

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-1 Company Assessment Criteria:

Criteria for pilot company selection

Item	Content	Score				
		1	2	3	4	5
(1)Motivation of director and supervisor for company diagnosis	The director should agree entirely on company diagnosis.	Neither director nor supervisor has interest and motivation for company diagnosis. (e.g. refuse company visit, cancel the application)	Although supervisor is interested in company diagnosis, director doesn't have enough motivation.	Director has interest and motivation for company diagnosis but supervisor doesn't have enough motivation	Both director and supervisor have interest and motivation for company diagnosis.	Both director and supervisor have high motivation and interest for company diagnosis.
(2)Scale Adequacy	Company is expected to have more than 50 employees.	Less than 10 employees	10-20 employees	20 -50 employees	More than 50 employees	More than 50 employees and spontaneous functional organization
(3)Accessibility of company information	Company can cooperatively disclose necessary information for company diagnosis upon the request from NPCC.	Company is conservative for disclosing information.	Company could disclose some limited information upon the request from NPCC	Company could disclose all information upon the request from NPCC	Company could disclose all information not only qualitative also quantitative, such as sales date and production, etc.	Company could disclose all quantitative information including financial report.
(4)Agreement on disclosure of the company diagnosis consulting result	Company could cooperatively disclose company diagnosis results upon the request from NPCC	Company has never joined any events organized by MINE, donor or NGO and also has no intention to join in the future.	Company joined the event but has no intention to join an individual support program.	Company joined the event and was interested in the program but the individual support was not suitable for company.	Company sometimes joins events organized by donor and has interest and motivation for an individual support.	Company has interest and motivation for an individual support. Also, cooperation for disclosure of support result and dissemination is expected.
(6)Growth potential	Company is expected to agree on the company growth through company diagnosis.	Company is not interested in company growth.	Company had a sales-increase period in the past but now faces with slow growth and doesn't have motivation	Company has motivation for company growth but doesn't have appropriate measures.	Company has motivation for company growth and concrete measures.	Company has continuous growth from the past and further growth is also expected.
(7)Contribution	Possibility of	The product	Company is	Company is	Company	Company has

n for Market Expansion	export/ trading with foreign company	is not suitable for export or trading with foreign company. (e.g. the product is designed for domestic use and difficult to modify)	not interested in export / trading with foreign company.	interested in export / trading with foreign company but doesn't know how to do or is too busy to take a concrete action.	already started to export or to trade with foreign company. (e.g. product development for export, contract with agency)	already exported or traded with foreign company.
(8)Fairness in the usage of support measure	Company which has not received support from other donor will be given preference.	Company has continuous support from other donor or had more than one support.	Company had support from donor or others once in the past.	Company had support from donors or others but hasn't had any support in these past three years.	Company had support from donor or others more than three years ago.	Company has never had any support from donor or others.

*Note ⑥Public support history does not include donor seminar attendance

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-2 The Guideline and Worksheet for Preparatory Company Diagnosis:

The guideline of preparatory company diagnosis

1.The purpose

The purpose of preparatory company diagnosis is to choose ten companies suitable for the pilot company among registered companies in the seminar. We make efforts to evaluate fairly and transparently, gathering as fine and detailed information as possible in diagnosis visit.

2.The schedule

Sep 4 to Sep 28

3.The organization

The preparatory company diagnosis team is organized with JICA experts and NPCC staff.(Refer to.)

4.The way and method

- The registered company which is out of the selection criteria is eliminated in assessment process.
- The team should gather necessary information for evaluation in director interview and factory tour.
- Before visiting company, the team may gather the company information through acquaintance and internet as possible.
- After visiting company, the team should write information sheet and evaluation sheet in English.

5.Evaluation

The evaluator evaluates six items with five ranks according to evaluation guidance. The Evaluator also evaluates comprehensively in addition to individual evaluation. The result of evaluation is recorded in the evaluation table.

Preparanry company diagnosis assignment and schdule (Tentative)

Ver.3

Date	Activity	Company Visit Team①		Company Visit Team②		Note
		AM	PM	AM	PM	
		Company①	Company②	Company③	Company④	
Sep. 1 San						
2 Mon	NPCC Meeting (PM)					AM Mr.Veng Holiday
3 Tue	Visit apointment					PM Mr.Veng Holiday
4 Wed	Company visit ①					Second interpreter: Vire
5 Thu	↓ ②					Second interpreter: Vire
6 Fri						Demonstration against electin result
7 Sat						
8 San						
9 Mon	Practical Class①					
10 Tue	Practical Class②					
11 Wed	Practical Class③					
12 Thu	Company visit ③					Second interpreter: Mine
13 Fri	↓ ④					Second interpreter: Mine
14 Sat						
15 San						
16 Mon	Practical Class④					
17 Tue	Practical Class⑤					
18 Wed	Company visit ⑤					
19 Thu	↓ ⑥					
20 Fri	Occasional day					
21 Sat						Ishibashi leave
22 San						
23 Mon	Company visit ⑦					Ope.team 5S Award visit Till 4 of Oct.
24 Tue						Cambodian Holiday
25 Wed	Company visit ⑧					
26 Thu	Sum up & company selection					
27 Fri	NPCC Meeting (PM)					
28 Sat						Ohyama leave
29 San						
30 Mon						

※Preparanry diagnosis term is organized by JICA experts and NPCC staff.

Calendar for Company diagnosis

T:Tentative

9月 September

日	月	火	水	金	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
			Preparanry diagnosis			
			①	②	③	
8	9	10	11	12	13	14
	Practical Class	Practical Class	Practical Class	Preparanry diagnosis		
	Strategy	Marketing	HRM	⑤	⑥	
15	16	17	18	19	20	21
	Practical Class	Practical Class	Preparanry diagnosis			
	Production M	Company diagnosis	⑦	⑧		
22	23	24	25	26	27	28
	Preparanry		Preparanry			
	⑧		⑨			
29	30					

Operational term:5S award visits from 23 to Oct.4

E-learning:3 to 5 (V.C.L)

11月 November

日	月	火	水	金	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
						Water Festival
17	18	19	20	21	22	23
Water Festival	Water Festival					
24	25	26	27	28	29	30

APO TES training 25 to Dec 6

1月 January

日	月	火	水	金	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
			New year day			
5	6	7	8	9	10	11
		Victry over GD				
12	13	14	15	16	17	18
	Company diagnosis III					
	①	②	③	④	⑤	
19	20	21	22	23	24	25
	Company diagnosis III					
	⑥	⑦	⑧			
26	27	28	29	30	31	

JICA expert:Mr.Hayashi,Mr.Isibashi,Ohyam

10月 October

日	月	火	水	木	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
				Bchom Ben	Bchom Ben	Bchom Ben
6	7	8	9	10	11	12
		Advance 5S I (T)				
		①	②	③		
13	14	15	16	17	18	19
		Company diagnosis I				
		①	②	③		
20	21	22	23	24	25	26
	Company diagnosis I					
	④	⑤	⑥	⑦	⑧	
27	28	29	30	31		

JICA expert:Mr.Hayashi,Mr.Isibashi

E-learning:1 to 5 (V+1)

12月 December

日	月	火	水	木	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
		Advance 5S II (T)				
		①	②	③		
15	16	17	18	19	20	21
	Company diagnosis II					
	①	②	③	④	⑤	
22	23	24	25	26	27	28
	Company diagnosis II					
	⑥	⑦	⑧			
29	30	31				

JICA expert:Mr.Isibashi,Mr.Ohyama

2月 February

日	月	火	水	木	金	土
San	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
	Company diagnosis IV					
	①	②	③	④	⑤	
9	10	11	12	13	14	15
	Company diagnosis IV					
	⑥	⑦	⑧			
16	17	18	19	20	21	22
	Advance 5S III (T)					
		①	②	③		
23	24	25	26	27	28	
	Meak Bochea Day					

JICA expert:Mr.Hayashi,Mr.Isibashi,Ohyam

Selection Criteria of the Pilot Company (tentative)

Item	Content	View for selection and note
(1) Motivation of director and supervisor for company diagnosis	The management should agree entirely on company diagnosis.	Management's attitude for company diagnosis term.
(2) Scale Adequacy	Company is expected to have more than 50 employees.	If the company has financial statements, the sales amount will be also considered as criteria.
(3) Accessibility of Company Information	Information including financial statements, sales record, purchase record and employees' salary should be provided for diagnosis team.	Non-disclosure contract will be signed at the start of company diagnosis.
(4) Agreement on disclosure of the company diagnosis consulting result	The information including the contents and the result in diagnosis can be disclosed on the request of NPCC.	Cooperation for dissemination at workshop and others is necessary.
(5) Conditions of location	Company must be located in Phnom Penh City or in the suburb of the City.	
(6) Growth Potential (New)	Company is expected to agree on the company growth through company diagnosis.	Management motivation, attitude for problem-solving and positive attitude
(7) Potential for Market Expansion (New)	Possibility of export / trading with foreign company	Whether can the company contribute to Cambodian economic growth?
(8) Fairness in the usage of support measures	Company which has not received support from other donor will be given preference.	Non

Assessment criteria (Tentative)

	Item	Content	Score				
			1	2	3	4	5
(1)	Motivation of director and supervisor for company diagnosis	The director should agree entirely on company diagnosis.	Neither director nor supervisor has interest and motivation for company diagnosis. (e.g. refuse company visit, cancel the application)	Although supervisor is interested in company diagnosis, director doesn't have enough motivation.	Director has interest and motivation for company diagnosis but supervisor doesn't have enough motivation.	Both director and supervisor have interest and motivation for company diagnosis.	Both director and supervisor have high motivation and interest for company diagnosis.
(2)	Scale Adequacy	Company is expected to have more than 50 employees.	Less than 10 employees	10-20 employees	20 -50 employees	More than 50 employees	More than 50 employees and spontaneous functional organization
(3)	Accessibility of company information	Company can cooperatively disclose necessary information for company diagnosis upon the request from NPCC.	Company is conservative for disclosing information.	Company could disclose some limited information upon the request from NPCC	Company could disclose all information upon the request from NPCC	Company could disclose all information not only qualitative also quantitative, such as sales date and production, etc.	Company could disclose all quantitative information including financial report.
(4)	Agreement on disclosure of the company diagnosis consulting result	Company could cooperatively disclose company diagnosis results upon the request from NPCC	Company has never joined any events organized by MINE, donor or NGO and also has no intention to join in the future.	Company joined the event but has no intention to join an individual support program.	Company joined the event and was interested in the program but the individual support was not suitable for company.	Company sometimes joins events organized by donor and has interest and motivation for an individual support.	Company has interest and motivation for an individual support. Also, cooperation for disclosure of support result and dissemination is expected.

(6)	Growth potential	Company is expected to agree on the company growth through company diagnosis.	Company is not interested in company growth.	Company had a sales-increase period in the past but now faces with slow growth and doesn't have motivation.	Company has motivation for company growth but doesn't have appropriate measures.	Company has motivation for company growth and concrete measures.	Company has continuous growth from the past and further growth is also expected.
(7)	Contribution for Market Expansion	Possibility of export/trading with foreign company	The product is not suitable for export or trading with foreign company. (e.g. the product is designed for domestic use and difficult to modify)	Company is not interested in export / trading with foreign company.	Company is interested in export / trading with foreign company but doesn't know how to do or is too busy to take a concrete action.	Company already started to export or to trade with foreign company. (e.g. product development for export, contract with agency)	Company has already exported or traded with foreign company.
(8)	Fairness in the usage of support measure	Company which has not received support from other donor will be given preference.	Company has continuous support from other donor or had more than one support.	Company had support from donor or others once in the past.	Company had support from donors or others but hasn't had any support in these past three years.	Company had support from donor or others more than three years ago.	Company has never had any support from donor or others.

*Note ⑥ Public support history does not include donor seminar attendance

Information sheet of preparanry diagnosis

date of filling out	The person who fills out a form		
1.Name of company			4.Foundation day
2.Name of director			5.Establishment day as a company
3.Address			E-mail
6.The amout of capital	Tel		Fax
7.Ratio of shareholder's capital			
8.Type of business			
9.Main product(the number of production and product mix (%))			
10.Number of employees/verage age/male-to-female ratio/workong time,etc.			
11.The situation of market and customers,marketing chanel,etc.			
12.Sales amount (Million US\$) and trend of the past three years			
13.main facilities , machine, characterisitic of production			
14.Supplier/subcontra cter			
15.Vission Mission,Management policy			
16.The situation of recent management environment,change of the times,competing situation,etc.			
17.The strength in company's management resources			
18.Weakness in company's management resources			
19.Other remaekable points			
20.Collected document			

Information sheet of preparanry diagnosis (Sample)

date of filling out		The person who fills out a form	NPCC,Pisey	
1.Name of company			4.Foundation day	
2.Name of director			5.Establishment day as a company	
3.Address			E-mail	
6.The amount of capital		Tel	Fax	
7.Ratio of shareholder's capital	family owend comapny, director is 35 years old,father died 1997. Mother and a younger sister is support him. Mother control cash management.			
8.Type of business	Production of plastic big bottle and tank			
9.Main product(the number of production and product mix (%))	SME produces big mineral water bottle and containers for gasoline tanks. 20die have the each product. Production and the maintenance of the die in Vietnam. As for 300 minerals, 1000-1100 gasoline produces / days . 30l tank is sold to the sale price in the market for 1.25 dollars.The wholesale price is 1 dollar.			
10.Number of employees/verage age/male-to-female	Employees are 27 people, and 20 people sales, and clerical works are 7 people, 19 men, 8 women to manufacturing. Working hour 7:00-16:00. average salary is 50-100 dollar in monthly.Sunday is holiday.			
11.The situation of market,customers and marketing chanel,etc.	A broker comes for buying here. Three or four companies have a company contracting.			
12.Sales amount (Million US\$) and trend of the past three years	Around 20% volume of production increases this year from the last year. Workers worked for around 4 hours in 15 days in last month.			
13.main facilities , machine, characterisitic of production	Injection machines often break. because an unnecessary machine is handled in Vietnam. Manufacturing facilities of the cap were bought for 3,000 dollars and the tank injection machine was bought for 10,000 dollars.			
14.Supplier/subcontracter	SME lay in stock of raw materials from Thailand and the Vietnamese company. The appointed date of delivery was delayed, but it has not been short in particular.			
15.Vission Mission,Management policy	To refresh Cambodia... To inspire moments of optimism and happiness... To create value and make a difference.			
16.The situation of recent management environment,change of the times,competing situation,etc.	The president maintains maintenance and the machine of the die now. A Vietnamese engineer has quit. SME look for an engineer, but cannot readily employ.			
17.The company's strength in management resources	SME want to purchase facilities made in Japan by installments. Will you introduce it slightly?SME had support about 5S and accounts from CJCC.			
18.The company's weakness in management resources	Management director,Plant manager, Marketing manager, Accounting maneger, and Supervisers			
19.Other remaekable points	SME want to purchase facilities made in Japan by installments. SME had supported about 5S and accounting from CJCC.			
20.Collected document	company profile,product catalog,HP address,organizational chart,factory layout			

Evaluation sheet

Item	Decision Mark one of below	Note
(1) Motivation of director and supervisor for company diagnosis	1 2 3 4 5	
(2) Scale Adequacy	1 2 3 4 5	
(3) Accessibility for company information	1 2 3 4 5	
(4) Agreement on disclosure of the company diagnosis consulting result	1 2 3 4 5	
(5) Condition of Location	Yes or No	
(6) Growth potential	1 2 3 4 5	
(7) Contribution for market expansion	1 2 3 4 5	
(8) Fairness in the usage	1 2 3 4 5	
Comprehensive evaluation	1 2 3 4 5	
Comment		

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-3 The Guideline for Company Diagnosis:

Company diagnosis guideline for company diagnosis I (tentative)

1. The purpose

In order that NPCC staff enhances company diagnosis and consulting capability by learning the improving method for management strategy, marketing, production management, financial management, etc. company diagnosis, OJT style training in the active company is conducted under direction of JICA expert.

2. Team organization

(1) One reader and one sub leader are set in every team.

(2) Small groups are organized in every team considering capacity and experience of team members. Small group conduct company diagnosis processes, Information gathering -> analysis -> proposal report making along with improvement theme.

3. The schedule

			Morning	Afternoon
Oct.	16	Wed	Kick off meeting; Company diagnosis guideline, How to use Management check list, Team organization	Diagnosis planning, Interview and investigation preparation, etc.
	17	Thu	Company visit 1	Information arrangement and examination 1
	18	Fri	Information arrangement and examination 2	Interview and investigation preparation, assumption setting etc.
	21	Mon	Company visit 2	Information arrangement and examination 3
	22	Thus	Reporting1	Solution determination (Tentative)
	23	Wed	Company visit 3	Reporting2
	24	Thu	Reporting3	Presentation rehearsal
	25	Fri	Report completion	Presentation, Evaluation meeting

(1)The leader of company diagnosis team has to confirm the visiting time and address of the first company visit day with managing director in advance.

(2)The leader also arranges and decides following company visiting schedule on the first visiting day.

(3)The leader sets information sharing time every day which team member check the progress of analyzing, problem finding, and improvement measures each other every day.

4. The contents of company diagnosis training

(1) Company diagnosis policy is established

-To the first company diagnosis policy such as important points, procedure and analyzing method for management improvement is established.

(2) Investigation, analysis and improvement measures arrangement

-Company diagnosis term investigates and analyzes the company to extract problems based on the

company diagnosis policy. After this the team arranges concrete improving measures suitable for management policy and goal of the company, making a report and presenting a proposal in reporting meeting.

(3)The main field of company diagnosis training

-When the team sets the theme of company diagnosis, company business outline and business environment should be considered referring the following.

-The investigating and analysis methods are determined referring practical training textbooks. When company diagnosis team needs other investigating and analysis methods aside from textbooks, they are instructed by JICA expert.

<<Company diagnosis team>>

<Management strategy>

SWOT analysis, Cross SWOT, Company domain, Product strategy, Market strategy, PPM(Products portfolio management),Five force model, Competitive strategy, Differentiation strategy

<Marketing>

Marketing research, Marketing strategy, Segmentation, Target strategy, Positioning map,5P

<Production management>

5S and Kaizen, Hygiene management, Process analysis, Layout improvement, Work sampling, Time study, Quality management, The type of order receiving, Production style, Work flow, Delivery date management, Material and parts management, Supplier management, Machine management, Worker management, Operation management

<HRM (Human resource management) >

Recruitment management, Education and training for human resource, Human assessment, Supervisor leadership, Motivation theory, Management by object, Organization improvement

<Management capability self-diagnosis tool>

Refer to the document

<Others>

Accounting, Financial statement, Cost management

5. Confidentiality obligation

-Confidentiality agreement should be entered into among JICA expert, NPCC leader and company in order to make company diagnosis and consulting activity smooth.

-Company diagnosis team takes care of the borrowed documents from company.

-When the team takes photocopy company documents, He or she has to get company agreement, also return the document to the company after use.

6. Point of attention for factory investigation

-The trainee secures one's security by oneself.

For example, the trainee should wear the shoes with the heel. The trainee should wear clothes that are easy to move. The trainee gathers up hair briefly

-The trainee should keep to the safety regulation in the factory.

For example, trainee should put on safety helmet, uniform, safety shoes, hygiene cap and white wear. Trainee doesn't touch the products and work in process unless obtain factory manager permission.

-The trainee doesn't intrude on the worker. When speaking to the worker, the trainee should get previous permission from supervisor.

For example, don't speak to working worker. Don't give waste words. Don't laugh idly. Don't block up the working passage.

- Trainee must consider the feeling of the workers.

For example, don't express discomfort in a face even if trainee perceive bad working environment such as noise, bad smell, heat and moisture in the factory. Trainee doesn't put hands in the trouser pockets

-When trainee take photos, obtain permission of authority.

7. Company diagnosis report

-The structure of company diagnosis report should be suited to the actual conditions and characteristics of the company, referring to company diagnosis textbook page 18.

-The item number is the following.

I-1-(1)-a *Khmer number should not be used for this report.

-The language used for the report basically is Khmer.

-Completed report is photocopied enough copies for company executives, JICA expert and team members, and the file date are submitted on to JICA expert.

8. Rehearsal

The presentation rehearsal is conducted the day before reporting presentation in order to check the reporting contents and enhance presentation ability.

9. Reporting presentation

The reporting presentation is conducted for company executives, basically in MINE.

10. Evaluation

11. Attendance confirming

The attendance confirming is done by JICA expert and the result of attendance is reflected to the evaluation.

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-4 Management Checklist:

Management ability check list

4 : Good
3 : Relativity good
2 : Relatively bad
1 : Bad

(1) Management

- 1 Does the business have a management philosophy or management vision?
- 2 Does the business gather the latest information of managing environment changes promptly?
- 3 Does the business have a strategy that orients a clear direction?
- 4 Does the business develop a new business plan every year?
- 5 Does the business clearly convey the management policy to employees?
- 6 Does the management provide advice or instructions to employee in an appropriate manner?
- 7 Is the consensus among executives enough?
- 8 Do employees complete their tasks in good spirit?
- 9 Does the business utilize the ideas or opinions from employees?
- 10 Does the business make use of computers or the internet for business operation and management?

