gain new knowledge that we never knew before
- Can basically give suggestions to other people
- Lecturer should have more understanding about their topics such as they cannot answer some questions

Appendix 31

Schedule of the Counterpart Training for the “Technical Assistance for Implementing the Accounting Act”
“Accounting system and related issues in Japan”

Date	Visit/Lecturer	Contents of the Lecture	Place
Sun, Oct 3	Arrive at Narita		
Mon, Oct 4	10:00-12:00 Briefing		JICA Tokyo
	13:30-15:00 Orientation		JICA Tokyo
Tue, Oct 5	9:30-11:30 The Japanese Institute of CPAs (JICPA) Mr. Shimada (Managing Director of Administration-Research & Planning), others	Approach to quality control review conducted by JICPA	JICPA (Ichigaya)
	13:00-15:00 Accounting Standards Board of Japan (ASBJ) Mr. Ishii (Board Member), Mr. Akiba (Senior Technical Manager), others	Process of Accounting Standards Setting in Japan and its convergence with IASs	ASBJ (Tameike Sanno)
	15:00-17:00 International Accounting Standards Board (IASB) Mr. Tatsumi Yamada (Liaison Board Member)	Recent development of IASB and liaison with Thailand	ASBJ (Tameike Sanno)
Wed, Oct 6	10:30-11:30 TKC Corporation Mr. Junzo Takada (Director)	TKC efforts for improving SME accounting	TKC (Iidabashi)
	13:30-15:00 Bank of Tokyo Mitsubishi Mr. Kiyoshi Watanabe (General Manager-TKC)	TKC Strategic Loan – from the perspective of Bank	TKC (Iidabashi)
Thu, Oct 7	9:30-11:00 The Tokyo Chamber of Commerce and Industry Mr. Katsuhiko Sato, Official Test Center Head, Official Test Division,	Human resource development for accounting professions through the Official Business Skill Test in Bookkeeping	Deloitte Touche Tohmatsu (Yaesu)

Date	Visit/Lecturer	Contents of the Lecture	Place
	Mr. Hiroshi Asaka, General Manager, SMEs Consultation center, SMEs Supporting Division	Policy and activities for SMEs development - from the viewpoint of accounting	
	13:00-15:00 Japan Federation of Certified Tax Accountant's Association (JFCPTAA) Mr. Munehisa Sugita, Director of Research Division	Roles for SME accounting in tax accountant' system Bank's unsecured loan using "SME accounting checklist"	JFCPTAA (Osaki)
Fri, Oct 8	10:00-11:30 Bank of Yokohama Mr. Uchibori, Banking Business Planning Dept.	Cooperation with CPTA using unsecured loan system for SMEs	Bank of Yokohama (Sakuragi-Cho)
	Move to Hamamatsu		
	14:30-16:30 CPTA Firm Sakamoto & Partner Mr. Takashi Sakamoto, President (CPTA)	Business management of accounting firm by utilizing TKC system	Sakamoto Firm (Hamamatsu)
	Move to Nagoya		
Sat, Oct 9	9:30-18:00 Discussion and preparation for presentation	—	JICA Chubu (Nogoya)
Sun, Oct 10	Holiday		
Mon, Oct 11	Holiday (Move to Kyoto)		
Tue, Oct 12	9:30-11:30 Wacoal Corporation Mr. Ikuo Otani (Corporate Officer & General Planning Division) and Mr. Haruo Murata (Manager-Corporate Planning Division)	Recent complex regulations for accounting and disclosure- Measurements taken in companies	Wacoal Corporation (Kyoto)
	13:00-14:30 Deloitte Touche Tohmatsu , Kyoto Office Mr. Shinichi Nakamoto (Partner-CPA) Mr. Hiroyuki Asaga (Partner-CPA)	Roles of local offices in auditing firm	DTT (Kyoto)
	Move to Tokyo		

Date	Visit/Lecturer	Contents of the Lecture	Place
Wed, Oct 13	9:30-11:30 Small and Medium Enterprise Agency Mr. Naohiko Yokoshima (Deputy Director-Corporate Finance and Tax Affairs Division, Business Environment Department)	Efforts to SME accounting	SME Agency
	13:00-15:00 Financial Service Agency Mr. Koji Yoshida (Deputy Director-Corporate Accounting and Disclosure Division, Planning and Coordination Bureau)	Electric disclosure system under Japanese Securities and Exchange Law. (EDINET)	Financial Service Agency (Certificated Public
	Certified Public Accountants and Auditing Oversight Board (CPAAOB) Mr. Yoshikazu Wakita (Commissioner) Mr. Jun Kawamoto (Office of Coordination and Examination)	Background of the revision of CPA Act and supervision by CPA and Auditing Oversight Board	Accountants and Auditing Oversight Board Office)
	15:30-17:00 XBRL Japan Mr. Eiichi Watanabe (Vice Chairman)	Development and future prospects of XBRL in Japan	DTT (Yaesu)
Thu, Oct	10:00-12:00 Deloitte Touche Tohmatsu , Tokyo Mr. Hirotake Abe (CEO), Mr. Hayato Wada, Partner of Quality Control and Mr. Koji Matsumura, Partner of Training	Quality control of international accounting firm under the new regulatory environment	DTT (Yaesu)
	14:30 – 15:30 JICPA Site tour of CPE training	The site tour of CPE training broadcasted by satellite	JICPA (Ichigaya)
	16:30 – 18:00 Preparation for the presentation		JICA Tokyo
Fri, Oct 15	13:30-17:00 Presentation and appraisal		JICA Tokyo
Sat, Oct 16	Depart for Bangkok		

SME Accounting Standards Seminar

1. **Date :** Friday, November 19, 2004

2. **Venue:** Sofitel Central Plaza Hotel, Ladphrao (Vibhavadee Ballroom)

3. **Timetable:**

Time	Contents	Person
9:00–9:20	Opening Remarks	Ms. Pranee Phasipol Deputy Director-General of DBD Mr. Shoichi Okumura Deputy Resident Representative, JICA Thai office
Part I. New Regulations		
9:20–9:50	Briefing for recent policies of DBD *1	Ms. Pranee Phasipol Deputy Director-General of DBD
9:50–10:00	Q&A Session	
10:00–10:20	Coffee Break	
Part II. SME Accounting Standards		
10:20–12:20	Presentation on IASB’s Discussion Paper “Preliminary Views on Accounting Standards for SMEs” *2	Mr. Paul Pacter, Director, Small and Medium-Sized Entities, IASB
12:20–13:20	Lunch Break	
13:20–15:00	Panel Discussion Accounting Standards for SMEs in Thailand*1	Chaired by Ms. Pranee Phasipol Deputy Director-General of DBD Dr. Suphamit Techamontrikul Partner of Deloitte Touche Tohmatsu Jaiyos Co., Ltd. Dr. Prawit Ninsuvannakul Chairman of Accounting Standards for SMEs Committee, ICAAT Mrs. Suvimol Krittayakiern MD of DIA Auditing Office
15:00–15:20	Coffee Break	
15:20–17:00	Accounting Test for 100 Volunteers	

*1 Presentation was conducted in Thai with simultaneous translation into English.

*2 Presentation was conducted in English with simultaneous translation into Thai.

Appendix 33

Participants List of the Roundtable Talk on SMEs Accounting Standards

No.	Attendants	Organization
1	Mr.Paul Pactor	IASB
2	Pranee Phasipol	DBD
3	Prawit Ninsuvannakul	ICAAAT
4	Suphamit Tachamontrikul	ICAAAT
5	Sineenart Chamsri	SET
6	Suvimol Krittayakiern	DIA
7	Mr.Ralph Robert TYE	Ernst & Young Office Limited
8	Somjin Pholpornprasert	Pricewaterhouse
9	Jirawan Prabhasanobol	DTT
10	Sa-nguan Pongswan	KPMG
11	Kalayaporn Panmaleangburke	Sripathum University
12	Darin Yokpaisarn	Integrate Consulting Group
13	Anchalee Srinual	Boonkuekul Accounting Office
14	SitthiPhol Sitthisat	Thai Accounting Development Center Association
15	Pongpun Gearavirivapun	DBD
16	Parporn Akathaporn	Parpat Institute
17	Ubol Chandhrarome	DIP
18	KhomSan Laosillapacharoen	FTI
19	Jiraporn Popairod	Thai banker's Association
20	Ladda Supavitava	Revenue Department
21	Kittipong Rattanachaisit	SEC
22	ChongChit Leekbhai	Chulalongkorn University
23	Monthien Prachuabdee	ISMED
24	Mr.Tadashi Sekikawa	JICA Study Team
25	Mr. K. Kawamoto	JICA Study Team
26	Mr.Keita Inoue	JICA Study Team
27	Ms. Sirintip Tongta	JICA Study Team
28	Mrs.Anuchit Kaewruamwong	BBS (Trade Officer 8)
29	Ms.Chanipat KhongKamon	BBS (Trade Officer 8)
30	Ms.Chaowanee Ho-ampawanwong	BBS (Trade Officer 7)
31	Mrs.Sorada Lertharpachit	BBS (Trade Officer 7)
32	Mrs.Tarat Pitiphumsuksan	BBS (Trade Officer 7)
33	Ms.Chutamane Yodsaeng	BBS (Trade Officer 6)
34	Ms.Jirada Pongpan	BBS (Trade Officer 4)