(2) Finance

- 11 Does the profitability of the business trend to increase satisfactorily during the last three years ?
- 12 Has an annual sales and profit plan been crating?
- 13 Is the business aware of the point at which sales cover expenses (break-even point)?
- 14 Does the business calculate the cost of custom orders and in-house processing expenses?
- 15 Is each month's cash-flow clearly recognized?
- 16 Are monthly financial statements completed by the 10th of the following month?
- 17 Does the business discuss budgets and compare them to actual results on a monthly basis in relation to the business plan?
- 18 Are sales proceeds collected within credit terms?
- 19 Does the business have proper borrowings and is the interest burden minimally?
- 20 Does the business conduct appropriate capital investment in line with sales forecasts?

(3) Products, services and technology

- 21 Is the importance of customer satisfaction widely acknowledged throughout the business?
- 22 Do employees have positive business manners?
- 23 Do the products or services of the business have original characteristics comparing that of competitor?
- 24 In comparison to competitors, are products and services improved each year?
- 25 After product or service is delivered, is the customer highly satisfied with it?
- 26 Has the productivity been improved each year?
- 27 Are all employees struggling to improve quality and reduce costs?
- 28 Is new product development carried out systematically?
- 29 Does the sales team and production team work together without experiencing problems?
- 30 Do employees actively contribute to improve the business by making suggestions?

(4) Sales

- 31 Does the business prepare a corporate brochure or catalog?
- 32 Is the business up to date with changes in customer needs and market trends?
- 33 Has the number of customers increased over the last three years?

- 34 Has the number of orders increased over the last three years?
- 35 Does the business regularly introduce new products or try to expand its customer base?
- 36 Does the business take an active approach to informing its customers of products and their use?
- 37 Does the business hold a monthly sales meeting to encourage sales representatives to share information and keep them on target?
- 38 Does the business have cost controls and maintain appropriate sales prices?
- 39 Does the business conduct sales representative training each year to improve sales performance?
- 40 Are receivables collected in a timely manner?

(5) Organization and personnel

- 41 Do employees make reports, communicate effectively and consult each other as necessary?
- 42 Does the business conduct a morning assembly and daily meetings in order to ensure information shared?
- 43 Does the business regularly and intentionally recruit new employees to fill vacancies?
- 44 Does the business have low employee turnover (keep employee for a long time)?
- 45 Does employee training systematically organized for meeting each hierarchy training needs?
- 46 Does the business conduct supervisor training?
- 47 Does the business conduct personal interviews to help employees develop personal goals?
- 48 Are wages paid by the business relatively higher compared to competitors?
- 49 Does the business consider abilities and achievements, not just age and experience, when making decisions in raise and promotion?
- 50 Does the business take an active approach to improving work conditions such as working hour reduction?

(6) Production

- 51 Are production report and working report made every day?
- 52 Are there many reworks?
- 53 Does the business establish test and quality standard?
- 53 Does the business have inspection and quality standards, and conduct checks accordingly?
- 54 When faults are happened, does the business take measures to prevent recurrence in internal processes, suppliers and contractors?
- 55 Does the business replace equipment in a planned manner?
- 56 Are unnecessary machines and tools leaved in work place?
- 57 Is the storage and shelving of raw materials, parts and tools well organized to promote quick access?
- 58 Does the business designate employees to clean the factory every day?
- 59 Does the business have atmosphere of promoting improvement positively?
- 60 Are workplace conditions adequate (Lighting, air-conditioning, ventilation, noise, vibration, etc.)?
- 61 Does the business have plural suppliers when buying important material?
- 62 Does the business secure suppliers and contractors flexible for urgent orders?
- 63 Does the business attempt to find and secure new suppliers and contractors?
- 64 Does the business conduct inspections when materials or outsourced products are delivered?
- 65 Are the meeting between sales department and factory held to share sales information and production information adjusting the delivery date and quantity?

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-5 Result of questionnaire to company diagnosis activities:

Result of questionnaire

A Company Diagnosis

How do you feel this company diagnosis in terms of below?

1) Understanding of the report

No.	Category	n	%
1	Excellent	3	25.0%
2	Good	7	58.3%
3	Average	2	16.7%
4	Fair	0	0.0%
5	Poor	0	0.0%
	Total	12	100.0%

2) Feasibility of proposed content

No.	Category	n	%
1	Yes, very well	4	33.3%
2	Yes	6	50.0%
3	Not very much	2	16.7%
4	Not at all	0	0.0%
5	Not relevant	0	0.0%
	Total	12	100.0%

3) Expectation of management Improvement

No.	Category	n	%
1	Yes, very well	4	33.3%
2	Yes	6	50.0%
3	Not very much	2	16.7%
4	Not at all	0	0.0%
5	Not relevant	0	0.0%
	Total	12	100.0%

B General

1) How much (Benefits) Does your company gain from the company diagnosis?

No.	Category	n	%
1	A lot	11	91.7%
2	Fair amount	1	8.3%
3	Not Much	0	0.0%
4	Not at all	0	0.0%
	Total	12	100.0%

2) Which topics / subjects are useful for your company?

No.	Comment
1	to change the current situation of company. to improve the attitude of employees. to improve motivation and responsibility.
2	production strategy vision/philosophy
3	company analysis using cross SWOT
4	1.Solution 2.Strategy Roadmap 3.Action plan schedule
5	Accounting ,QC,KAIZEN, Promotion, Stock turnover
6	Accounting , Manufacturing ,Solution and conclusion
7	management improvement and the 5S
8	Layout information did not have enough
9	-Renovation plan and facilities upgrade. -Advertising channels. -Differentiate and partnership with agency
10	-marketing strategies -HR practices
11	Improving productivity and strengthening of inventory management
12	5S, Management checklist ,Factory layout

3) Which topics / subject are un-useful for your company?

No	Comment
1	N/A
2	N/A
3	Marketing
4	N/A
5	N/A
6	N/A
7	N/A
8	N/A
9	-Radar chart & management check list are interesting, but presentation less relevant. For instance ,using production question to ask service sector would not help tackle the issue.
10	N/A
11	N/A
12	N/A

4) What topics / subject should be include into the report?

No	comment
1	Bussiness plan Accounting
2	human rescoue training development
3	Assessment of company situation and how to achieve it goal
4	Machine maintenance, Manufacturing system
5	N/A
6	financial statement(Standard/sample)
7	all of them
8	N/A
9	-HR JD:were sent to expert and it should be used to give advice and giving real example related to skill map,etc -KPI:Same above.
10	-accounting & finance
11	N/A
12	To improve the weaknesses for success To get the oppportunity for growth

C Other Comments on Company Diagnosis, etc.

No	Comment
1	I want to go to Japan for technical training . I want to get the word level quality.
2	Would like to atart with what you have list and keep else and stay connect all the times. Our company would continue apply this project after this is to reach the level of ISO and corporation.thank you.
3	Need JICA support to be member of ASEAN SPA standard
4	Thank you. I hope company to grow with help and advice of all of you.
5	Thank you for good suggestion
6	You are well analyzed in detail and good cooperation.
7	N/A
8	to systemize for 5S
9	-Thanks and appreciated for JICA expert as project.It is very useful.However,It is even more practical to have Srvice expert involve: -Observation (each department) -Present us a gap -recommend us possible input to enhance or upgrade our services.
10	-It would be greater if the recommendation could be more detailed.for example,HR advice given in the report is somehow general or a big picture.as a small SME,real cases/practices which have been successfully implemented are even more useful since designing the detailed map/structure is not an easy task.moreover,good big picture can sometimes fail when it comes to the detailed implementation.
11	We must be supported by JICA and NPCC to go to the next step
12	I need assist by you to improve production and management towards the success of the company

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-5 Result, Outcomes and Remaining Challenges of company diagnosis activities:

○ Results, Outcomes and Remaining Challenges of Company Diagnosis Activities

1) Result of Company Diagnosis (Before Follow up)

Company Name	Production & Service	Sales & Marketing	Human Resource	Accounting Management	Other
LyLy Food Industry			✓	✓	
SentoSaSilk	✓		✓	✓	✓
Peace Nail Manufacturing Handicraft	✓		✓		
Diamond Plastic	✓				
Ky Siv Chheng Protein Foods	✓	✓	✓		✓
Champey Spa and Salon					✓
Asia Bakery & Confectionery	✓	✓	✓		
Skyline Apartments		✓	✓	✓	✓
3 Sisters	✓		✓	✓	
JOY Drinking Water	✓	✓	✓	✓	
Bayon Bakery	✓		✓		
KCFood		✓	✓		

2) Outcomes (After Follow up)

Company Name	Productivity Improvement	Sales Increase	Quality Improvement	Cost Reduction	Delivery improvement	Motivation UP	Other
LyLy Food Industry	✓					✓	
SentoSaSilk	✓	✓	✓		✓	✓	
Peace Nail Manufacturing Handicraft	✓	✓	✓	✓	✓		
Diamond Plastic	✓						
Ky Siv Chheng Protein Foods		✓	✓			✓	✓
Champey Spa and Salon							✓
Asia Bakery & Confectionery		✓				✓	✓
Skyline Apartments						✓	✓
3 Sisters	✓					✓	
JOY Drinking Water	✓						✓
Bayon Bakery	✓						✓
KCFood		✓				✓	

3) Remaining Challenges (After Follow up)

Company Name	Production & Service	Sales & Marketing	Human Resource	Finance	Other
LyLy Food Industry			✓		
SentoSaSilk					✓
Peace Nail Manufacturing Handicraft	✓	✓			
Diamond Plastic	✓	✓	✓	✓	
Ky Siv Chheng Protein Foods		✓			
Champey Spa and Salon					✓
Asia Bakery & Confectionery		✓	✓		
Skyline Apartments			✓		✓
3 Sisters		✓	✓	✓	
JOY Drinking Water	✓	✓	✓	✓	
Bayon Bakery	✓				✓
KCFood		✓	✓		

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-7-1 Consultant Evaluation Sheet

(7)-2-7-2 SME Consultant Qualification:

Consultant Evaluation Sheet

Consultant Evaluation Sheet				Name:	
Skill Category	NO	Skill item	Description of Skill	Self evaluation	Trainer evaluation
Communication	C1	Interview	Able to create optimized interview sheet. Able to get necessary information through interview. Able to change interview contents according to interviewee circumstances.		
	C2	Report writing	Able to make the report by deadline. Able to make the report easy to understand. Able to use figures and tables effectively."		
	C3	Presentation	Able to give persuasive presentation. Able to give impressive presentation. Able to make the presentation easy to understand.		
	C4	Leadership	Able to indicate the direction and policy to the team. Member can work smoothly and cooperatively under the influence. Able to you give appropriate advices and supports when team member face a problem. Able to check current process and share information among members so that each member works voluntarily.		
Diagnostic ability	D5	Analysis	Able to get internal and external situation of the company precisely. Able to find out problem peculiar to the company. Able to specific the cause of the problem of the company.		
	D6	Solution	Able to develop feasible solutions for the company. Able to develop unique solutions. Able to prioritize solutions to make action plan."		
	D7	Methodology	Well understanding of consulting methodologies and tools. Effectively utilizing consulting methodologies and tools. Well optimizing consulting methodologies and tools for the environment.		
Professionalism	P8	Attitude	Always actively participate and keep punctual to the minute. Well understand your responsibility and duties. Able to give good cooperation with other members by your action and behavior."		
	P9	Consulting Mind	Able to keep safety and hygiene to wear necessary shoes and clothes when visiting factory. Able to keep company confidential. Do not receive a bribe from the company.		
	P10	Willingness to learn	Able to keep motivation to learn new knowledge. Able to keep self-development continuously."		
Total score					
			evaluation	score	
			excellent	5	
			good	4	
			average	3	
			fair	2	
			poor	1	

Cambodian SME¹ consultant qualification

1. The purpose of this qualification

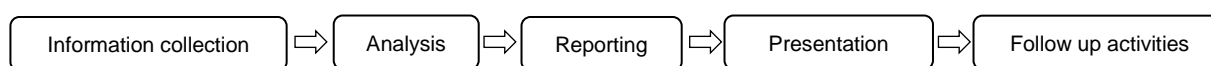
This consultant qualification standard is built for maintaining and improving Cambodian SME consultant's ability.

2. The Application of the criteria

This qualification shows the captivity and knowledge in which NPCC staff and private sector consultants should obtain in the hierarchy of class when they organize company diagnosis and consulting to Cambodian SMEs.

3. The definition of hierarchy

Cambodian consultant class divided into four classes, "Assistant", "Junior", "Intermediate", "Senior", in the hierarchy. Each class is defined in the following table. Consulting process in the definition is referred below flows.



-Reporting includes problem finding and solution.

Class	Definition
Assistant	<ul style="list-style-type: none">-Assistant for upper consultants; Assistant collects information and analyze the data under instruction of upper consultant-Assistant could not participate in the consulting process positively.
Junior	<ul style="list-style-type: none">-Junior consultant could complete some of consulting process under support of upper consultant.-Junior consultant could apply their knowledge and method in limited circumstance and could not put theory into practice.
Intermediate	<ul style="list-style-type: none">-Intermediate could collect information and analyze it by himself, but in the process of reporting and presentation the support by upper consultant is necessary.-Intermediate could instruct lower consultant in the process of information collection.-Having general knowledge and experience, could put theory into practice in limited circumstance.
Senior	<ul style="list-style-type: none">-Senior could complete all processes by himself and instruct lower consultant in a widespread way.-Having extensive knowledge and experience, could put theory into practice.-Could propose and comment on SME supporting measures.

¹ Small and medium enterprise

4. Quality requirement

Quality requirement for Cambodian SME consultant consists of following 10 items and each is defined below table.

Criteria	The quality requirement	Definition
Human relationship	Interview ability	<ul style="list-style-type: none"> -Could create interview sheet in accordance with each company. -Could collect information and will from management director and manager and so on in the interview. -Could change the question depending on the situation to get additional necessary information in the interview.
	Reporting ability	<ul style="list-style-type: none"> -Could drew down the report clearly and simply, concluding the analysis result and proposal. -Could create the table and chart effectively summarizing the analysis result and proposal. -Could complete the report till deadline.
	Presentation ability	<ul style="list-style-type: none"> -Could convey the content of the report to managing director clearly and simply. -The content of presentation is logical and satisfactory for audience. -Could give appropriate answer to questioner understanding the point of the question in Q and A session.
Method and knowledge on company diagnosis	The ability for grasping the problem	<ul style="list-style-type: none"> -Could catch the problem theoretically from collected information. -Could identify the cause of problem in the diagnosed company.
	Solution ability	<ul style="list-style-type: none"> -Could propose feasible solutions according to company's circumstance. -Could create the action plan which solutions are prioritized and scheduled.
	Knowledge, method and application	<ul style="list-style-type: none"> -Well understand the method and knowledge applicable for company diagnosis. -Could apply various methods and knowledge to diagnosed company effectively and put a theory to practical use according to circumstance change. -Could select and apply the suitable method and knowledge also in follow up activities.
Attitude, consciousness and ethic on company	Leader ship	<ul style="list-style-type: none"> -Could lead the diagnosis team to proper direction. -Could monitor the progress of company diagnosis and consulting activities sharing the necessary information among members.

diagnosis		-Could guide the junior consultant continuously and give the advices as necessary.
	Consulting ethic	-Secure the company information through managing the collected information and documents. -Not take a bribe and obtain convenience items.
	Willing to learn	-Be always interested in the company diagnosis knowledge and method learning them continuously. -Select the seminar necessary for capacity development and always develop on one's own.
	Attitude for consulting activities	-Join the company diagnosis and consulting activities positively. -Understand the responsibility and duty in diagnosis and consulting activities. -Could work with other member cooperatively and possibly.

4. Task requirement by class

Task requirement which Cambodian SME consultant should acquire is showed in the following, also the requirement is arranged capacity level of “Δ”, “○”, “◎” in order to motive Cambodian consultant to master the requirement. Pre company diagnosis is hold for selecting company and preparing actual company diagnosis.

Δ Capable with instruction ○ Capable with Own capacity,
◎ Capable as a tutoring staff

Major item	Sub topic	Assistan t	Junior	Interme diate	Sinner	A supplementary explanation.
Pre company diagnosis	Schedule arrangement	Δ	○	◎	◎	
	Interview		Δ	○	◎	
	Information collecting		Δ	○	◎	
	Reporting for pre company diagnosis		Δ	○	○	Fill out the fixed format
	Company evaluation			Δ	◎◎	
Company diagnosis	Diagnosis policy making			Δ	◎◎	
	Diagnosis plan		Δ	○	◎	
	Interview		Δ	○	◎	
	Information collection	Δ	○	◎	◎	

	Program finding		△	○	◎	
	Solution creation			△	◎◎	
	Table and figure creation	△	○	◎	◎	
	Writing			△	◎◎	
	Presentation			△	◎◎	
Follow up	Schedule arrangement	△	○	◎		
	Agenda	△	○	◎		
	Examination in advance		△	○	◎	
	Visiting Examination			△	○	
	Examination after visit			△	○	
	Reporting		△	○	◎◎	Fill out the fixed format

5. The knowledge area equipment

The knowledge that Cambodian SME consultant should acquire is arranged in following six fields. Main topics in each field are shown in the bellow.

【Management strategy】 SWOT analysis, PPM theory, Domain, Growth strategy, Competitive strategy

【Marketing】 Market research, Market segmentation, Positioning map, Marketing mix, Internet marketing

【Financial analysis】 Way of thinking for B/S(Balance sheet) and P/L(Profit and loss statement),Financial analysis, Cost management

【HRM】 Job description, Capacity evaluation method, Education and training, Leadership theory, Motivation theory, Promotion and Raise

【Production management】

5S, Work management, Layout improvement, Work sampling, IE (Industrial Engineering), Proses management, Purchasing management

【Quality management】

PDCA cycle, QC 7 tools, (Pareto chart, Fish born chart, Graff, Management chart Histogram, Scatter graph), Statistical management method, ISO/HACCEP

Although main and basic knowledge necessary for company diagnosis is shown in the above, upgrade of these topics and acquirement for new topics should be done systematically in some necessity.

6. Working knowledge

Although this qualification standard shows capacity and knowledge that Cambodian SME consultant should know in each class, it is also applied for consulting and supporting activities for SME, Consultant capacity

development, promotion, and incentive, etc.

7. Career of school education and company

When we recruit and develop the SME consultant, Career in school education and work should be taken in account. Educational background such as university, junior college, high school and job career as a consultancy working carrier such as sales, marketing, production, management are included. The long time experience in school education and working career are useful for overcoming the complicated problem and proceed company diagnosis and consulting activities.

8. The way of SME consultant upbringing in Cambodia

When SME consultants are trained in Cambodia, donor training such as APO, JICA etc. had been utilized so far. From now on NPCC staff should be the teacher who could develop the curriculum and material by themselves. They should change their mindset and attitude from defensive to offensive for capacity development. The training method should not only knowledge acquisition in a lecture but also practical training by discussion in the intensive and systematic curriculum.

OJT, On the Job training is the effective training method that boss and trainer direct and train their subordinate in the office working together. The system and organization are developed for effective OJT.

Self-development is the method that consultants study necessary knowledge and tools by him in own free time positively. So far English learning has been adapted as self-development method in NPCC, Organizational system which support high motivated person is developed from now on. This system encourages that NPCC staff lunch self-development by organizational support.

Appendix (7) Project Activities

(7)-2 Company Diagnosis component

(7)-2-8 Final Reports of 12 Pilot SMEs:

លី លី ហ្វឹដ អ៊ីនឌីស្ត្រី ខុ អិលធីឌី

LYLY FOOD INDUSTRY Co., LTD



T1-01

1

Contents

I. Company Profile

II. Result of Company Diagnosis

III. Follow-up Activities

IV. Outcomes

V. Remaining Challenges

VI. Conclusion

2



I- Company Profile

Name	LYLY FOOD INDUSTRY Co., LTD
Address	#281, Kbal Domrey Village, sangkat Kakab, Khan Posenchey, Phnom Penh
Tel	(855) 23 679 9999 / 23 689 9999
Home page & Email	www.lylyfood.com keo_mom@online.com.kh
Established	May 2002
Number of employees	310
Number of Female employees	90

3

I- Company Profile



4



I- Company Profile

Vision

To become the first model company leading the way with good quality and hygienic snacks in Cambodia and with the ability to export to foreign markets.

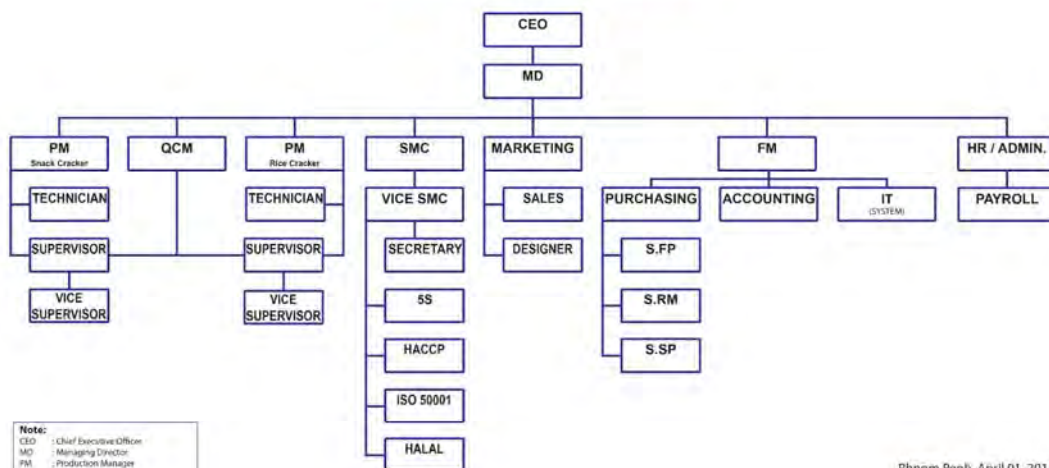
Mission

Ly Ly Company produces good quality and hygienic products of Japanese standard and include vitamin and nutrition ensuring healthy, growth and intelligence of kids, particularly helping pregnant women decrease handicap babies.



I- The Organizational Chart of the Company

រចនាសម្ព័ន្ធនៃក្រុមហ៊ុន លី លី ហ្វឹន ហ៊ីន ជាន់ ហ្វឹន ខុ ហ៊ីន ហ៊ីន



Note:
 CEO : Chief Executive Officer
 MD : Managing Director
 PM : Production Manager
 FM : Financial Manager
 QCM : Quality Control Manager
 SMC : System Management Committee
 HR : Human Resource
 Admin. : Administration
 S.FP : Stock (Finished Products)
 S.RM : Stock (Raw Materials)
 S.SP : Stock (Spare Part)

OC-HR-001

Phnom Penh, April 01, 2015
 Chief Executive Officer



Keo Mom



I- Products and Distribution

1. 100 Riels



2. 200 Riels

Type



3. 500 Riels



I- Products and Distribution

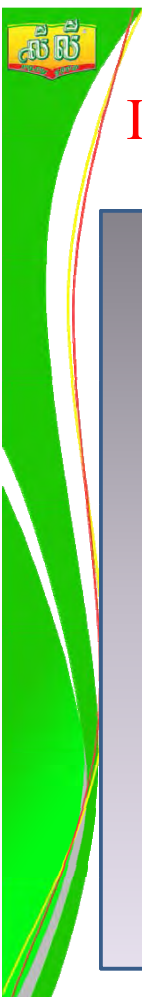
Distribution to all 25 provinces and cities of Cambodia



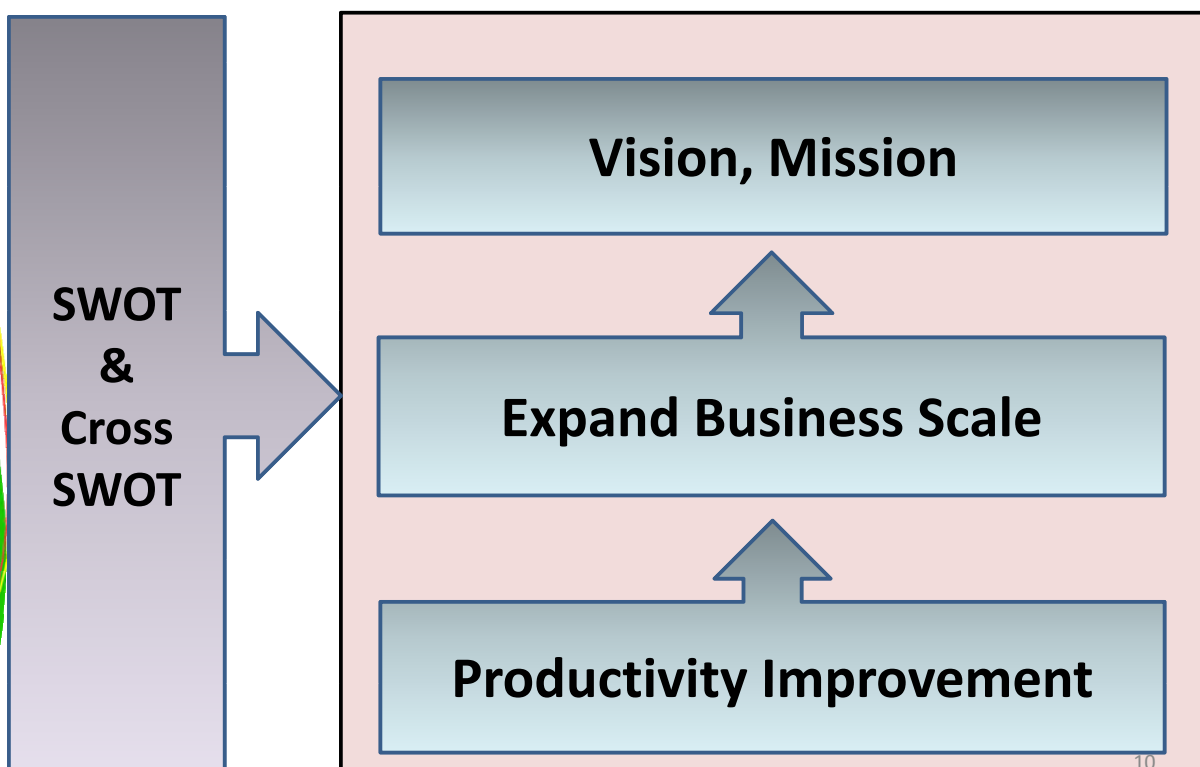


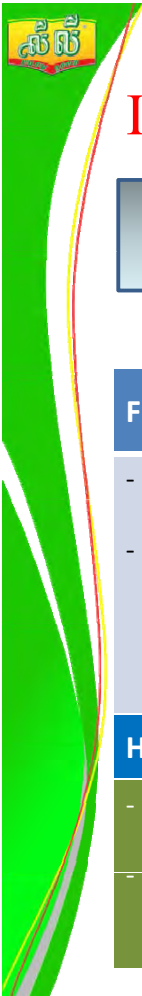
II- Products and Distribution

Export to overseas market



II-Result of Company Diagnosis





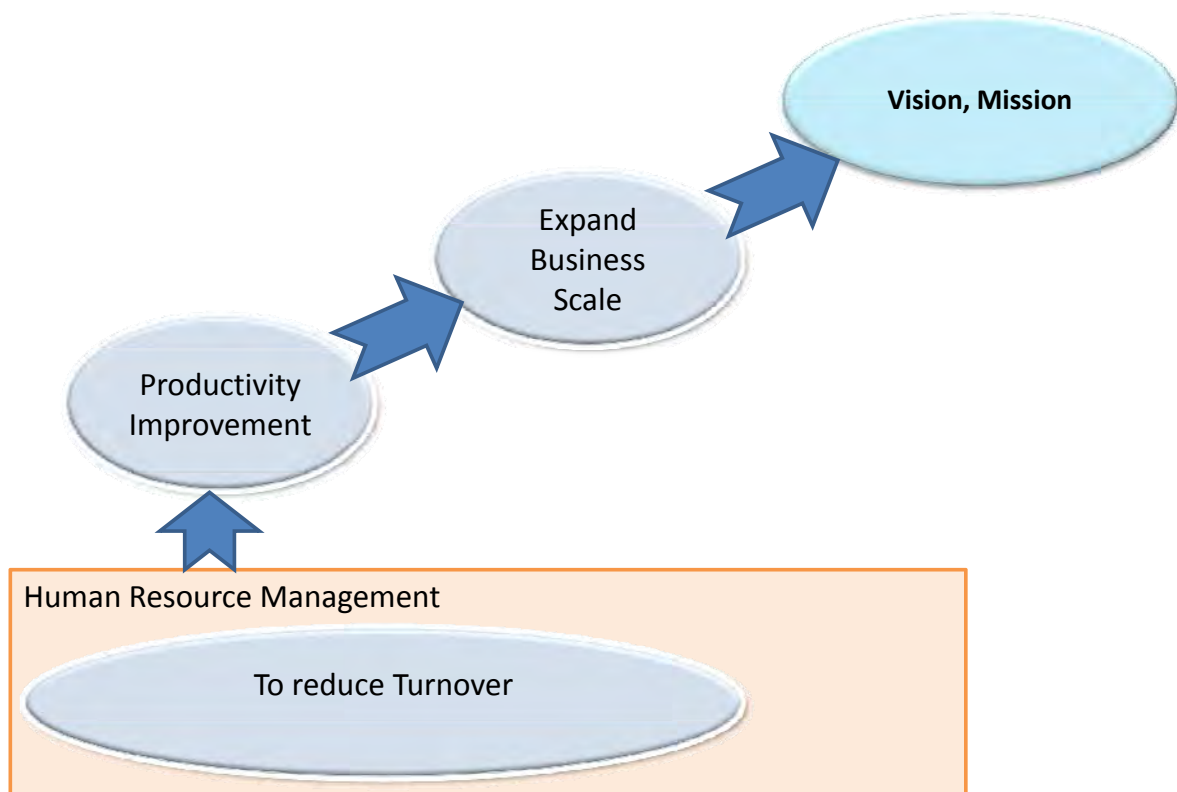
II-Result of Company Diagnosis

Productivity Improvement	
Financial	Marketing
<ul style="list-style-type: none">- Financial management is not particularly a big problem is seen.- Aiming at further improvement, should be computerized	<ul style="list-style-type: none">- Marketing is not particularly a big problem is seen.- In the future, Recommendation are following<ul style="list-style-type: none">• To New Product Development by using Positioning Map Analysis .• To Making Sales Strategy by Analysis of Distribution Channel.
Human Resources Management	Production
<ul style="list-style-type: none">- HR relevant documents have been sufficiently prepared.- Result of Morale Survey is not high employee satisfaction.	<ul style="list-style-type: none">- Production management is not particularly a big problem is seen.- -Especially defect product are well controlled.

11



II-Result of Company Diagnosis

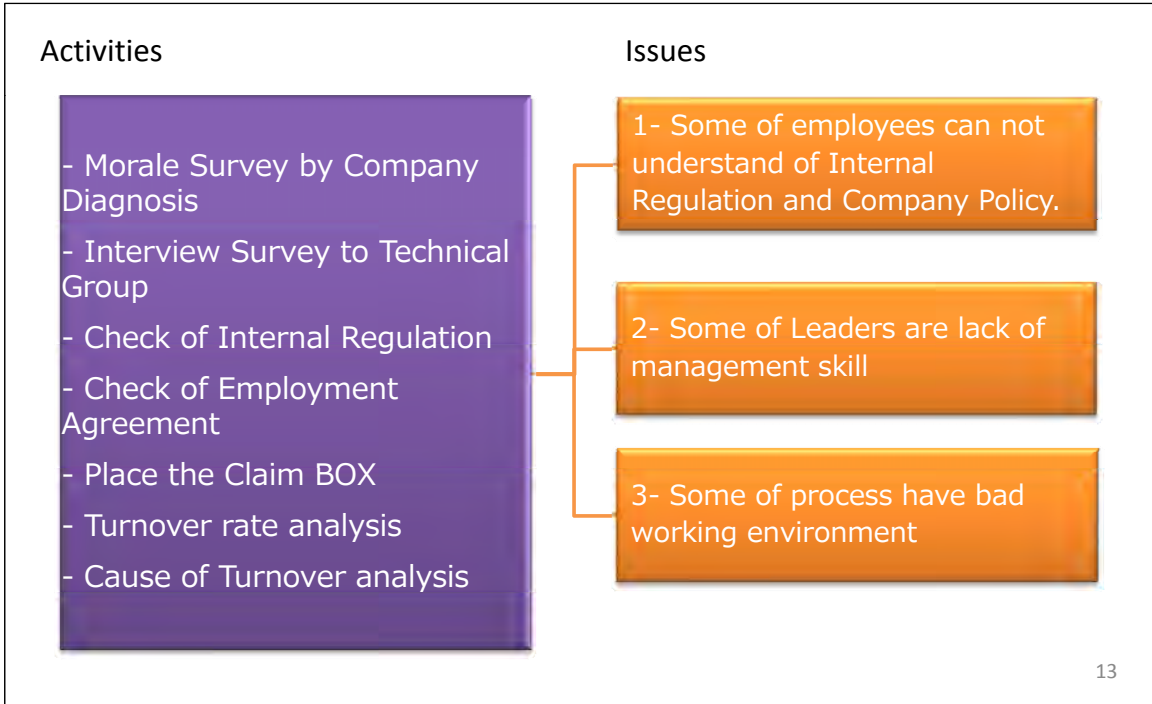


12



III-Follow-up Activities

To reduce Turnover



III-Follow-up Activities

To reduce Turnover

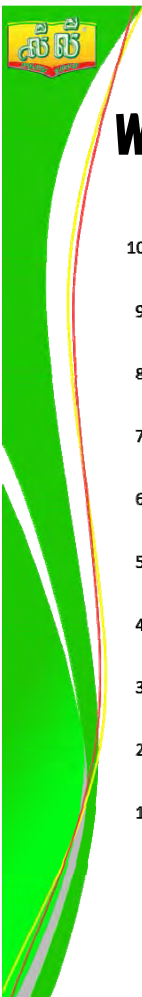
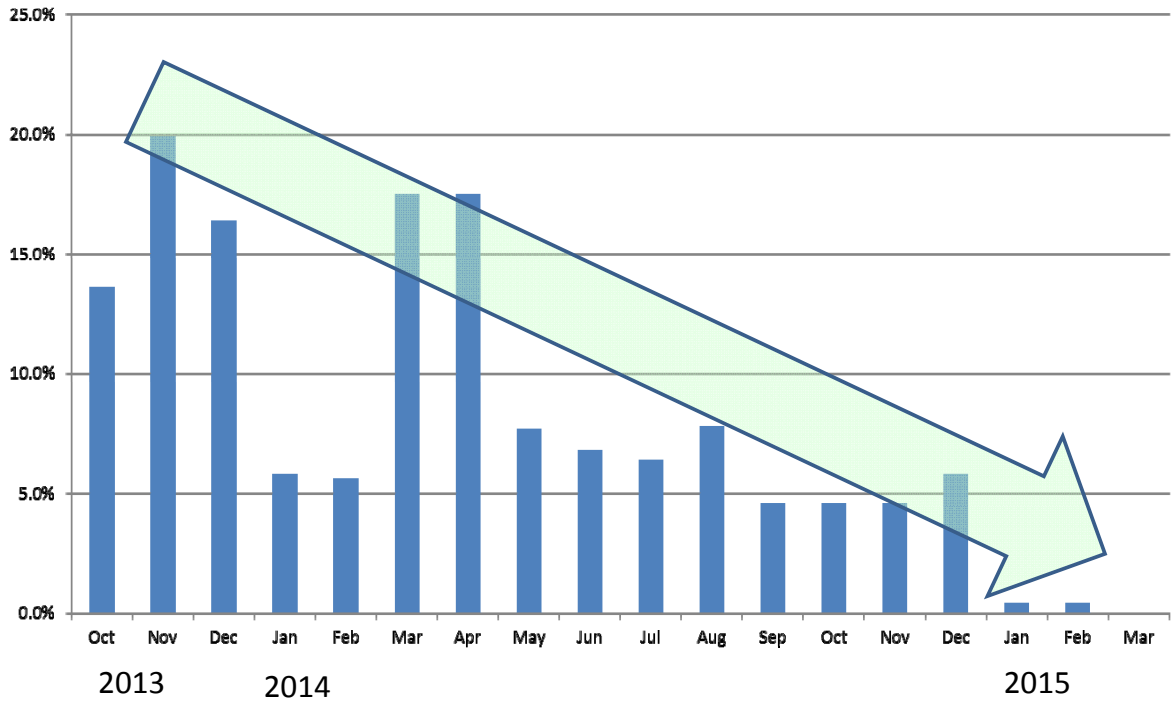
Phase	Solutions
Phase1	<ul style="list-style-type: none"> - To be punctual the Internal layoff rule procedure - Update Employment Agreement - Place the Claim BOX
Phase2	<ul style="list-style-type: none"> - Improvement of working environment - Training to employees the Internal Regulation and Company Policy.
Phase3	<ul style="list-style-type: none"> - Training to Managers by Group Discussion - Calculation Turnover



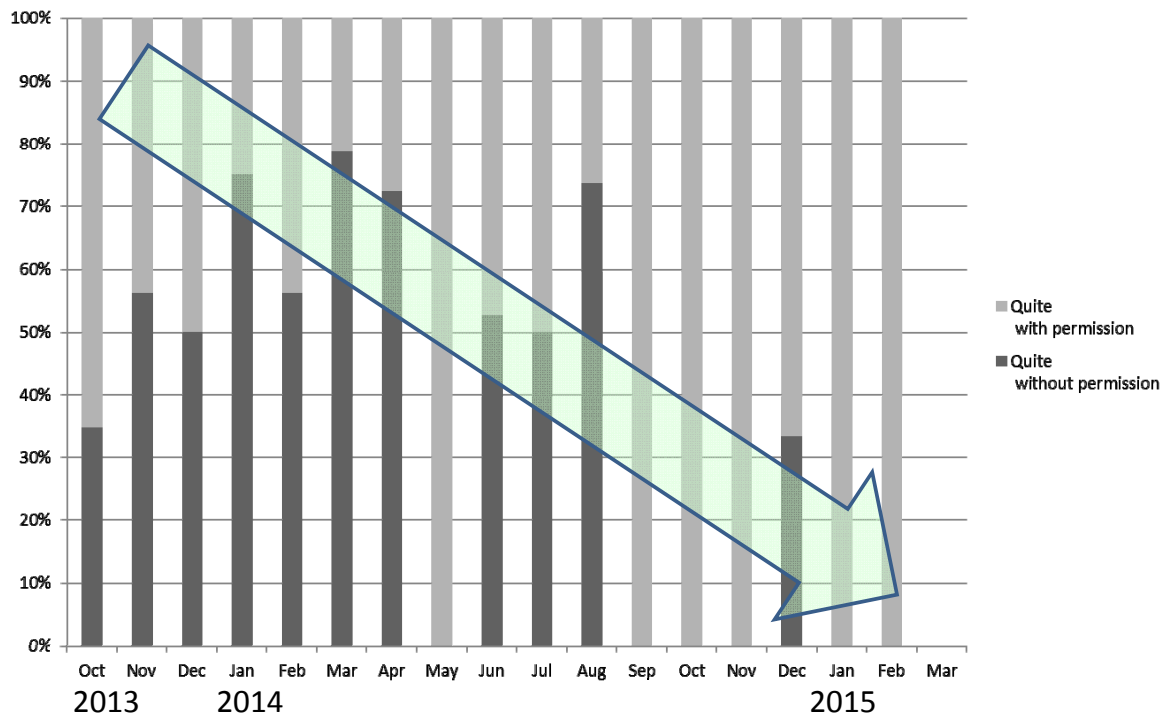
IV. Outcome

Reduced Turnover Rate

%Turn over



Without permission Quitting Rate has decreased





VI- Conclusion

To increase productivity is the purpose of all companies.

Thus, human resource must be focused through:

- Announcement of recruitment
- Training and developing
- Evaluation on the result of real works
- Compensation and other benefits.

17



Various awards obtained

Receiving national and international level awards



2013



2014



200



201



2011



2013



2013¹⁸



Thank you





SENTOSA SILK UNIFORM

Make You Look Professional

29th April 2015

Contents

- I . Company Profile
- II . Result of Company Diagnosis
- III . Follow-up Activities
- IV . Outcomes
- V . Remaining Challenges
- VI . Conclusion

I . Company Profile

SentoSaSilk Uniform is a part of SentoSaSilk Co.,LTD supplies all kind of uniform.

SentoSaSilk Co.,LTD is apparel SentoSaSilk uniform more than 9 years.

We supplies quality work ware for every professional and business such as five star hotels ,Casino, Banking sector, airlines, medical environment and many other activities.



3

I . Company Profile

SentoSaSilk was founded on 4th February 2004 by **Ms. Seng Takakneary** and was inspired by famous American entrepreneur who was responsible for reviving the silk industry in neighboring country.

The main purpose of **SentoSaSilk** is to make an impact in Cambodian Society by promoting Cambodian Silk and Cambodian Culture as well as providing opportunities to women and to the less fortunate people and develop them to improve their living conditions by creating more jobs and bringing thousands of families out of poverty.

SentoSaSilk started its operations in a small flat located in the busy streets along Phnom Penh's riverside.

During its initiation, The founder finds the opportunity for disable Cambodians to have a place in the society and help improved their well being by providing them job. **SentoSaSilk** started with two tailors Mr. Ek Ty and Ms Srey who are both with physical disabilities. They were sourced from a Cambodian national organization for disabled persons. Since then, the two were developed as master trainers and decently working up to now as trainers/teachers of **SentoSaSilk**.

As the company finds it growth, more disabled persons were given chances to get decent jobs. On top of that, new fresh young aspiring graduates from poor families were given opportunities to get trained by **SentoSaSilk** and, more young citizens was able to acquire good working ambience and professional management experiences. Moreover, craftsmen and weavers in different provinces were developed as entrepreneurs providing sustainable income to their communities.