XBRL Seminar and Round Table Discussion

Thursday, July 7, 2005 at Landmark Hotel, Bangkok

Time	Contents	Speakers
8:30–9:00	Registration	
9:00–9:20	Opening Remarks	<ol style="list-style-type: none"> 1. Ms. Orajit Singkalavanich Director General of DBD 2. Prof. Kesaree Narongdej President of the Federation of Accounting Professions 3. Mr. Mikiharu Sato Resident Representative of the JICA Thailand Office
9:20–10:10	Introduction to XBRL <ol style="list-style-type: none"> 1. What is XBRL? – Concepts and benefits 2. Where is XBRL used? – Use cases in the world 3. XBRL International, Inc. – Who are they? How is it organized? 4. How to get started. – Process of initiating XBRL activities and building XBRL Thailand jurisdiction 	Kurt Ramin , XBRL International (Commercial Director of International Accounting Standards Committee Foundation)
10:10–10:30	Demonstration of XBRL System	Shoko Matsushita , Certified Financial Planner, Unit Leader, Business Consulting Department of Hitachi Ltd.
10:30–10:50	Coffee Break	
10:50–11:40	Case study: how to justify and strategize a XBRL implementation	Shong Ye Tan , Partner of PricewaterhouseCoopers, Singapore
11:40–12:40	Close look at XBRL in Japan <ol style="list-style-type: none"> 1. How XBRL changes the financial reporting? – Adoption and use cases of XBRL in Japan 2. How has XBRL Japan been doing? - Roles played by XBRL Japan, and how we did it. 	Eiichi Watanabe , Vice-President of XBRL Japan (A member of Executive Committee of XBRL international)
12:40–14:00	Lunch Break	
14:00–16:00	Roundtable Discussion	

*1 Morning session will be conducted with simultaneous translation between English and Thai.

*2 Computer booth is set for demonstrating XBRL system by Hitachi Ltd. during coffee and lunch break.

*3 Roundtable discussion will be conducted in English or Thai. Interpreters will assist communication between International guests and Thai participants.