SentoSaSilk uses it "high quality silk products and uniform services" as a vehicle to their journey in fulfilling their main purpose . The founder is very passionate in developing Cambodian people and seriously working on the sustainable path to continue and expand , to enable them develop more people, help their country men and contribute in the society of Cambodia.

OUR UNIFORM SERVICE

Professional design



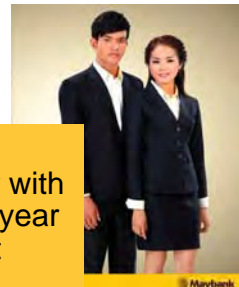
Best service and quality



Advice on fabric quality to suit your company's needs



Special offer with every three-year contract



19.07.2015

5



SENTOSA SILK UNIFORM

Our Product





SENTOSA SILK UNIFORM

Founder/ Director
Uniform Manager

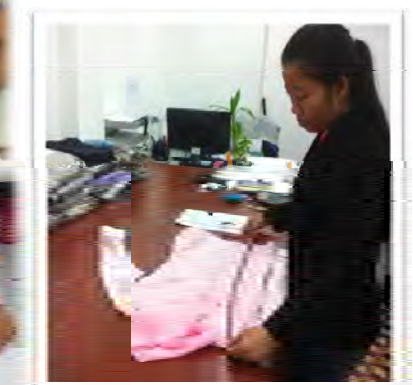
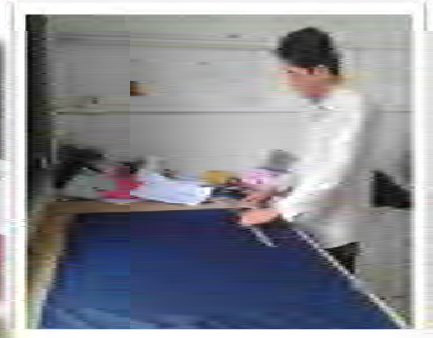
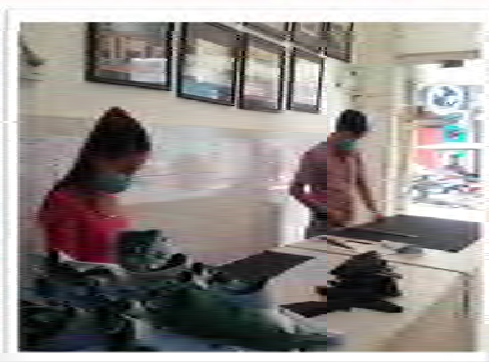
: Seng Takakneary
: Ms. Run Sophin

Accountant : 2 persons
Stock Control : 1 person
Purchasing : 1 person

Designer : 1 person
Quality Control : 1 person
Button Tailor : 1 person
Cutting Female : 4 persons
Cutting Male : 4 persons
Tailors /operators : 30 persons
Sub contractors : 30 persons



SENTOSA SILK UNIFORM



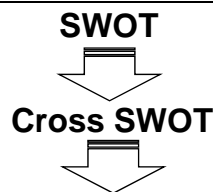
II. Result of Company Diagnosis



9

II. Result of Company Diagnosis

Vision / Philosophy	-Leading company to provide high quality Uniform and Cambodian silk to local and international customers.
---------------------	---

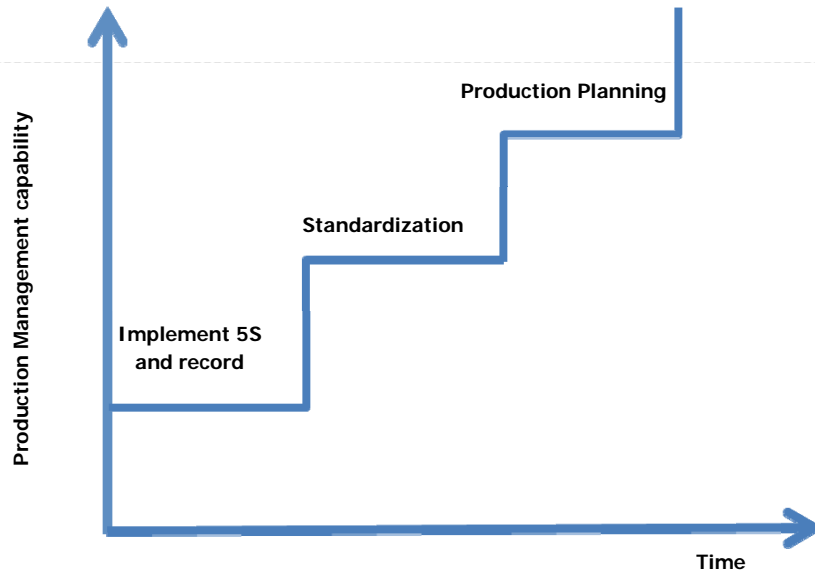


Vision & Mission	Sales & Marketing strategy
-Sharing vision and Mission (all staff)	-putting uniform in the shop -Top sale to new company -Verbal Marketing -Web site, and Facebook -Strengthening Marketing -Using ICT with customer -CEO makes networking -Promotion & advertisement
HR strategy	Production Strategy
-Strengthening HRM	-Strengthening inspection -Strengthening stock management (stock room) -Strengthening 5S -Strengthening planning (order, production) -Strengthening Instruction -Productivity and quality increased

10

II. Result of Company Diagnosis

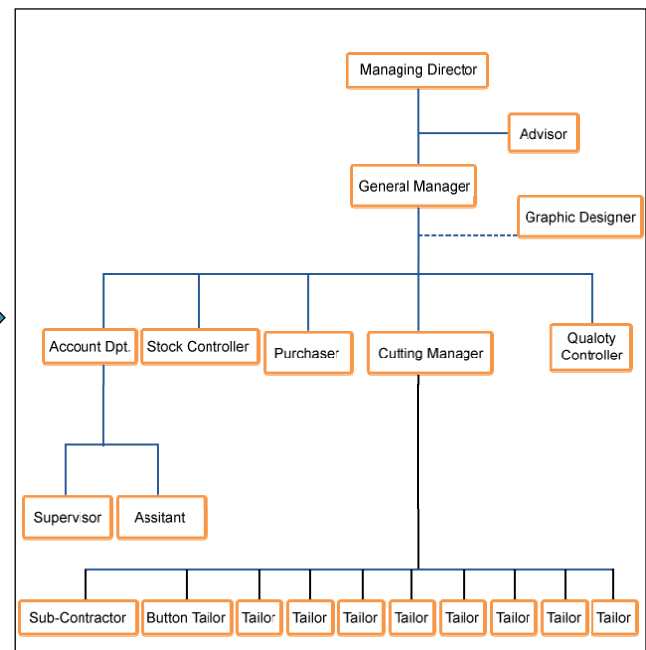
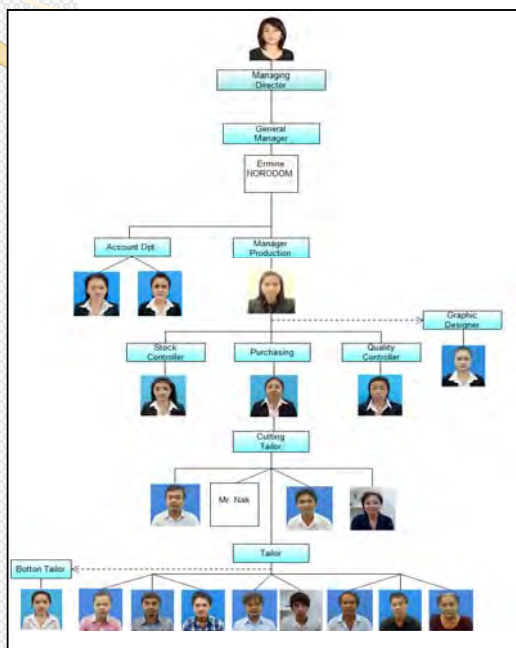
Strengthening production



11

II. Result of Company Diagnosis

Review Organization Chart



12

III. Follow up Activities

Production

- 5S Implementation
- Record for progress management
- New Factory Layout Design
- Cost accounting

Human Resources management

- Preparation of Job Description (JD)
- Maintenance and Improvement of Motivation
- Optimize Organization

Preparing business plan

III. Follow up Activities

Accessories table (Before)



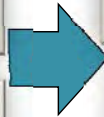
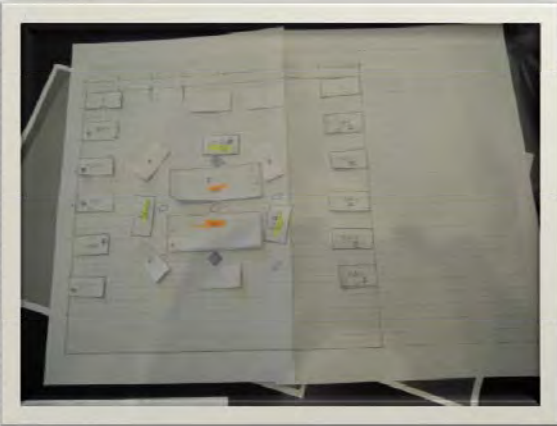
5S Implementation

Accessories table (After)



III. Follow up Activities

New Factory Layout



III. Follow up Activities

Cost accounting



III. Follow up Activities

Preparing business plan



17

IV . Outcomes

- Orders and inquiry were increased.
- Production place management was improved by 5S.
- Sales quotation understood how to optimize .
- Employee motivation was maintain and improved .



18

V . Remaining Challenges

**To formulate our business plan ,
Implement by ourselves ,
to growth the next stage.**



19

VI . Conclusion

Special thanks to MIH and JICA expert , to let me, to be, where I'm today.
When I started in November 2013, SentoSaSilk was a family business with
a limited view of Future for all the dream I want and for my team.

I learned, sometimes with difficulties, my confidence was fragiled because
missing tools to complete my business.

I have to accept, to change, some of my habits and I discovery a treasure:

How to communicate,

How to calculate and find all my hidden costs

How to make my family business a National level and open
to international market.

With a solid structure, SentoSaSilk will step forward.

Yes, I need more support to go and get markets with news projects as increase
The products with a new workshop

SentoSaSilk Uniform service today is ready for International market and
would be grateful if MIH or JICA could help to access to the market.

20



SENTOSA SILK UNIFORM



Thank you



Peace Nail Manufacturing Handicraft (វិស័យកសិកម្ម)

1

Table of Contents

- I. Company Profile of Peace Nail Manufacturing Handicraft
- II. Result of Company Diagnosis
- III. Activities in Project Implementation (Consultation)
- IV. Outcome
- V. Continuing Challenges
- VI. Conclusion



I. Company Profile of Peace Nail Manufacturing Handicraft

A. Company Profile

Company Name	Peace Nail Manufacturing Handicraft
Type of Business	Nail Manufacturing
Product (Brand) Name	Picture of Pigeon (Peace Nail)
Number of Employee	37 persons
Telephone	012 811 130
Address	Along the National Road No.5, opposite of the office of Russey Keo District



I. Company Profile of Peace Nail Manufacturing Handicraft

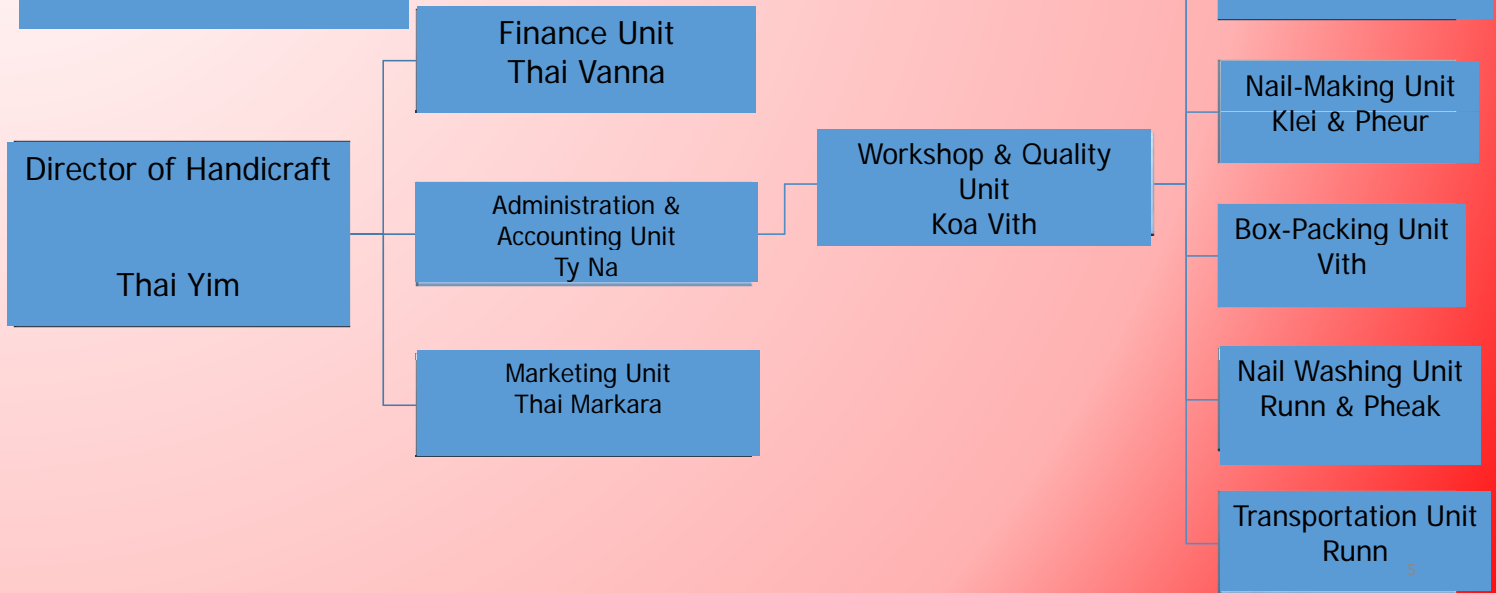
B. Vision

- To become a leading manufacturer producing best-quality nail in Cambodia
- To create employment for Cambodians



I. Company Profile of Peace Nail Manufacturing Handicraft

C. Organization Structure



II. Result of Company Diagnosis

A. Market expansion strategy

- Building partnership with foreign companies
- Diversifying products
- Expanding local market (partnering with large construction companies)



II. Result of Company Diagnosis

B. Competition Strategy

- Strengthening the management of handicraft
- Strengthening quality of product (standard)
- Strengthening relation with existing customers
- Continuing partnering with large construction companies
- Offering special promotion to new customers
- Developing products based on market demand



II. Result of Company Diagnosis

C. Challenges during strategic process

- Taking times in considering and testing
- It's difficult to give instruction to old chief worker
- Taking times in monitoring the implementation of old chief workers
- Taking time in coaching and giving instruction to new workers due to the turnover in the handicraft
- Causing bottleneck for production and supply chain



II. Result of Company Diagnosis

D. Solutions to Challenges

- Restructuring the organization chart of the handicraft
- There will be no bottleneck when some old and new method are used
- Trying to understand and improve nail quality
- Preparing table of size, scale and attached pictures
- Implementing 5S



III. Activities in Project Implementation (Consultation)

- Implementing 5S in the handicraft
- Strengthening production management focusing on quality, price and transport (Q.C.D)
- Continuing to implement staff promotion strategy
- Setting up standardized data, accounting and financial system.



IV. Outcome

- Understanding the reform, preparation and development of production chain
- Setting up better organization structure
- Improving nail quality
- Reducing labor and saving time
- Reducing expenses
- Increasing sales from 20%-30%
- Getting appreciation from customers and access to updated market information



V. Continuing Challenges

- Keep finding depots and customers in other provinces and cities
- Diversify products based on market demand
- Continue partnering with large construction companies
- Keep improving nail quality
- Develop the handicraft to become a leading manufacturer producing best-quality nail in Cambodia



VI. Conclusion

Finally, our handicraft would like to express our sincere appreciation to working group of the Ministry of Industry and Handicraft and JICA Expert team for the company diagnosis and consultation to our handicraft by identifying and improving our weakness as well as simplifying our tasks enabling us to be ready for the ASEAN market integration at the end of 2015.





Diamond Plastic

April 29, 2015

Venue: Sofitel Hotel

1

Table of Contents

- I . Company Profile
- II . Result of Company Diagnosis
- III. Activities in Project Implementation
- IV . Outcome
- V . Remaining Challenges
- VI . Conclusion

2

I. Company Profile



3
3

I.- 1 Company Profile

Handicraft Name	Handicraft of manufacturing, purchasing and selling all types of plastic products
Type of Business	Plastic related products
Product Brand	Diamond Logo
Business Owner	Chhour Heng Piv
Product	Manufacturing plastic products
Number of Employee	20
Telephone	012 377 738

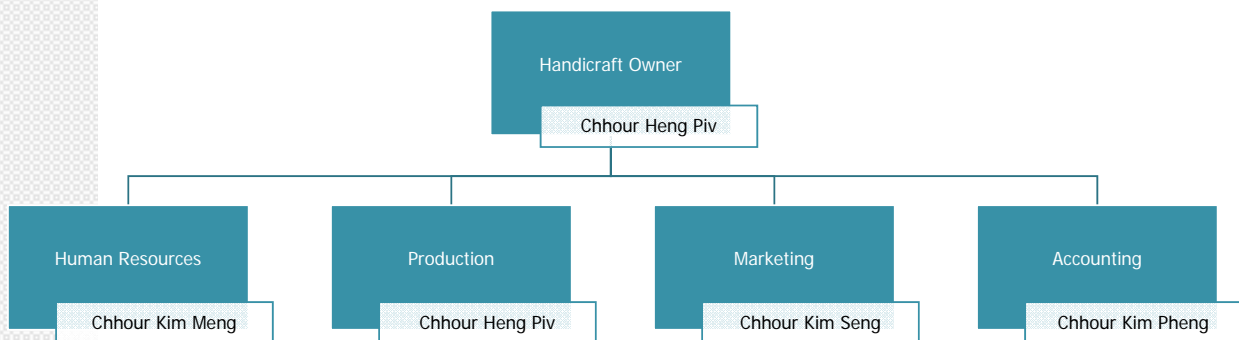
I.- 2 Vision

-To be a leading company in Cambodia in processing and producing plastic products



2015/7/19 1

I.- 3 Organization Chart



2015/7/19 1



II. Result of the Company Diagnosis

7₇



II.- 1 Market Expansion Strategy

- Market demand for local plastic household products is increasing
- Foreign companies are interested in this business
- Focusing on (QCD) management such as product quality, cost and delivery



II. -2 Competition Strategy

- Using cheap and abundant raw materials
- Being flexible with timely market price
- Making sure sufficient stock to ensure timely supply

2015/7/19 1



II. -3 Defensive Strategy

- Using full machine capacity
- Strengthening capacity of technician in using machines
- Seeking partners to increase resources and production techniques
- Strengthening product quality

2015/7/19 1



II.- 4 Solutions to Challenges

- Implementing 5S
- Setting product standard
- Making management stock record and sales record
- Making a production plan

2015/7/19 1



III. Activities in Project Implementation

- Explaining and giving instruction on 5S implementation
- Explaining and giving instruction on how to develop production chain

IV . Outcome

13
13



BEIOT



After





V. Remaining Challenges

- Strengthening 5S implementation to reach KAIZEN, GMP, etc.
- Expanding market segmentation
- Increasing human resources
- Lacking of capital for importing machineries and other large-scale facilities.



VI. CONCLUSION

Lastly, our handicraft would like to express our sincere appreciation to the working group of the Ministry of Industry and Handicraft and JICA Expert Team for providing company diagnosis and consultation to our handicraft. We would like to suggest that the government develop promotion policy to craftsmen like us and to facilitate import tariff on facilities, machineries, other raw materials, and export tax as well as the access to credit policy for craftsmen/manufacturers in order to motivate us to carry on the business.