Participants List of the XBRL Roundtable Talk

Thursday 7 July, 2005 at Landmark Hotel, Sukhumvit

No.	NAME	ORGANIZATION
1	Mr. Kurt Ramin	XBRL International
2	Mr. Eiichi Watanabe	Vice-President, XBRL Japan
3	Mr. Shong Ye Tan	Partner, PricewaterhouseCoopers, Singapore,
4	Ms. Shoko Matsushita,	Business Consulting Department, Hitachi Ltd.
5	Mr. Koji Morimoto	Reserarch & Developemnt Center, Hitachi System & Services Ltd.
6	Mrs.Pranee Phasipol	Department of Business Development Deputy Director-General
7	Miss Pongpun Gearaviriyapun	Department of Business Development Bureau of Business Supervision
8	Pavana Hopisut	Department of Business Development
9	Rachaneekorn Damdenngam	Department of Business Development
10	Associate Professor Angkarat Priebjriyat,Ph.D.	Federation of Accounting Professions Chairman of Accounting Standards-Setters
11	Miss Kanokwan Peungbunsree	NECTEC
12	Ms.Ladda Supavitaya	Revenue Department of Thailand
13	Karunarat Boonyawat	Securities and Exchange Commission, Thailand Executive Officer
14	Dr.Sethaput Suthiwart-narueput	Stock Exchange of Thailand
15	Kowin Kulruchakorn	Stock Exchange of Thailand Vice President : Pre-Trade Systems Departmen
16	Tikumporn Papraisawang	Bangkok Bank
17	Kannika Ngamsopee	Siam Commercial Bank
18	Miss Nuchanat Kulkattimas	Division Manager, Kasikorn Bank
19	Miss Temduang Nimitrapun	Ministry of Information and Communication Technology
20	Sirirat Chotivechkarn	NAT
21	Prasan Chuaphanich	Pricewaterhouse Coopers Legal & Tax Cousultants Ltd.
22	Wisitsee Chintana	Institute for Parpatr-Dhurakijjpondit
23	Aim-on Jaikengkit,Ph.D.	Chulalongkorn University Lecturer, Faculty of Commerce and Accountancy
24	Mrs.Kalyaporn Pan-ma-rerng Burke	Dean, Faculty of Accounting, Sripatum University
25	Nangnoi Chai-onnom	University of the Thai Chamber of Commerce
26	Chamaiporn Apikulvanick	General Manager, Business Online
27	Suthin Sasanatayard	Reuter-Thailand
28	Ms.Pattaramon Kerdsompong	Managing Director, Boonyawee K.C. Co., Ltd.
29	Uthai Tunlamai,Ph.D.	Chulalongkorn University Lecturer, Faculty of Commerce and Accountancy
30	Ms.Orawan Hunmanthepamorn	Revenue Department of Thailand
31	Ms.Yasinee Juesiripakdee	Revenue Department of Thailand
32	Mr.Nol Rananan	Reuter-Thailand
33	Ms.Tassanee Wangsawang	MICT
34	K.Rattana Petchwichit	Revenue Department of Thailand
35	K.Siripong Pisankongtawee	SET
36	K.Amnuay Jiramahapoka	SET
37	K.Saowanee Chatpaisansuk	SET
38	Mrs.Anuchit Kaewruamwong	DBD
39	Ms.Chanipat Kongkramol	DBD
40	Mrs.Winita Chaimanas	DBD
41	Mrs.Supaporn Rungampan	DBD
42	K.Sureeporn Paracheewan	DBD
43	K.Chaowanee Hoampawanwong	DBD
44	Mrs.Supaporn Boontan	DBD
45	Mrs.Tarat Pitipoomsuksan	DBD
46	Ms.Chutamane Yodsaeng	DBD
47	Ms.Sornpana Srinuankam	DBD
48	Ms.Jirada Pongpun	DBD
49	Ms.Jariyathorn Chalerchaowalit	DBD
50	Mr. Tadashi Sekikawa	JICA Team

Accounting Firms Training Course
15th September to 17th September, 2005 at
Narai Hotel, Bangkok

First Day: Thursday 15th September 2005

Time	Contents	Person
8:30-9:00	Registration	—
9:00-9:20	Report to Director General & Resident Representative, JICA Thailand Office (Includes purpose of the training course and introduction of TKC)	Ms. Uthaisri Sirichai Accounting Specialist and DBD Welfare Manager
9:20-9:40	Opening remarks	Ms. Pranee Phasipol Deputy-Director General of DBD Mr. Mikiharu Sato Resident Representative, JICA Thailand Office
9:40-11:00	The Importance of accounting at SMEs and Monthly Field Auditing	Mr. Takashi Sakamoto , CPTA and CPA(US), a member of TKC National Federation
11:00-11:20	Coffee break	
11:20-12:20	TKC Overview - Philosophy, History, Services and Organization of TKC	Mr. Masaharu Iizuka , President and CEO of TKC Corporation
12:20-13:20	Lunch	
13:20-14:20	Value Added Services 1 - Management Advisory Service to Clients	Mr. Takeki Suzuki , CPTA, a member of TKC National Federation
14:20-14:40	Coffee break	
14:40-16:00	Panel Discussion - Practical issues for introduction of monthly field auditing - Possibility and problems to introduce monthly field auditing in Thailand	Moderator: Ms. Sirirat Chotivechkarn, Network Advisory Team Ltd. Panel member: Mr. Takashi Sakamoto, CPTA and CPA(US), TKC Mr. Kentaro Matsuzaki, CPA and CPTA, TKC Mr. Keita Inoue, CPA and CPTA, TKC Mrs. Wanruedee Pimpraphot, Rungrueng Accounting And Lawyer Co.,Ltd. Ms. Angsuthorn Borinayakanont, Central Management Group Co.,Ltd. Mr. Chamras Pingkhalasay, Chamras CPA Co., Ltd.