***Thank You
For Your Attention!***



KY SIV CHHENG PROTEIN FOODS COMPANY



Prepared by Mr. Chhour Chheng

1

TABLE OF CONTENTS

1. Overview of the company
2. Result of the Company Diagnosis
3. Activities in Project Implementation
(Company Diagnosis)
4. Accomplishment
5. Unresolved Challenges
6. Conclusion

2

1.OVERVIEW OF THE COMPANY

3

1.1 COMPANY PROFILE

Company Name	Ky Siv Chheng Protein Foods
Type of products	Dried fruits, fruit jam, dried meat
Product Brand	Protein Food
Ownership	Mr. Chhour Chheng
Year of Establishment	2005
Number of Employee	10 persons
Contact	012 882 737/ 012 281 867 ksc.proteinfood@gmail.com

4



Drying kiln





Packaging room



Final product storage



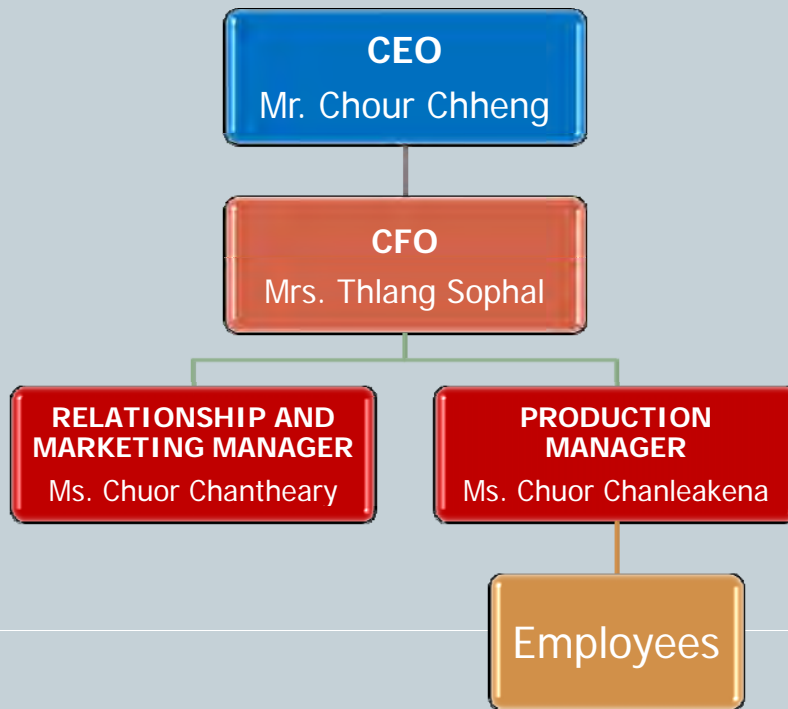
1.2 SPECIALITY

- ❖ Food Processing
 - ❖ Dried Fruits
 - ❖ Fruit Jam
 - ❖ Dried Meat

- ❖ Machinery Innovation



1.3. ORGANATION STRUCTURE



9

2. TEMPERORY RESULT OF THE COMPANY DIAGNOSIS

10

2.1. GROWING STRATEGY

- Adjusting production chain
- Increasing productivity (reducing production cost)
 - Investment in machine
- Improving and strengthening product quality and good price
- Developing strategy for new products
- Developing strategy for new market expansion and export
- Increasing advertisement/promotion

11

2.2. COMPETITION STRATEGY

- ❖ Making an attractive packaging
- ❖ Having high and standardized quality and competitive price
- ❖ Adhering to food safety
- ❖ Building confidence and convenience to customers
- ❖ Increasing productivity to reduce production cost
- ❖ Punctual delivery and good customer relation

12

2.3. CHALLENGES

- ❑ ASEAN Integration at the end of 2015
- ❑ Strong local and foreign competition
- ❑ Limited access to electricity for production process
- ❑ High cost of advertisement through mass media
- ❑ Annual increase in employee salary

13

2.4. SOLUTION

- ❑ Increasing production's productivity
 - Investment in machines
- ❑ Strengthening and expanding local and foreign market
- ❑ Using renewable energy instead of electricity
- ❑ Using a better staff management strategy
- ❑ Managing production quality more effectively
- ❑ Increasing and improving quality
- ❑ Innovating new products from existing products

14

3. ACTIVITIES IN PROJECT IMPLEMENTATION (COMPANY DIAGNOSIS)

- ❑ Constantly adhering to 5S to obtain HACCP
- ❑ Keeping abreast of products available in the market and interacting for market expansion
- ❑ Implementing the management of production quality, stock of raw-material
- ❑ Redesign package
- ❑ Innovating new products
- ❑ Setting up weekly meeting with employees

15

4. OUTCOME

- ❖ Gaining access to international market
- ❖ Improved product quality
- ❖ Smoother marketing process
- ❖ Gaining a wider market
- ❖ Gaining more support and trust from more and more customers
- ❖ Employees are more aware of production process

16

5. UNRESOLVED CHALLENGES

- ❑ The presence of fake imported goods in the name of locally-made products
- ❑ There are some customers who do not support local products
- ❑ Limited market segmentation
- ❖ Most targeted customers are foreigners only

17

6. CONCLUSION

- ❖ The company has gained good consultation and other knowledge from JICA Expert and NPCC team
- ❖ Acquiring a better production process



18

6. CONCLUSION (CON'T)

- ❖ Having better management of production, quality, stock and market
- ❖ Gaining better market flow
- ❖ The company grows

6.1. SUGGESTION TO THE GOVERNMENT

- ❖ Enforcing the quality control for imported products
- ❖ Facilitating export procedures

THANK YOU VERY MUCH FOR YOUR ATTENTION





ChamPei
Spa & Salon
Heal your body, relax your mind.

By Soksan Tem

1

Content

-  Company Profile
-  Result of Company Diagnosis
-  Follow-up Activities
-  Outcomes
-  Remaining Challenges
-  Conclusion



2

Company Profile



VISION, MISSION and GOAL

Vission

- To be a leading spa chain operator in Cambodia by providing customers the utmost relaxation rejuvenation of the body and mind

Mission

- We aim to provide excellent quality of service with affordable price by genuine hospitality and
- We aim to provide skilled training to our employees and improve our employee' life change

Goal

- To highly compliance with ASEAN Spa service Standard
- To ensure high level of customer retention and 100% customer's satifation
- To ensure high level of skilled and trained therapists and also HQ staff
- To expanse business branches in the form of franchise, joint venture, and shareholder
- To be member of Spa net work and associate in the country and ASEAN



Our Branches

Champeï Spa and Salon is Operated in November 2006. It is spacious and thoughtfully designed to give each client the utmost relaxation, attention and care. Located in an exclusive area of Phnom Penh, Champei Spa and Salon is a perfect escape and well suited to cater to the city's business and professional elites.



Champeï #38
38, St. 57, BKK I
Tel: 023 222 846



Champeï #07
07, St. 334, BKK I
Tel: 023 217 774



Champeï #65
65, St.315, Tuorlkork
Tel: 017 411 116

Company Profile



Result of Company Diagnosis



Cross SWOT Analysis	
<u>Strengths * opportunity</u>	<u>Strengths *Threat</u>
<ul style="list-style-type: none"> • Expand new branch • Establish Training Center & Cambodia Spa Association • Professionalize our therapist on Spa & massage skill • Upgrade to Asian SPA Standard • Franchise our business 	<ul style="list-style-type: none"> • Staff motivation up • Build multiple skills • Increasing quality and decoration • Provide new service to get more income
<u>Weaknesses * Opportunities</u>	<u>Weakness* threat</u>
<ul style="list-style-type: none"> • Capacity building for supporting staff HQ • Trainer should be certified by Asian Spa Association • Establish policy for staff and salary • Strengthen operation standard for Asian standard • Engage 5S & Kaizen into our operation standard 	<ul style="list-style-type: none"> • 2015 ASEAN integration • Political situation before 2018 National Election • Lacking of labor force • Asian Spa Association may not publicize Asian Spa Standard

Result of Company Diagnosis



Strategy Development for Cross SWOT

Strategy	Emergency	Important	Less Cost	Total	
Staff motivation & capacity building	3	3	3	9	
Professionalize our therapist on Spa & massage skill	3	3	3	9	✓
Establish policy for staff and salary	3	3	3	9	✓
Engage 5S & Kaizen into our operation standard	3	3	3	9	✓
Trainer should be certified by Asian Spa Association	3	3	3	9	
Capacity building for supporting staff HQ	3	3	3	9	
Establish Training Center	3	3	3	9	✓
Ugrate to Asian SPA Standard	3	3	3	9	
Increasing quality and decoration	3	3	3	9	✓
Strengthening operation standard for Asian standard	2	3	2	7	
Expand new branch	2	3	1	6	
Franchise our business	2	2	1	6	

Result of Company Diagnosis



Follow –up Activities



Timetable of Follow-up Activities

Date	Activities
June 6 th , 2014	<ul style="list-style-type: none">- To discuss on activity plan- Cross SWOT Analysis- To develop first draft of Hygiene & Cleaning SOP
August 20 th , 2014	<ul style="list-style-type: none">- To discuss on Finance and Accounting system- To review hygiene and cleaning SOP- To establish teamwork for SOP



Timetable of Follow-up Activities (con)

Date	Activities
January 29 th , 2015	<ul style="list-style-type: none">- To conduct consultation meeting on SOP development- To conduct consultation meeting on Finance and Accounting System- To conduct consultation meeting on documentation tactics.
March 28 th , 2015	<ul style="list-style-type: none">- To give final feedback on SOP development and site visiting- To give final feedback on Finance and Accounting System- To give some feedbacks on future business expansion






Follow -up Activities



Outcomes



Project's Outcomes

-  To establish Standard Operational Procedure (SOP) on Hygiene and Cleaning
-  To create 8S policy
-  To improve our Finance and Accounting System
-  To create sale monitoring dashboard
-  To create documentation system

Outcomes



13

SOP Book

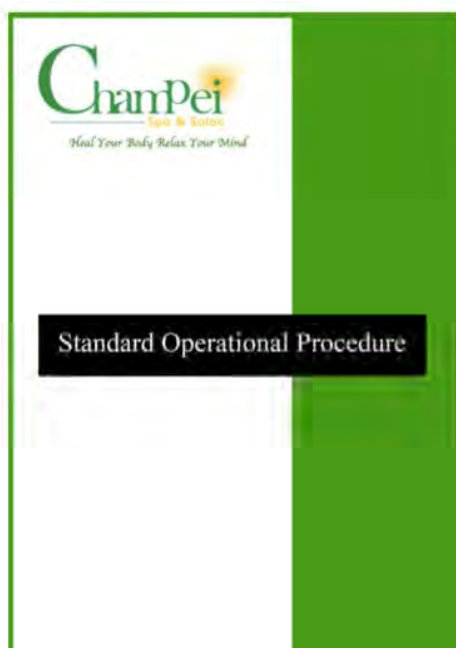


Table of Content

I. Spa Etiquette and Grooming Procedure

- Code1.1 Spa etiquette for spa employees
- Code1.2 Behavior in spa reception
- Code1.3 Grooming and presentation for spa Employee
- Code1.4 Performing a spa tour
- Code1.5 How to deal with guest complain

II. Spa Reception

- Code2.1 How to welcome/greeting guest
- Code2.2 How to take a booking in Person
- Code2.3 How to take a booking By Phone
- Code2.4 How to escort a guest to the treatment room
- Code2.5 How to settle payments
- Code2.6 How to farewell

III. Preparation, cleaning and Hygiene Procedure

- Code3.1 Standard hygiene of bathrobe and towel
- Code3.2 Standard hygiene of treatment room, public area and bathroom
- Code3.3 Standard cleaning of treatment room, public area and bathroom
- Code3.4 How to set up the Khmer Massage Room
- Code3.5 How to set up the Khmer Massage Bed
- Code3.6 How to set up the Steam Room
- Code3.7 How to set up the Oil Massage Room
- Code3.8 How to set up the Oil Massage Bed
- Code3.9 How to set up the Foot Massage Room
- Code3.10 How to set up the Foot Massage Bed
- Code3.11 How to set up the Body Scrub Room
- Code3.12 How to set up the Body Scrub Bed
- Code3.13 How to set up the Khmer Herbal Compress Massage Room
- Code3.14 How to set up the Khmer Herbal Compress Massage Bed

IV. Standard Performing Treatment Procedure

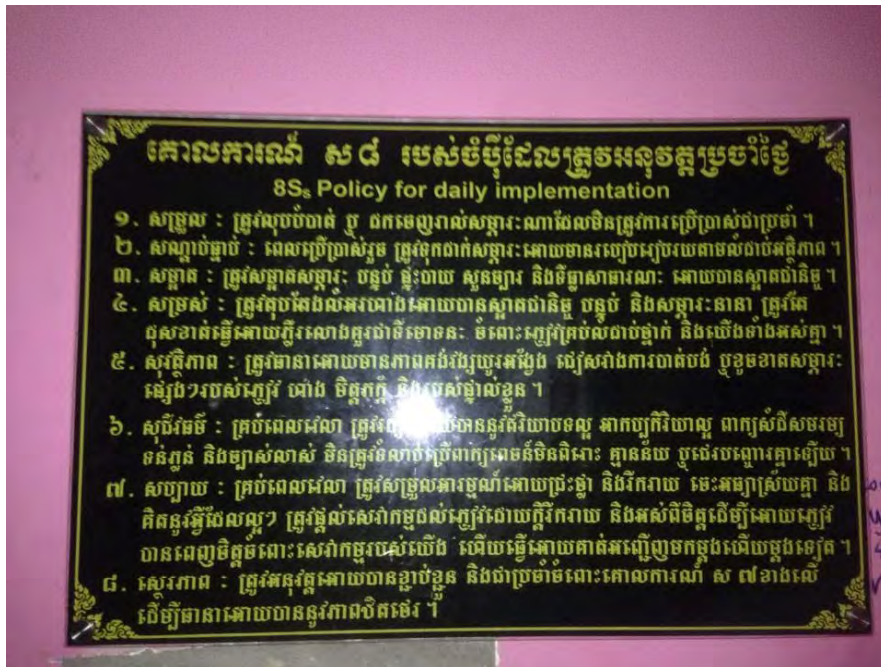
- Code4.1 Spa consultation (Do and don't for spa treatment)
- Code4.2 How to welcome a Guest for Treatment
- Code4.2 How to take care of the Guest during Body Scrub Treatment
- Code4.3 How to take care of the Guest after Body Scrub Treatment
- Code4.4 How to take care of the Guest during Hot Compress Treatment
- Code4.5 How to take care of the Guest after Hot Compress Treatment
- Code4.6 How to take care of the Guest during Foot Massage Treatment
- Code4.7 How to take care of the Guest after Foot Massage Treatment
- Code4.8 How to take care of the Guest for Oil Massage Treatment

Outcomes



14

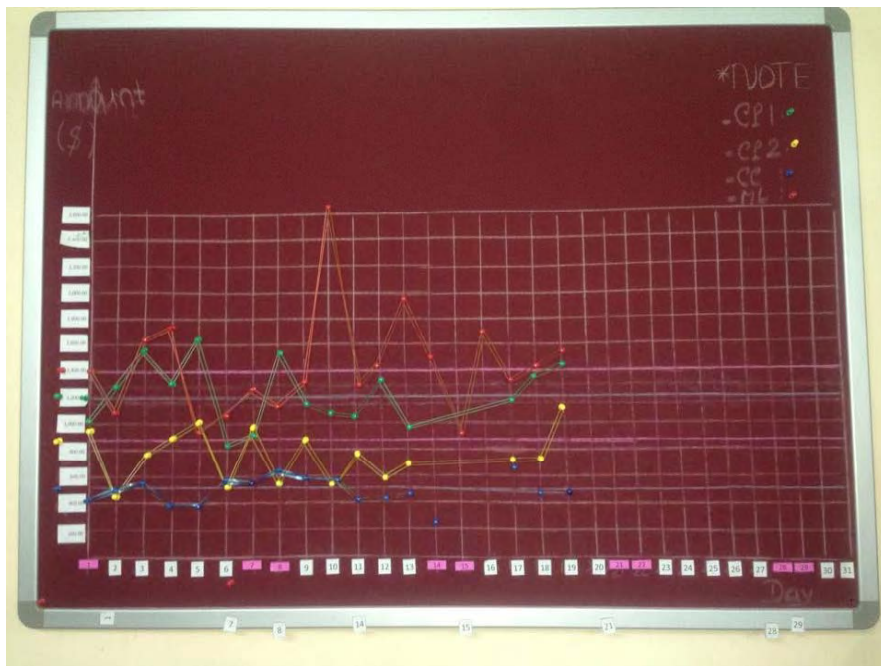
8S Policy Board



Outcomes



Sale Monitoring Dashboard



Outcomes



After having SOP

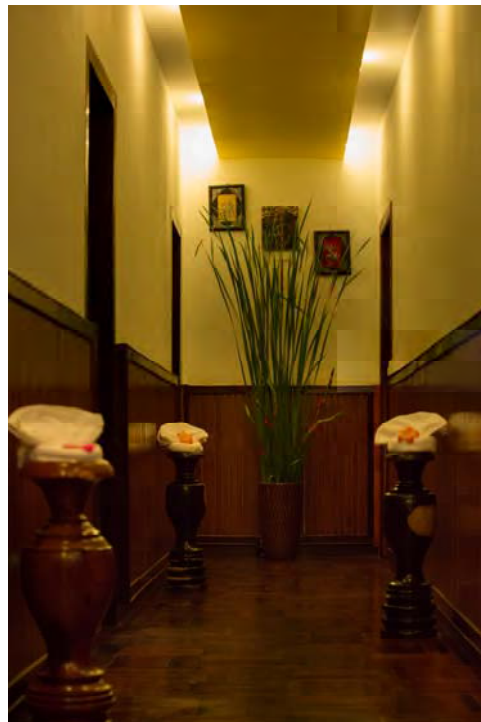
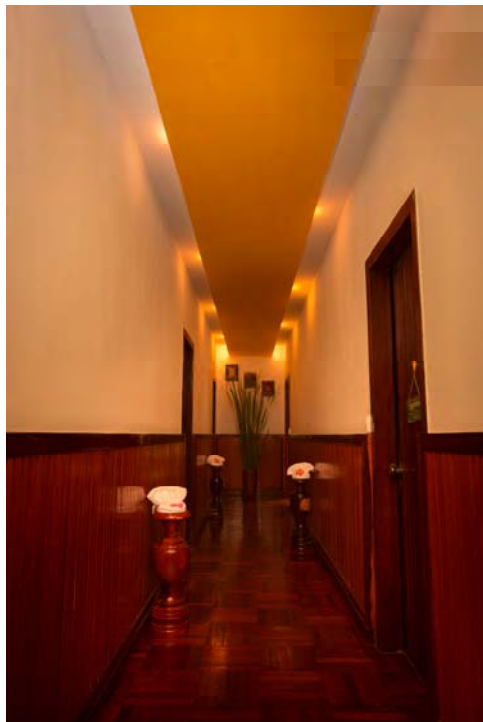


Outcomes



17

After having SOP



Outcomes



18

After having SOP



Outcomes



Remaining Challenges



Remaining Challenges

- ✿ Many rules and regulations to be written down in SOP
- ✿ Many staffs are engaged to develop the SOP
- ✿ Some difficulties in SOP writing regarding to the different size, shape and condition of our branches and its rooms.
- ✿ Some staffs are not happy because they gain some more duties and responsibility
- ✿ Much time-consuming for document revisions and simplifying



Conclusion



Conclusion

Benefits



- Has improved our operation procedures
- Has improved our F&A system
- Good lesson learn & practice for our next branch
- Be able to create some tools for our business performance monitoring
- Some of our senior staff has gained more knowledge and experiences

Suggestion



- Should have oversea study tour for the company
- Focus more on improving service-business
- Not just consultation meeting but also provide actual training

Conclusion



Heal your body, relax your mind.

Thank You!



Presentation on Company Diagnosis

Asia Bakery & Confectionery Pte. Ltd.