CPTA: Certified Public Tax Accountant

CPA: Certified Public Accountant

Second Day: Friday 16th September

Time	Contents	Person
9:00-10:20	Value Added Services 2 - Case studies in Thailand	<i>Moderator:</i> Ms. Anuchit Kaewruamwong <i>Lectures:</i> Ms. Varaporn Aunpitipongsa, J&J Accountants Group Co.,Ltd. Ms. Suwannee Kasemsrithanawat, S K Consultant Co., Ltd. Mr. Suwat Parinyapariwat, P A Balanz group
10:20-10:40	Coffee break	
10:40-12:00	Collaboration with Financial institutions - Good accounting enable to access easily to obtain bank loan	Mr. Nobutoki Kuroiwa , CPA & CPTA, a member of TKC National Federation
12:00-13:00	Lunch	
13:00-14:20	Group Discussion *1	
14:20-14:40	Coffee break	
14:40-16:00	Presentation of Group Discussion Results *2	

Third Day: Saturday 17th September

Time	Contents	Contents
9:00-10:20	Service Guidelines for Accounting Firms	Mr. Nobuyuki Yamada , JICA Study Team
10:20-10:40	Coffee break	
10:40-12:00	Quality Control for Accounting Firms - Case studies in Thailand	<i>Moderator:</i> Ms. Sorada Lertharpachit <i>Lectures:</i> Ms. Isariya Pattamapongsa, Ratchaporn Accountancy And Law Co.,Ltd. Mr. Tanakorn Promtrairat, V.A.T. Law And Accounting Co.,Ltd. Mr. Singchai Aroonvuthphong, Serene CPA Co., Ltd.
12:00-13:00	Lunch	
13:00-14:20	Human Resources Development for Accounting Firms - Case studies in Thailand	<i>Moderator:</i> Ms. Chutamane Yodsaeng <i>Lectures:</i> Ms. Fuhmui Treekarnjanotai, P.M.P. Group Co.,Ltd. Khun Nongnuch Kitikulwarakorn, Wanchai Accounting Ms. Suwimol Krittayakiern, Office of DIA International Auditing
14:20-14:40	Coffee break	
14:40-16:00	Government Policy for Accounting Firms	Ms. Pranee Phasipol Deputy-Director General of DBD

*1 300 participants will be divided into twenty group of fifteen people, and conduct group discussion at four venues.

*2 Presentation will be conducted at each venue.

Subject of the Group Discussion

- Collaboration among accounting firms
- How create value added services for accounting firm business?
- What do we need to do that business owners make use of accounting for their management.

Appendix 37

IFRSs Symposium, Bangkok**Convergence of Accounting Standards – Challenge for Accounting Standard Setters**

Friday, November 25, 2005

Sofitel Central Plaza, Bangkok

Time	Contents	Speakers
8:00–9:00	Registration	
9:00–9:20	Opening Remarks	1. Ms. Orajit Singkalavanich, Director General of DBD 2. Prof. Kesaree Narongdej, President of the Federation of Accounting Professions 3. Mr. Shoichi Okumura, Deputy Resident Representative, JICA Thailand Office
9:20–10:10	IASB Update - General Activities	Tatsumi Yamada Board Member, IASB
10:10–11:00	Standard Setting in Thailand Convergence of TASs with IFRSs	Associate Prof. Angkarat Priebjrivat Ph.D. President of Accounting Standards Committee, Federation of Accounting Professions Assistant Prof. Wipada Tantprapa Member of Accounting Standards Committee, Federation of Accounting Professions
11:00–11:20	Coffee Break	
11:20–11:30	Promotion of CAPA Osaka Conference (October 2007)	Video Presentation
11:30–12:40	IASB Update - Current Projects	Tatsumi Yamada, Board member, IASB
12:40–14:00	Lunch Break	
14:00–17:00	Roundtable Discussion – Implementation of accounting standards	

*1 Morning session will be conducted with simultaneous translation between English and Thai.