Phnom Penh 29/04/2015

A B C

Table of Content

- A. Company Profile and Products
- B. Result of Company Diagnosis
- C. Follow up Activities
- D. Outcome
- E. Challenges
- F. Conclusion

A B C

A. Company Profile and Products

Company Name	Asia Bakery & Confectionery Pte., Ltd
Type of Company	Food Processing
Products	Breads, cookies and cakes
Company Owner	Ly Seng Chhay
Year of Establishment	2007
Number of Employee	180
Telephone	023 21 00 33/ 016 811 844
Email	abcbakeycambodia@yahoo.com
Website	www.abcbakery-cambodia.com



A. Company Profile and Products



365-367 Street 274 Sangkat Veal Vong, Khan 7Markara,
Phnom Penh

Tel : (023)720 720

Website: www.abcbakery-cambodia.com



A. Company Profile and Products



#109-111 Street 13 Sangkat Phsar Kandal1, Khan Daun
Penh, Phnom Penh
Tel : (023)21 51 99
Website: www.abcbakery-cambodia.com



A. Company Profile and Products



#729 Monivong Blvd, Sangkat Boeung Keng Kang3, Khan
Chamkarmorn, Phnom Penh
Tel : (023) 21 00 33
Website: www.abcbakery-cambodia.com



A. Company Profile and Products



#571 Street¹²⁸ Sangkat Phsar Depo, Khan Toul Kork,
Phnom Penh

Tel : (023) 88 54 22

Website: www.abcbakery-cambodia.com



Products



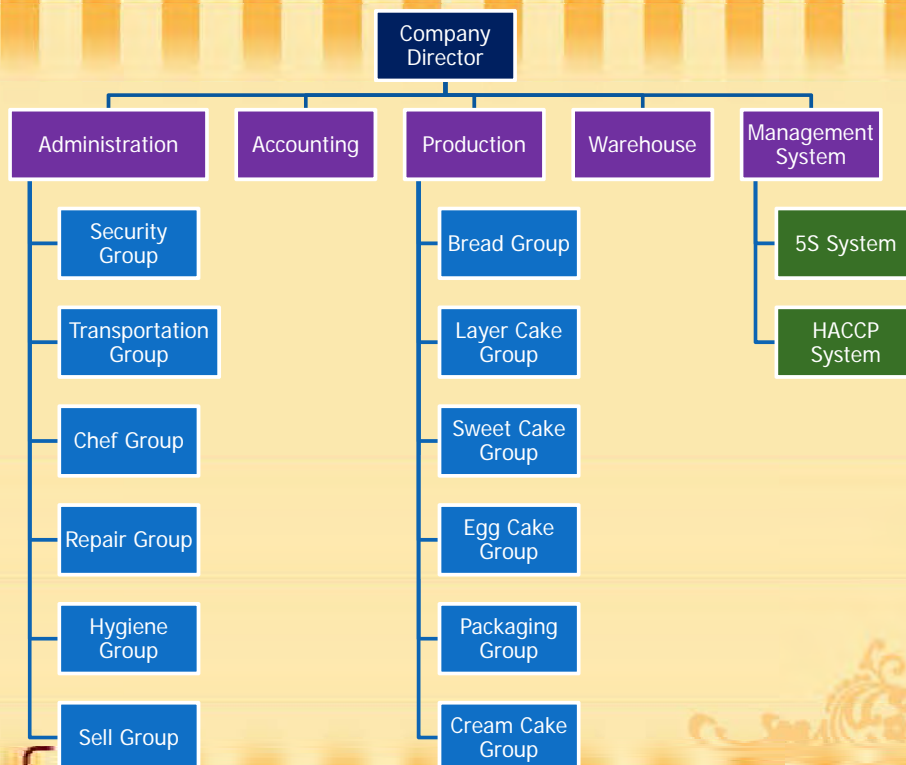
B. Strength of the Company

Three main principles: Quality, Hygiene and Good Service

A B C

9

Organizational Chart



A B C

10

Result of the Diagnosis

Attacking Strategy (SO)

- Conquering burger roll market
- Promoting and increasing retail sales
- Timely supply of flavorsome, good quality cake
- Strengthening quality of cake, and diversify product options to customers



Result of the Diagnosis

Competitive Strategy (ST)

- Modern equipment, tasty cake production formula, high quality products, and good hygiene, which is a good opportunity to supply both wholesale & retail sales
- Timely supply new cakes to customers
- Use all promotional tools to make customers aware of good qualifications of ABC bakery

Result of the Diagnosis

Strategic Function of Human Resources Management

- Developing a new program to motivate inventory controller
- Assigning an officer to monitor and check the performance of each branch manager
- Closely and regularly monitor the operation of the five branches to determine the number of cakes sold everyday

A B C

13

Result of the Diagnosis

Strategic Function of Marketing

- Displaying new cakes on the spot along with introductions from the staff
- Supplying good quality cakes to customers and promoting the freshness timeout (from the kiln) of the cake
- Doing on-site promotion (banner about the variety of products)
- Marketing officers (coffee shops, hotels, city bus, etc.)

A B C

14

Result of the Diagnosis

Strategic Function of Inventory Controller & Production

- Identify the best-selling cakes and the worst-selling cakes and make a production plan to avoid leftovers
- Refill stock before the peak selling hour
- Label discount stickers/signs on discounted products
- Supply should meet demand and the good quality of products to be maintained

Follow up Activities

- Award the stock controller who has contributed to an increase on monthly sales revenue
- Provide training to sellers, cashiers and stock controllers to strengthen the rules and their responsibilities
- Strengthen the quality of cakes with proper training from the technical group leader

Follow up Activities

- Monitoring branch manager's activities such as: cake display, cake quality, hygiene and service, etc.



A B C

17

Follow up Activities

- Display new cake on the spot with introduction from the staff.



A B C

18

Follow up Activities

- Retain previous customers by asking their phone numbers, date of birth and names in order to inform them about the discount during special occasion or on their birthday.

Follow up Activities

- Promote products to other companies



Outcome

After getting consultation from the expert team, ABC Bakery has developed better than before as follows:

- Increasing revenue progressively
- Better management in each branch
- Gaining new knowledge to increase revenue
- Realizing the weakness and having good solutions to the identified weakness, etc.

A B C

21

Current Challenges

The company are facing some challenges as below:

- Lack of human resources (staff in production, sales and marketing)
- An increase in competition
- Limited advertisement

A B C

22

Conclusion

This company diagnosis project is very essential to our company as it has well developed—not only increasing revenue but also strengthening capacity of our employees.

A B C

Pradeep Kumar

23



24



SKYLINE APARTMENTS
PROJECT -
COMPANY
DIAGNOSIS

29TH APRIL 2015

1

Contents

- I . Company Profile
- II . Result of Company Diagnosis
- III. Implementation of Activities
(Company diagnosis consulting)
- IV . Outcomes
- V . Remaining Challenges
- VI . Conclusion

2

I. Company Profile

3

Properties:

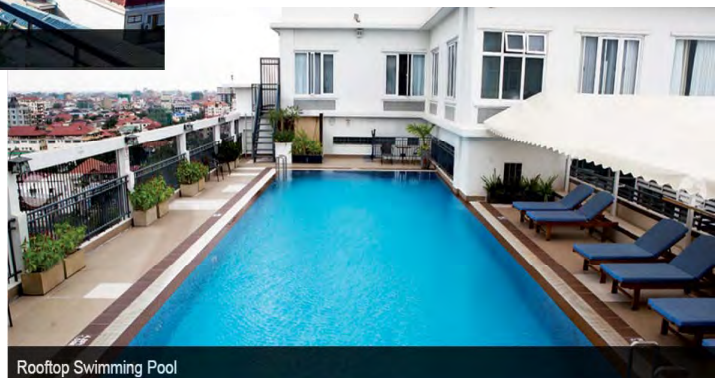
- Skyline Boutique Hotel
- Skyline Apartments



Rooftop Garden with Phnom Penh Skyline View



- Inaugurate in 2009
- Owned by Cambodian
www.skyline.com.kh



Rooftop Swimming Pool

Vision & Mission

Vision

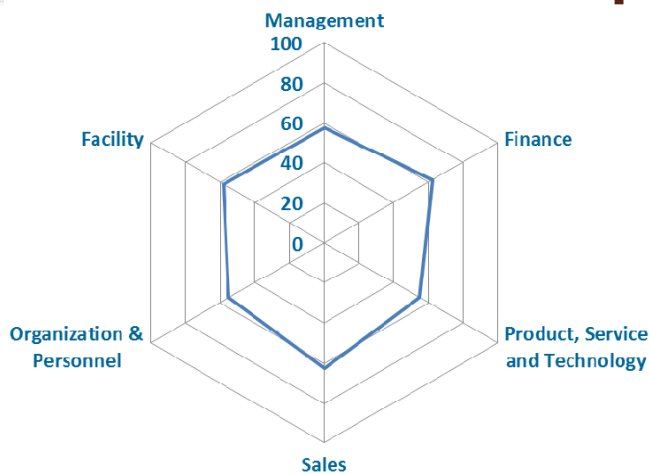
“To Serve Residences More Than At Home”

Mission

- Safety & security within complex.
- Clean & hygiene for both Rooms and Public Areas
- Provide friendly & professional services
- Promise to deliver

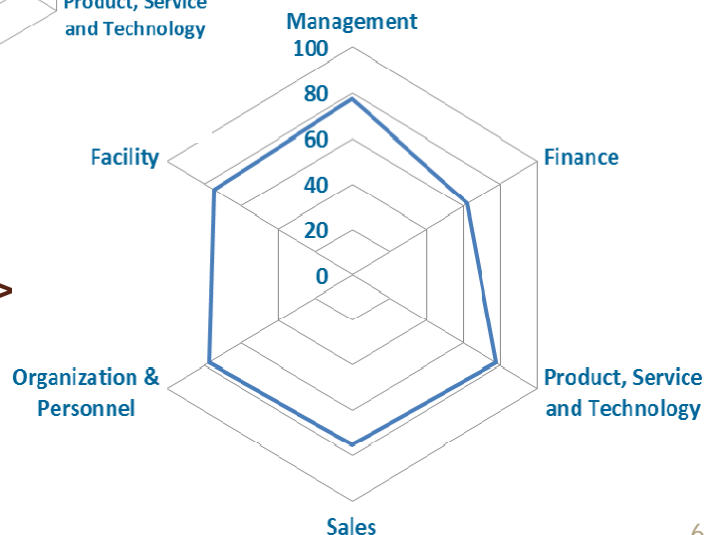
5

II. Result of Company Diagnosis



<= Pre-Diagnosis

Post-Diagnosis =>



6



III. Follow-up Activities

- Job Description
- Key Performance Indicator (KPI)
- Annual Performance Evaluation
- Salary Scale
- Resident Community
- Budget allocation for special project (facility maintenance, renovation etc.)

7



IV . Outcomes

- Capable of outline the weakness using various tool and technique
- Build a road map & be a process driver
- Employee satisfaction and retention
- Networking with potential supplier and other distributing channel
- Implement a few staff training & development

8



V . Challenges

- Employee training & development Vs. customer expectation
- Hospitality Vs. Technology advancement
- Facility maintenance & renovation
- Continuous Improvement especially on the following up activities and so on.

9



VI . Conclusion

The project is worth joining and if there will be an upcoming support from JICA again this year, we would recommend SMEs to participate because:

- ⇒ It gives you a business insight at no cost.
- ⇒ Your data will be treated as confidential information
- ⇒ Thank & appreciated to NPCC & JICA for their contribution and effort over the project

10



***Thank You
For Your Attention!***



3 SISTERS (CAMBODIA) ENTERPRISE

29th April 2015

1



Contents

- I Company Profile
- II Result of Company Diagnosis
- III Implementation of Activities
(Company diagnosis consulting)
- IV Outcomes
- V Remaining Challenges
- VI Conclusion

2

Company Profile

Brief Profile

Business Type	: Social Enterprise Specialized in Manufacturing for garment products
Brands	:    
Ownership	: Cambodian + Korean
Establishment	: October 2011
Employee	: 25 workers
Contact	: T. 855-15 333 618 E. info@3sisterscambodia.asia

Vision

- To be RELIABLE GARMENT Manufacturer in Cambodia & Region.

Mission

- Produce good-quality products
- Implement cost effectiveness
- Meet required capacity
- Provide the job and return benefit to the poor
- Motivate and empower our employees to be succeed together

Philosophy

- Success with Quality
- Client Value
- Constant Change
- Sense of Style
- Thoughts and Actions
- Contribution Social Responsibility

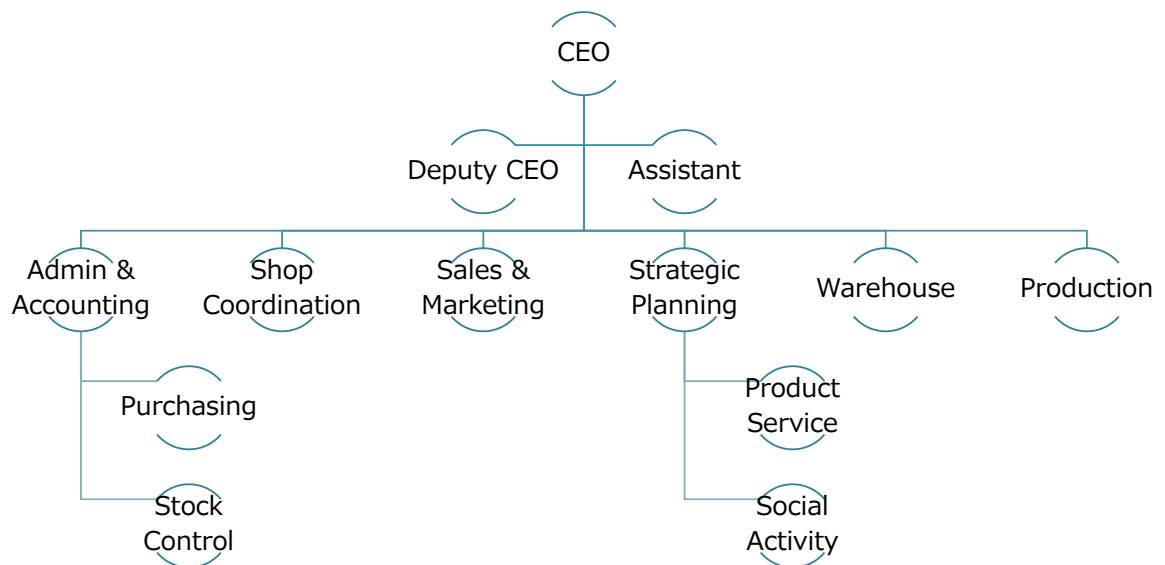
Product:

- AMRA : Smart wear
- ANG : School Uniform
- 3 SISTERS : Corporate Uniform

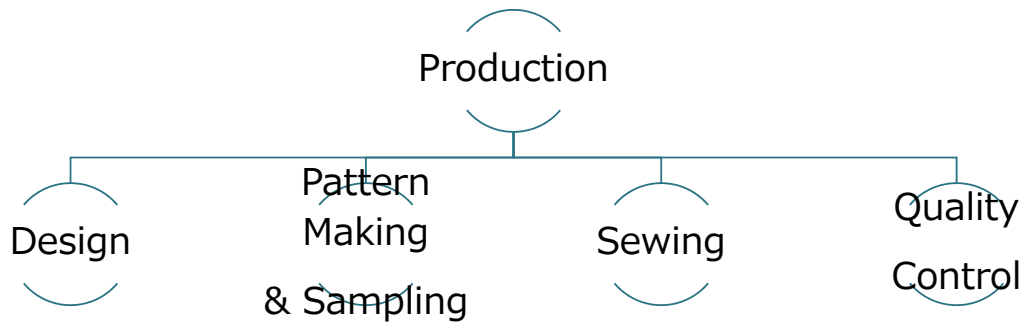
Service:

- Uniform Customizing
- T-shirt & Polo T-shirt Customizing
- Bag Customizing (Fabric, Krama, Woven, Non-Woven)
- Other Garments' product

Organizational Chart



Organizational Chart



Result of Company Diagnosis

👉 Management

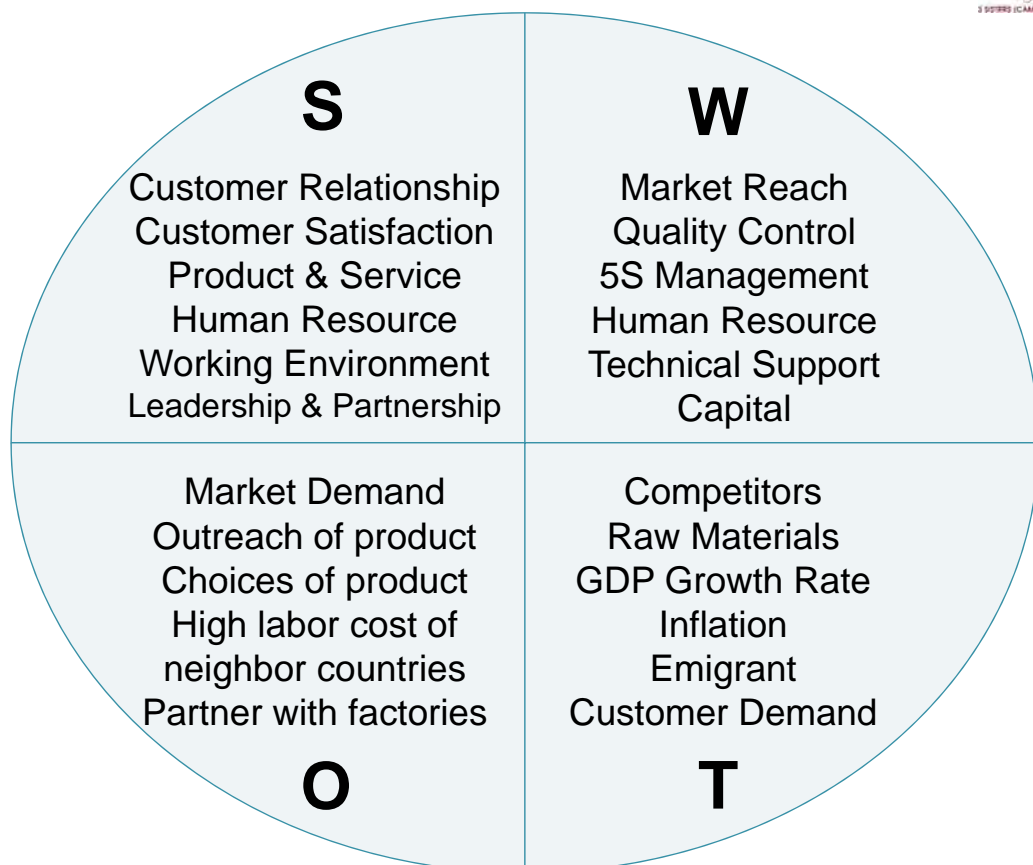
- ◆ Inside: HR; Production; Sale & Marketing
- ◆ Outside: Opportunity; Competitor; Customer

👉 Finance

- ◆ Account Payable
- ◆ Account Receivable

👉 Product & Service

- ◆ Quality of product
- ◆ Quality of service



Competition Strategy:

- ☆ Human Resource
 - ☞ Capacity Building
 - ☞ Team Work & Motivation
- ☆ Product
 - ☞ Quality Improvement
- ☆ Service
 - ☞ Service Improvement & Time Management
 - ☞ Follow Up & Respond to the Demand
- ☆ Finance
 - ☞ Cost Control → Competitive Price
 - ☞ Improve Working Environment → \$\$\$\$\$\$

Challenge For Running The Strategy:

- ☆ Human Resource
 - ☞ Emigration of people → lack of HR
 - ☞ Skill and knowledge are limited
 - ☞ Slow learner
 - ☞ Less motivation & corporative
- ☆ Financial
 - ☞ Capital
- ☆ Market
 - ☞ Customer
 - ☞ Competitor

II

Result of Company
Diagnosis

Solution For Achieving The Challenge:

- ☆ Management
 - ☞ Staff Improvement
 - ☞ Job Description & Benefit
 - ☞ Strengthen & Keep Maintaining 5S
- ☆ Marketing
 - ☞ Maintain Relation with Client & Supplier
 - ☞ Advertisement: internet, magazine, etc.
 - ☞ Networking: spreading network
- ☆ Production
 - ☞ Product & Production Planning
- ☆ Sale
 - ☞ Expanding Distribution & Promotion

15

III

Implementation of Activities

16

Following Up Activities:

Feb. – Mar. 2014

- ☞ Advertising & distribution channel development.
- ☞ Speeding up productions, assigning staff in charge of QC, identifying the production capacity of each staff.
- ☞ Cost reduction by applying 5S enforcement.

Jul. 2014

- ☞ Checking the process after company diagnosis, offering 5S material, offering sample of sewing work instruction, formalities of registration.

Aug. 2014

- ☞ Company portfolio improvement, offering Japanese company policy sample, Japanese uniform sewing company case study.

Sep. 2014

- ☞ Company policy advice, discussion about school uniform sales business model.

Oct. 2014

- ☞ Second checking in management check list, Second company policy advice, offering Japanese uniform market and business materials.

Jan. 2015

- ☞ Entire review and direction examination in final 3 months.

Mar. – Apr. 2015

- ☞ Review and advice
- ☞ Final check



Outcomes



Outcomes:

- 👍 Management System
- 👍 Working Environment
- 👍 Staff Understanding
- 👍 Production
- 👍 Marketing Strategy
- 👍 Market Reach

Remaining Challenges

Remaining Challenges:

- ☹ Human Resource
- ☹ Finance
- ☹ Competition
- ☹ Sale
- ☹ Government Support

Conclusion

Without activating strategies from company diagnosis, the company cannot grow up.

Throughout the result of company diagnosis performed by JICA and NPCC, we could know of ourselves more and challenges.

Challenges still remained with lack of Human Resource and unskillful with slow learner; and the Financial matter is the bigger issue for SMEs to growth in their business.

To overcome the challenges and practices the strategies, we need strong and robust support from **GOVERNMENT**.



***Thank You
For Your Attention!***

FOR MORE INFO PLEASE CONTACT:

E: info@3sisterscambodia.asia

T: 855-15 333 618



JOY Drinking Water

April 29, 2015

1

I. About Joy Drinking Water

JOY drinking water established since 2001 and located at # 25, St. 317, Sangkat Boeung kok, Khan Toul kork and it is equipped with the latest technology to ensure high quality and high hygiene water. JOY premium drinking water uses Reverse Osmosis system passing through UV and Ozone system with high capacity and efficiency in killing 100% of bacteria and produce high quality drinking water for consumers.

JOY premium drinking water is following the national standards with controlling and recognition of quality from all expertise authority institutions such as ISC (Institute of Standard of Cambodia), Ministry of Health, Ministry of Tourism and other relevant institutions.

“ Food Safety and Quality are the first priority”.