*2 Roundtable Discussion will be conducted in English or Thai. Interpreters will assist communication between International guests and Thai participants.

Participants List of the IFRS Roundtable Talk

Friday 25 November 2005 at 14:00 - 17:00

At Vibhavadee Ballroom, Sofitel Central Plaza Hotel, Ladphrao

No.	Name	Organization
1	Miss Pongpun Gearaviriyapun	Department of Business Development Bureau of Business Supervisor
2	Mrs.Sasiwan Chansiri	Tax Auditor Officer 8, Revenue Department
3	Ms.Pimwadee Phandhumkomol	Insurance Examiner, Department of Insurance
4	Associate Professor Angkarat Priebjrivat,Ph.D	Federation of Accounting Profession: Chairman of Accounting Standards-Setters
5	Assistant Prof. Wipada Tantprapa	Federation of Accounting Profession: Member of Accounting Standards Committee
6	Saranya Chindavanig	Director, S.E.C.
7	Mr.Santi Vilassakdanont	Vice Chairman, The Federation of Thai Industries
8	Ms.Pimjai Eamphetcharapong	Deputy Vice president, SET
9	Mr.Samart Buranawatanachok	Bank of Thailand Asst. Governor Supervision Group
10	Asst. Prof.Kobkaew Ratanaubol	Thammasat University
11	Mrs.Oranuj Soongswang	Department head, Chulalongkorn University
12	Mrs.Kalyaporn Pan-ma-rerng Burke	Sripatum University Dean, Faculty of Accounting
13	Dr.Suphamit Techamontrikul	Deloitte Touche Tohmatsu Jaiyos Co., Ltd Audit Partner
14	Ms.Nangnoi Charoenthaveesub	PricewaterhouseCoopers ABAS Co., Ltd
15	Wilai Buranakittisophon	KPMG Phoomchai Audit Co., Ltd.
16	Ms.Wasana Surakit	First Vice President, Kasikorn Bank PCL
17	Ms.Banchaporn Prisuwan	Senior Vice President, Bangkok Bank PCL
18	Ms.Suvimol Srisuntisuk	Siam Commercial Bank PCL. Manager Bank Accounting & Consolidation
19	Mr. Tatsumi Yamada	Liaison Board Member, IASB
20	Mrs.Anuchit Kaewruamwong	BBS
21	Mrs.Winita Chaimanas	BBS
22	Ms.Sorada LerdArpachit	BBS
23	Mrs.Supaporn Boontan	BBS
24	Ms.Chutamane Yodsaeng	BBS
25	Ms.Jirada Pongpan	BBS
26	Ms.Thanyapornn Sea-Lee	BBS
27	Ms.Jariyathorn Chalermchaowalit	BBS
28	Ms.Atthitaya Lisawad	BBS
29	Ms.Patcharaporn Naiwikool	BBS
30	Ms.Chanipat Kongkramol	BBS
31	Mrs.Nutkamol Theppatimakorn	BBS
32	Ms.Sureeporn Palacheewan	BBS
33	Mrs.Supaporn RungAmpan	BBS
34	Mrs. Worramon Ubonpoonpol	BBS
35	Ms.Kulkariya Pleansakulwong	BBS
36	Mrs.Surang Piyakulchaidej	BBS
37	Ms.Linjong Chaianongsak	BBS
38	Ms.Achara Srisan	BBS
39	Mrs.Tarat Pitipoomsuksan	BBS
40	Mrs.Kessinee Boonpanyanon	BBS
41	Mrs.Worranuch Thongyai	BBS
42	Ms.Athittaya Lisawat	BBS
43	Ms.Jiranan Haewtrakulpanya	BBS
44	Ms.Sornpana Srinuankam	BBS
45	Ms.Wipanan Chantawut	BBS
46	Ms.Thitima Srisaengthong	BBS
47	Mr.Tadashi Sekikawa	JICA study team
48	Mr.Kazayuki Kawamoto	JICA study team
49	Ms.Sirintip Tongta	JICA study team
50	Mr.Takashi Matsumura	JICA study team