2

Our Product lines

- JOY Premium Drinking Water
 - 350ml
 - 500ml
 - 150ml
 - 2000ml or 20l

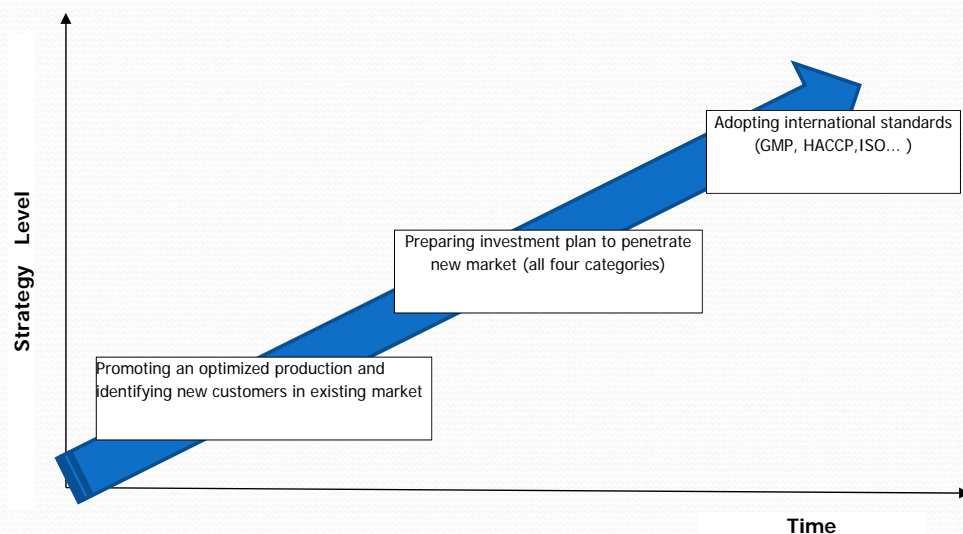


II. Result of Company Diagnosis

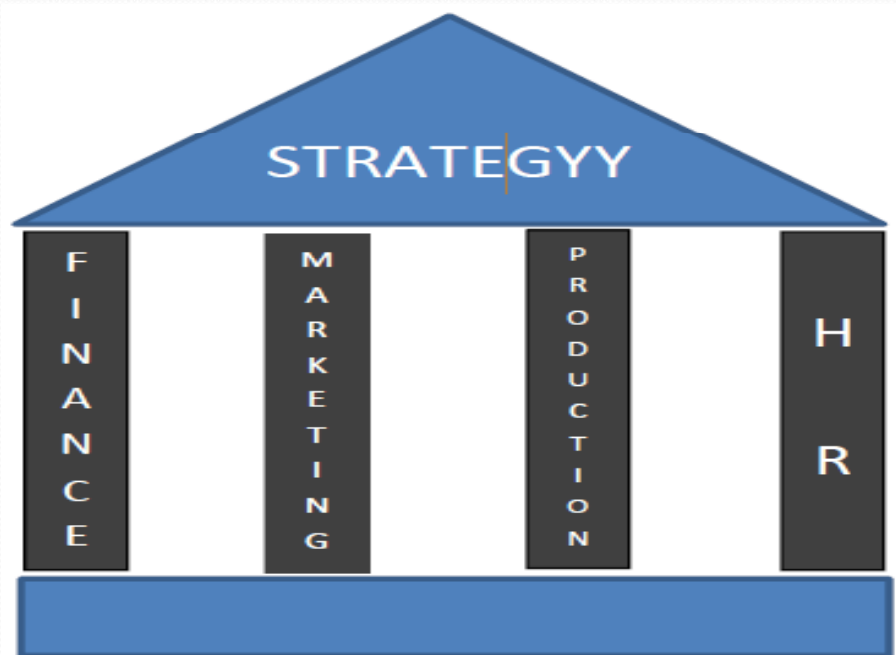
Strategy Road Map

Road Map to implement the strategies

After we set out the strategies as above we can prioritized in implementation as following:



II. Result of Company Diagnosis (continue)



5

II. Result of Company Diagnosis (continue)

- Finance: the result of the analysis on finance as following:
 - Recommendation from JICA team: JOY should use accounting software (Peachtree program) & do the comparison of financial report from year to year to know how difference the profit and whether it is growth or decrease and find the problem accordingly if any.

6

II. Result of Company Diagnosis (continue)

- Marketing: the result of the analysis on marketing as following:
 - After Review 4P found that JOY has low price than other competition so that is a good advantage in market
 - Get more customers as institution such as organization, private school, company, guest house, hotel... rather than household use
 - Create network and get in touch to shopping centre to increase sale

7

II. Result of Company Diagnosis (continue)

- Production: the result of the analysis on Production as following:
 - Have to implement the 5S due to currently JOY was implementation 5S with limited
 - Improve the production flow (for 20L bottle when carry out from the production place to the truck)
 - Production diagram flow have to improve (500ml bottle from blooming place to the filling room)

8

II. Result of Company Diagnosis (continue)

- Human Resource: the result of the analysis on HR as following:
 - Have to prepare motivation on incentive scheme
 - Prepare the staff development plan (internal and external training)
 - Prepare clear Job description for all staff

9

III. Follow up Activities

- JICA team have many time to follow up activities to JOY drinking water such as:
 - 5S training
 - Process Flow diagram
 - Organizational chart
 - Job description
 - Incentive scheme
 - Internal regulation



10

IV. Outcomes

- After got advise and consultation form JICA team and NPCC JOY drinking water have many outcomes as follow:
 - Factory Layout map
 - Process Flow diagram
 - Job description
 - Organization chart
 - Finished one course on 5s training
 - Identify the area to be control by first 3S and develop its schedule

All the above are already done and reach to do next step to improve the production productivity and Sales increase.

11

V. Challenges

Challenges we usually face are as beloved.

- Production:
 - High staff turn over, Production manager left from JOY and she is a key person, workers and production team...
 - Our machine was old (some time get damage)
 - Our truck also old (spend more on maintenance and could not deliver to customer on time)
- Sales increase:
 - To do marketing so we need marketing staff to do
 - Up date and develop our product to met market trend)
 - To do promotion (leaflet, radio program, light box...)
 - Delivery channel have to push and faster than usual

12

VI. Conclusion

- All advise and comment from the team and JICA expert are very good especially result from company diagnosis and a greed action plan to be taken and I do hop if I could do as their comment and advise sure JOY will growth and at lease can increase the sales which reach to generate more income
- Finally I would like to thank very much to NPCC team and JICA expert that spend their value time to support and help JOY so far to strengthen and develop JOY.

13

Contact us @:

T: 016 988 168/023 881 923

E: joypremiumwater@gmail.com

FB/joydrinkingwater

W:joydrinkingwater.com



***Thank You
For Your Attention!***

14



Bayon Bakery

29th April 2015

1



Table of Contents

- I. Company Profile
- II. Result of the Company Diagnosis
- III. Activities in Project Implementation
- IV. Outcome
- V. Remaining Challenges
- VI. Conclusion

2



I. Company Profile

- Bayon Bakery was established in 1998 by
- **Ms. CHANG SokKim**
- The first Bayong Bakery shop was located in the Central market
- Currently, there are 12 branches of Bayon Bakery
- All branches are managed by family members

3
3



II. Result of the Company Diagnosis

- Human Resources Management
 - Internal Rules
 - Organization Structure
 - Roles and Responsibilities of employee
- Production
 - Factory layout
 - Production Flow
- 5S implementation

4
4

III. Activities in Project Implementation

- **Human Resources Management**
 - Developing and modifying internal rules
 - Developing organization structure
 - Setting roles and responsibilities of employee
- **Production**
 - Discussing and improving factory layout
 - Developing document for production flow
 - Undertaking study tour by visiting factories in Phnom Penh Special Economic Zone to gain more knowledge and experiences

5₅

IV. Outcome

Originally, Bayon Bakery was a family-based business, and now it is transforming to become a standardized practice. Thus, after participating in the project implementation with JICA project by modifying and developing some documents, Bayon Bakery is hoped to achieve some standards such as GMP, HACCP, etc.

6₆

V. Remaining Challenges

- After the completion of JICA project, Bayon Bakery is still having some challenges such as 5S implementation, it is hoped that Bayon Bakery is still implementing this 5S method after finishing the renovation of the building.

VI . Conclusion

- After participating in the project implementation, Bayon Bakery has obtained knowledge and experiences from JICA Expert team
- Since appreciation to:
 - NPCC officials of the Ministry of Industry and Handicraft (MIH)
 - JICA Expert Team
 - Suggestion
 - If there are any other supporting project through MIH or JICA to SME, please allow Bayon Bakery to partake.



បាយនំប្រាំងយ៉ាង
巴戎面包行
BAYON BAKERY

**Thank you very much for
your attention!**



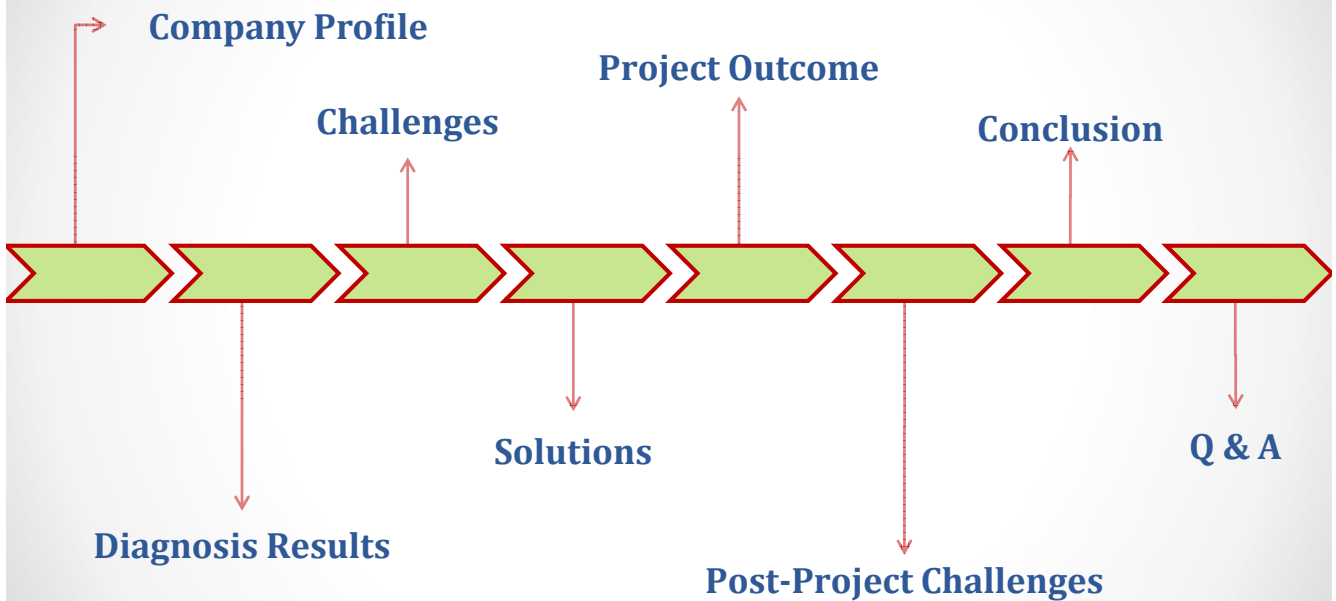
Implementation of Project for Strategic Strengthening of Small & Medium Enterprise Support System in

ខេត្ត ឧបត្ថម្ភធនាគារ
KC FOOD 金珠食品

Presented By: SOK Hout
Sofitel Phnom Penh Phokeethra, 29th Apr 2015

• 1

Content



• 2



I. Company Profile

Year of Establishment:



Ownership:



Number of members: 40



Product Brands:



I. Company Profile (Con't)

Product Lines: Meat Floss, Dried Meat, Sausages



HACCP: The Very First (2014, ACM-UK)





I. Company Profile (Con't)

↳ Vision:

↳ To be the leader of premium and safe meat solution.

↳ Mission:

↳ To provide all customers unique quality and highly safe, personalized meat products.

↳ Values:

↳ Corporate Working System

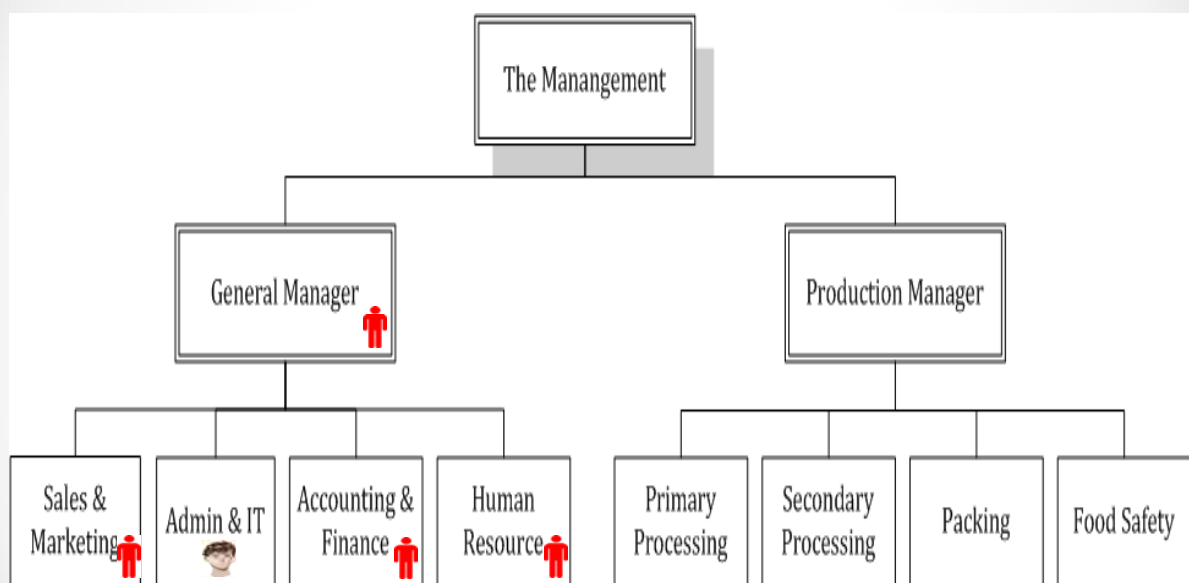
↳ Quality, Responsibilities, Team

↳ Family Working Environment

↳ Respect, Helpfulness, Friendliness



I. Company Profile (Con't)





II. Diagnosis Results

→ Growth Strategy:

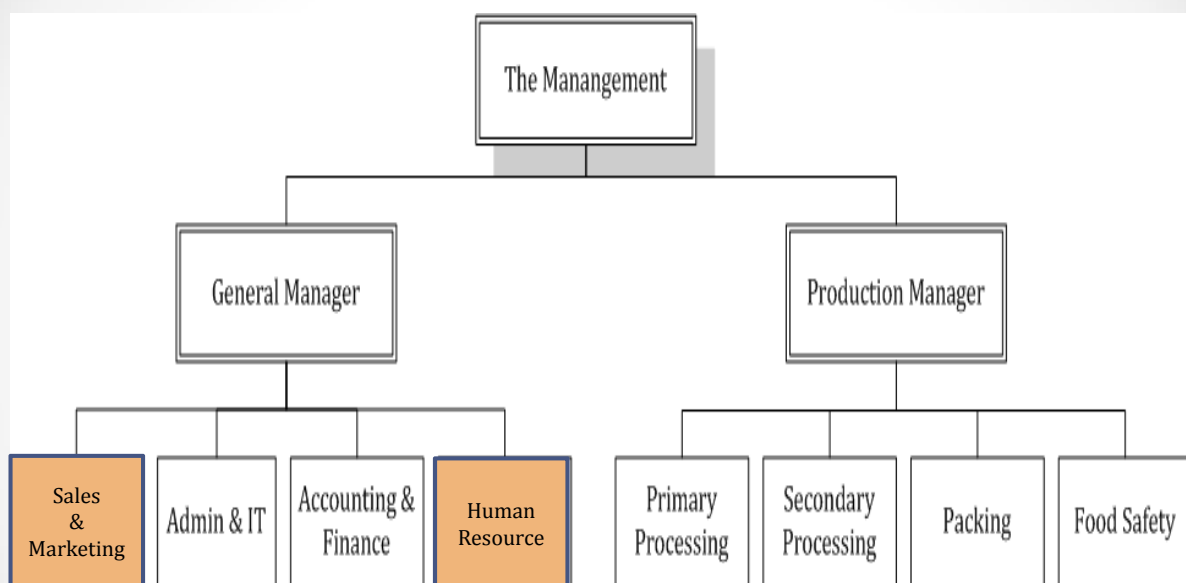
- Expand Local Market Coverage
- Promote Brand Awareness
 - with HACCP
 - via exhibition, internet, facebook,...

→ Competition Strategy:

- Maintain Brand Integrity
 - quality, quantity
- Introduce More Product Choices
 - different flavor, meat types



II. Diagnosis Results (Con't)





II. Diagnosis Results (Con't)

↳ Challenges

↳ Human Resources

- ↳ High Turnover Rate (Production)
- ↳ Short Stay (Production)
- ↳ Low Attraction (Non-Production)
- ↳ Unfilled Vacant Positions
- ↳ Ineffective work (too much multi-tasking)

↳ Sales & Marketing

- ↳ Lack of marketing strategies
 - ↳ Brand communication problems
- ↳ Insufficient sales team members
- ↳ Not well-developed distribution channel

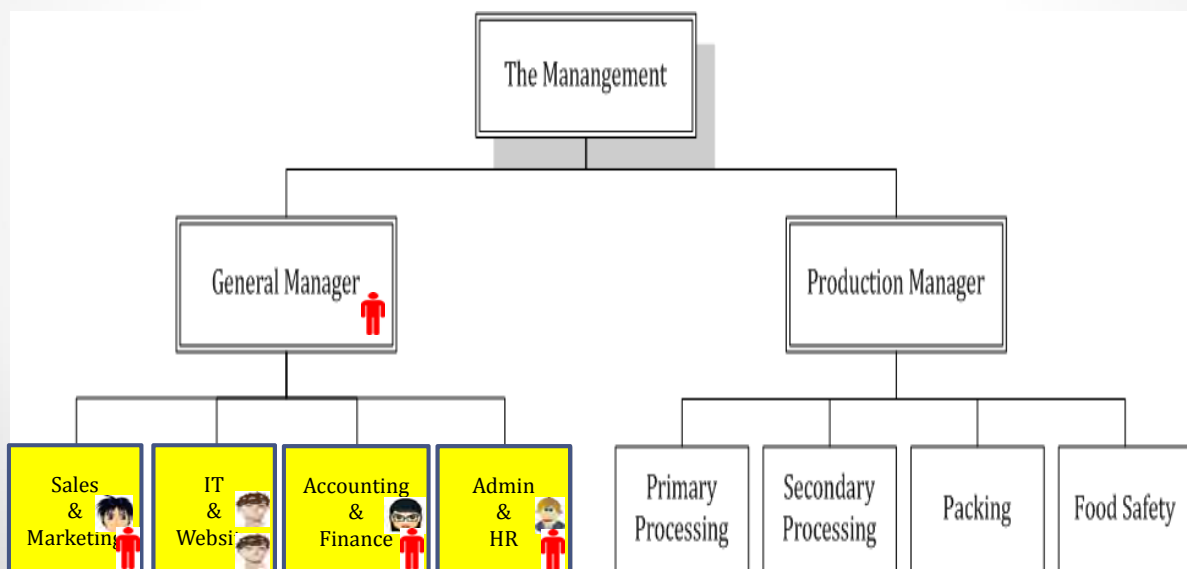


II. Diagnosis Results (Con't)

↳ Solutions

↳ Human Resource

- ↳ Restructure, Fill Vacant Positions



II. Diagnosis Results (Con't)

→ Solutions

→ Human Resources

→ Job Description

→ Standard Operating Procedure

→ App

1	មុនតំណែង
2	នាយកដ្ឋាន
3	ភ្នាក់ងារ
4	កម្មវិធី
5	ការសិក្សាអប់រំ
6	ចំណេះដឹង

II. Diagnosis Results (Con't)

→ Solutions

→ Sales & Marketing

→ Mobile Product Display

→ Product Sampling

→ Exhibition

→ Free Voucher

→ KC Food Outlet (Pet Chin)



III. Follow-up Activities

- Meeting
- Site Visit
- Sharing & Learning
- Assignments Given
- Assignments Checked



IV. Project Outcome

- Human Resource
 - Low Turnover Rate
 - Clear Duties & Responsibilities
 - Effective Management
- Sales & Marketing
 - Increase in brand awareness
 - Increase in New Customers



IC-3M-05/04		កំណែសម្រួលទី ១ (២៦-០៦-២០១៤)
ប្រយោជន៍អាកាស: ខ្នាតទី ទំនួលខុសត្រូវ		ទំព័រ ២/២
9	សហការជាមួយសមាជិកកងទៀត ក្នុងតារាងកង្វាន់	
10	ការបណ្តុះបណ្តាលប្រចាំខ្លួន ក្នុងការងារកិច្ចការបច្ចេកទេស (យន្តការនិង: ឧទាហរណ៍: មុខងារផ្សេងៗ ដែលបញ្ជូនទៅមិនត្រឹមត្រូវបំផុត...)	
11	ត្រូវប្រើប្រាស់ការងារក្នុងតារាងកង្វាន់ បន្តការងារកង្វាន់ ក្នុងករណីចាំបាច់	
12	បំពេញការងារផ្សេងៗទៀត តាមការចាត់តាំង	
គ. ទំនួលខុសត្រូវ		
1	ទទួលបានអតិថិជនត្រូវបានត្រួតពិនិត្យ តាមការបញ្ជូន ទាញយក និងរាយការណ៍ទៅមេត្តា ដែលបានកម្រិត ក្នុងប័ណ្ណបញ្ជាទិញ (Purchasing Order-PO) ប័ណ្ណប្រគល់ទំនិញ (Delivery Order-DO) ឬវិក័យប័ត្រ (Invoice)	
2	ការបញ្ជូនទំនិញទៅអតិថិជនតាមលំដាប់លំដោយ ត្រូវប្រកបដោយប្រសិទ្ធភាព (ដល់មុនពេលបញ្ជូន)	
3	គ្មានមុខងារណាមួយទទួលបានការបោះកែប្រែ រឺបែក ឬខូចខាតទ្រុឌទ្រោម ក្នុងកំឡុងពេលដឹកជញ្ជូន ឬកំឡុង ក្នុងពេលលើកដាក់	
4	ប័ណ្ណប្រគល់ទំនិញ (Delivery Order-DO) ឬវិក័យប័ត្រ (Invoice) ដែលត្រូវបានប្រគល់មកសមាជិកក្រុម វិក័យប័ត្រត្រូវត្រួតពិនិត្យ (ត្រូវមានលក្ខណៈពេញលេញ (ត្រូវមានលក្ខណៈពេញលេញ: កាលបរិច្ឆេទ អ្នកទទួលទំនិញ)	
5	គ្មានប័ណ្ណប្រគល់ទំនិញ (Delivery Order-DO) ឬវិក័យប័ត្រ (Invoice) ត្រូវបានបោះ ដោយការភ្លេច ការឆ្គោល ឬកំហុសឡើយ	
6	យន្តការនិង: ប្រើសម្រាប់ដឹកជញ្ជូនទំនិញ ត្រូវមានសុវត្ថិភាព មានអាយុ និងទទួលបានការថែទាំបានល្អ មិន ត្រូវមានការខូចខាតធ្ងន់ធ្ងរ (ដោយសារការមិនយកចិត្តទុកដាក់ចំពោះការខូចខាតបន្តិចបន្តួច)	
7	បញ្ហាដែលកើតមានចំពោះការបញ្ជូនទំនិញ ត្រូវបានដឹង ដោយប្រធានក្រុម	
8	គ្មានការរោគវិនិច្ឆ័យ ឬគ្រោះថ្នាក់ណាមួយ ដែលកើតឡើងដោយការមិនគោរពច្បាប់ចរាចរណ៍ឡើយ	



IV. Remaining Challenges

→ Human Resource

→ Slow Adaptation to Change (some)

- low level team members
- busy daily work

→ Maintaining the system IS COST

- increase in number of team members
- trainings
- stationary



→ Sales & Marketing

→ Making brand known is NOT CHEAP

- product sampling
- free vouchers



V. Conclusion

→ New and first project



→ One of the most valued projects to participate



→ Happy sharing & learning experience



→ Internal team spirit building



→ Fruitful outcome





Would Like To Express Our
Deepest Gratitude & Wholehearted Thank
To



Appendix (8)

Activities for

Accounting and Financial Component:

Activities regarding Accounting and Financial Affairs

The Japanese Expert team suggested to introduce the accounting standards and practices best suited to the current situations in Cambodia and commensurate with the SME promotion policy¹. Activities described in this section is voluntarily activities by the Japanese Experts team.

Financial information is essential to be used as fundamentals of the PDCA (Plan-Do-Check-Action) cycle to improve the management, ABC analysis to increase sales and BEP (Break Even Point) analysis to reduce cost. It is also used to determine the Management ratio (KPI) in the project. Moreover, it provides basic but necessary information such as conditions to borrow a loan to expand the business when designing and implementing the policy.

In this project, through the research of accounting standards and accounting practice for SMEs in Cambodia, our activity aims to enhance the understanding “the proper financial information which is essential to develop the business”. And the financial information is also one of the most important criteria to prioritize the companies to provide incentives such as official loans, grants, tax incentives and export promotion measures.

These activities are suggested by the consultants and are not directly related to PDM activities, however they support Output 1 and Output 2 institutionally and also support Output 3 in terms of standardization of the program.

1. Overall

During the project, the Accounting/Financial Affairs component performed 3 types of activities. The first activity is research on current situation of financing and accounting. The second activity is consulting on accounting of the pilot companies which received support in the form of a diagnosis activity from this project. In the case companies request or if the professionals find it necessary to receive consulting on accounting, the accounting professional joins the consulting together with NPCC consultants. The third activity is cooperation with other projects related to policy making for SMEs.

2. Field Research on financial and accounting and challenges of the research

(1) Legislation

The legislation regulating the accounting issues is the Law on Corporate Accounts, their Audit, and the Accounting Profession (LAAP) which was adopted in 2002, the Law Bearing upon Commercial Regulations and Commercial Register which was adopted in 1995 and the Law on Commercial Enterprises which was adopted in 2005.

Firstly, LAAP stipulates the basic issues regarding the accounting, auditing and accounting professions.

Under this law, the corporate accounting issues are stipulated as follows:

Article 3 All enterprises, whether they are natural or legal entities, are required to keep books and accounts and have them audited in accordance with the terms and conditions provided for under this law,

Article 4 Enterprises shall prepare financial statements on a yearly basis that are in compliance with both the conceptual framework and Cambodian Accounting Standards, the principles of

¹ Abstracted from the Proposal

which are set out by Prakas proclaimed by the Minister of MEF and in line with the International Accounting Standards, and

Article 5 Enterprises shall keep their accounts in accounting books as defined by Prakas announced by the Minister of MEF and in line with the International Accounting Standards. All accounting transactions shall be supported by documentary evidence.

Then the audit issues are stipulated as follows: -

Article 16 All enterprises, whether natural or legal entities, shall submit their accounts to be audited by an independent auditor in the event that their turnover, and/or balance sheet total, and/or number of employees are above the limits² set by Prakas of MEF. The audit shall be carried out by a natural person or legal entity enrolled on the list of registered auditors referred to in article 14³ of this Law.

Secondly, Article 47 of the Law Bearing upon Commercial Regulations and Commercial Register (amended in 1999) stipulates that every merchant or manager of a commercial company has an obligation to maintain accounting records according to the rules of accounting and the General Accounting Plan of the Kingdom of Cambodia, as well as various directives relating to their application.

Thirdly, the Law on Commercial Enterprises stipulates that

Article 224 A public limited company that has issued any securities to the public that remain outstanding and are held by more than one person shall send a copy of the financial statement and accompanying documents to the Director of Companies. The statement and documents shall be sent not less than twenty-one (21) days before each annual general meeting of shareholders or immediately after the signing of a resolution in lieu of the annual general meeting and

Article 228 A public limited company that has issued any securities to the public that remain outstanding and are held by more than one person shall send a copy of the financial statement and accompanying documents to the Director of Companies (the rest omitted).

(2) Accounting standards in Cambodia

The first adoption of Accounting Standards in Cambodia under LAAP including 15 accounting standards was issued in October 16th, 2003 and by Prakas No.798 MEF/BK. Large and medium state-owned enterprises and private companies shall present financial statements in accordance with these standards starting the fiscal year of 2005.

The second adoption of Accounting Standards in Cambodia including 18 new and amended accounting standards and 2 new reporting standards took place on March 25th, 2008 and by Prakas No.221 MEF/BK. Furthermore, Prakas No. 068 MEF/BK issued in January 8th, 2009 promulgated the full adoption of IFRSs for large and medium entities operating in Cambodia. According to the Prakas, NAC will select, notify and issue any standards issued by the International Accounting Standard Board by only changing their titles into Cambodian Financial Reporting Standards and shall translate every accounting and reporting standard, every interpretation, and any modernization of the standards into Khmer language. In August 28th, 2009

² According to MEF Prakas, the companies must be audited if they fulfill two of three criteria or they are having QIP status. (1) Annual turnover of more than \$750,000, (2) Total average assets for the year to be audited is \$500,000 and above, and (3) Average number of employees for the year to be audited is not less than 100.

³ Article 14 of LAAP requests that Certified Public Accountants and Auditors are enrolled respectively on two separate lists set by KICPAA

NAC also promulgates the announcement No. 097/09 MF-NAC. According to this Announcement, NAC elected the International Financial Reporting Standards effectively issued by the International Accounting Standards Board, for which from now on, called “Cambodia International Financial Reporting Standards (CIFRS)” to be applied for financial statements for a period beginning on or after January 1st, 2012 although the early adoption is encouraged. And the International Financial Reporting Standards for Small and Medium Entities, for which from now on called “Cambodia International Financial Reporting Standards for Small and Medium Entities” to be applied for a period beginning on or after January 1st, 2010.

2 sets of accounting standards can be applied based on the following categories.

- i) An entity having public accountability shall apply CIFRS.
- ii) An entity has obliged to submit its financial statements for audit in accordance with the Prakas of MEF, but no public accountability shall apply CIFRS to SMEs. The entity can also apply the CIFS if the entity feels it is necessary.
- iii) An entity has no public accountability and has no obligation to submit its financial statements for audit in accordance with the Prakas of MEF can also apply CIFRS to SMEs.

(3) Financial Reporting Template (FRT)

In June 2006, MEF introduced the FRT for SMEs by Prakas No.431 MEF/BK. FRT is a tool to apply for financing from banking and financial institutions. The scope of FRT application is any enterprise carrying on business activities, which are not subject to obligation of preparing financial statements in accordance with Cambodian Accounting Standards, and based on its declaration data or examination; meeting two of the three following criteria:

- i) Total maximum workers-employees from 11 to 100.
- ii) Annual Turnover is from 100 million Riels to less than 250 million Riels.
- iii) Total assets are from 100 million Riels to 250 million Riels.

NAC in conjunction with ADB and KICPAA designed the FRT as part of ADB’s SME Development Program technical assistance to better manage the business, provide better access to finance and cost savings.

In addition to the template, a booklet is also published. The booklet includes an explanation of the technical terms in plain language and the importance for enterprises to maintain accounting records, and produce financial statements.

FRT includes the following components:

- i) Corporate information / enterprise information
- ii) Statement by Directors / Statement by Owner
- iii) Balance Sheet (Statement of Financial Position)
- iv) Income Statement
- v) Notes to the financial statements

Meanwhile, FRT is still effective until now, according to NAC since there is no regulation to cancel it. However, we could not confirm how FRT is practically applied by SMEs as far as we studied at GDT and financial institutions.

(4) Relationships between taxation and accounting

The Law on Taxation provides for 3 types of regime systems of taxation which are the real regime, the simplified regime and the estimated regime system of taxation.

Under the real regime system and simplified regime system taxpayers shall submit the tax return of the profit (Form TOP01) to the tax administration. Taxpayers under the simplified regime system of taxation apply cash method of accounting however in practice this system is not available.

The below table is classification of Real Regime System and Estimate Regime System however in practice we heard that there were some cases that the determination was made upon the negotiation between the taxpayer and the tax officer or the tax officer's discretion.

Table : Classification of Real Regime System and Estimated Regime System

Category		Real Regime System	Estimate Regime System
Legal form of the enterprises		Enterprises which are not a sole proprietorship (Regardless of the type of business activity or the level of turnover)	Sole proprietorship or legal entity
Level of turnover (Inclusive of all taxes)	In the supply of goods or mixed supply	Having turnover of 125 million Riels or more in any period of 3 consecutive calendar months. Having reasonable grounds to expect for that period that it will have a turnover of 125 million Riels or more at the beginning of any period of 3 calendar months. Having an annual turnover of 500 million Riels or more	Enterprises which do not satisfy the conditions on the left.
	In the supply of services	Turnover of 60 million Riels or more in any period of 3 consecutive calendar months. Having reasonable grounds to expect for that period that it will have a turnover of 60 million Riels or more at the beginning of any period of 3 calendar months. Having an annual turnover of 250 million Riels or more	
	In the case of working under a government contract	Turnover of 30 million Riels or more in any period of 3 consecutive calendar months. Having reasonable grounds to expect for that period that it will have a turnover of 30 million Riels or more at the beginning of any period of 3 calendar months. Having an annual turnover of 125 million Riels or more	
Type of business activity		A sole proprietorship which is an importer, exporter or a QIP status	Enterprises which do not satisfy the conditions on the left.

(Source: Prepared from the Law on Taxation)

In Cambodia, calculation of Tax on Profit under the Real Regime System starts from the profit before tax in accounting and makes addition to certain items for revenue and expenses which are treated differently between taxation and accounting in order to calculate taxable income. This calculation is similar to the calculation of Corporate Tax in Japan.

For the bookkeeping and the financial report, the Law on Taxation stipulates that;

Article 98 The taxpayer must keep books of account, supporting documents, and other financial documents as determined by the tax provisions and must submit these books and documents to the tax administration for inspection when requested. As to the taxpayer who has no obligation to keep books of account according to the general Chart of Accounts of the Kingdom of Cambodia, he must keep a journal with a chronological record of all income and expenses pertaining to the business in line with a form prescribed by tax administration (the rest omitted).

Article 29 Real or simplified regimes system taxpayers have the obligations:

- i) (Omitted)
- ii) Real regime system taxpayers must submit to the tax administration a tax declaration to which is attached:
 - a. Balance Sheet
 - b. Result Account
 - c. Tables of complementary information.
- iii) (Omitted)
- iv) (Omitted)

The number of taxpayers to apply the Real Regime System is 26,420 as of 2012⁴. Although the number of taxpayers to apply the Estimated Regime System is not published, we assume that it may be twice the size of the Real Regime System. SMEs often tend to underdeclare revenue in order to evade qualifying the Real Regime System because:

(1) Heavier tax burden to pay not only Tax on Profit but also Patent Tax, Withholding tax and VAT that makes SMEs under the Real Regime System lose the competition edge with other SMEs under the Estimated Regime System which imposes a lighter burden,

(2) Burden of bookkeeping and all financial statements and accounting records must be kept for at least ten years, and

(3) Burden to accept Tax Audit which includes not only Desk audit and Limited audit but also Comprehensive audit by the GDT. In order to convince SMEs that actually belong to the Real Regime System to switch to the Real Regime System, tax officers make effort to visit them.

On the other hand, according to GDT the Estimated Regime System will be cancelled and integrate into the Real Regime System in the near future. Due to reduction of burden of small taxpayers, which may not have any accounting record, GDT considers introducing simplified accounting books which include only revenue and expense information like the tax declaration of the sole proprietors that in Japan to whom Blue Print Return is not applied.

⁴ "Enforcement Trends and Compliance Challenges in Cambodia" Eng Ratana Deputy Director, Department of Large Taxpayers, General Department of Taxation (<http://www.imf.org/external/np/seminars/eng/2013/asiatax/pdfs/cambodia.pdf>)

Credit analysis of the financial institutions and utilization of financial data

To receive a loan from the financial institutions in Cambodia, collateral is mandatory. Especially immovable property may be essential to obtain a loan in practice. In 2007, the Law on Secured Transaction was enforced and not only immovable property but also movable property could be treated as collateral. Both of them can be registered at the Office of Secured Transaction and become enforceable against the debtor and the third parties. However most of financial institutions are still prohibited to take movable property as collateral and there are not many cases to treat movable property such as machinery and inventory as collateral except the project finance arranged by special financial institution which collateral is the concession provided by the Government.

On the other hand, immovable property is not a sufficient condition, but a necessary condition as collateral. Because the disposition of immovable property is not easy in practice, therefore financial institutions firstly try to convince borrowers to reschedule to collect and then negotiate with the guarantor to convince the borrower or pay subrogation. If these efforts fail, finally financial institutions will attempt to dispose the immovable property.

Therefore, financial institutions must perform credit analysis carefully before disbursement of loan and even after disbursement of the loan. In general, financial institutions require financial statements for the last 3 years from borrowers, however some SMEs which belong to the Estimate Regime System never prepare financial statements, since they may not make proper bookkeeping to generate financial statements. In this case for further credit analysis, financial institutions have interviews with management to obtain financial status orally and gather bank statements, invoices to customers and receipts from suppliers to forecast estimate financial statements on behalf of the borrowers. Some financial institutions also collect a service fee to prepare this information as a normal service ordered by borrowers.

(5) Findings through research

As mentioned in the above paragraphs, most SMEs in Cambodia are not obliged to have their Financial Statements audited under the MEF Prakas. And SMEs which are not subject to the Real Regime System of taxation do not need to submit the financial information to the Tax Administration. Moreover, in the case of applying for or borrowing a loan from financial institutions, the borrowers do not need to prepare the Financial Statements since the financial institutions prepare them on their behalf.

Therefore, we believe that the major problems of accounting for SMEs in Cambodia are as follows:

- i) Lack of proper bookkeeping and
- ii) No practice to submit financial reports to the Government authorities and financial institutions.

Another problem is inadequate implementation of the laws. We heard that there were a lot of enterprises which were not audited, although they meet the conditions stipulated by the laws or which are the Estimated Regime System taxpayers. However, the amendment of LAAP is under consideration to tighten the penalty and the Tax Administration convinces taxpayers to switch to the Real Regime System therefore the situation will be changed gradually.

Under above circumstances due to no disclosure of the financial information to the stakeholders including financial institutions and insufficient implementation of the laws, it is difficult to motivate SMEs owners to prepare the accounting records and disclose the financial information.

We also heard that the management like senior Cambodian people did not believe others and disclose the financial information to not only employees but also accounting firm. They share the financial information

with their family only. They also focus on the amount of cash on hand therefore their accounting is based on cash basis not accrual basis.

On the other hand, the management like young Cambodian people who studied abroad has more motivation to strengthen their own organization to win the competition therefore understands the benefit of the accounting information.

Meanwhile, credit sales are becoming more popular trade conditions due to the high competition in the emerging economy and increasing number of large retailers like modern supermarkets. However, some SMEs mentioned in the survey that they faced difficulty to collect receivable from customers. This problem can be solved by controlling Account Receivable through accrued basis accounting, which records it when invoicing and monitor uncollected receivable before it turns bad debt.

Launching AEC in 2015 and increasing FDI inflow into Cambodia also push the needs to prepare the financial information since the counterparts of trade or investment with the Cambodian SMEs need the financial statements for credit analysis or forming joint ventures.

Accordingly, when the new policy to promote proper bookkeeping and financial statements is considered, the management of SMEs who is really willing to improve them in order to better management or doing business with foreign or large companies shall be focused on the target of such policy.

By the way there are following procedures needed to record on the accounting books for further preparation of financial statements

Occurrence of transactions (Cash receipt/payment, delivery of merchandise or provision of service)

Preparation or collection of supporting documents as evidence of transactions (Invoices or receipts)

Complete and timely recording of the accounting books or the accounting software

Generating of financial statements based on the accounting books (in the case of using the accounting software financial statements can be generated automatically)

Preparation of notes to financial statements based on the accounting standard

Promotion to switch to the real regime system by GDT, the number of taxpayers to issue VAT invoices is increasing to apply VAT system. However, current business practice still allows making transactions without supporting documents therefore it is difficult to collect supporting documents completely. Although it is not recommended to prepare accounting record without supporting documents practical approach may be considered to do bookkeeping by insufficient supporting documents to prepare financial statements at the initial stage.

In the case of Japan not only accounting professions, but also business associations such as the Chamber of Commerce, the Association of Corporations and the Association of Blue Print Taxpayers provide advisory services of bookkeeping to its member. Therefore, SMEs in Japan is easy to get assistance to do proper bookkeeping. However, SMEs in Cambodia is difficult to get assistance since there are limited numbers of accounting professionals who are able to give practical advice to SMEs. Therefore, establishment of the environment to motivate to do proper bookkeeping with lower cost and burden is important for SMEs in Cambodia.

And there is no local accounting software developed in Cambodia which enables SMEs to prepare accounting record without professional knowledge. Most of accounting software used in Cambodia is package software developed in the U.S. or Europe, however these do not have a local tax function to calculate tax and generate tax return. Therefore, accounting software to reduce burden of accounting work

is also badly needed among SMEs in Cambodia

Moreover, further continued assistance to SMEs is necessary even after SMEs are able to do proper bookkeeping and prepare financial statements. One reason is to develop the quality of financial report to disclose more correct information to stakeholders. Another reason is to utilize financial information for management decision making. This is called managerial accounting.

Purposes of managerial accounting are:

Calculation of cost of goods sold and inventories for both internal and external stakeholders,

Provision of information for better decision making and management judgment by management, and

Provision of information about business plan, budget planning, cost control, budget control, performance evaluation and continuing improvement

Especially, business plan is important to obtain funding from domestic and overseas financial institutions and investors. Therefore, following measures may be fit for SME management who would like to utilize financial information as a decision making tool, would like to obtain funding from financial institutions or would like to trade or co-invest with foreign companies for further consultation or implementation within the company.

NPCC or other organizations can be a facilitator to introduce consultants or accounting professionals who can provide consulting service for accounting;

Business Associations such as FASMEC, Chamber of Commerce and Industry, CWEA provides short training courses of bookkeeping to its members in order to learning by SMEs management and employees. Instead, these associations may also invite accounting professionals to arrange the training course or workshop. On the other hand, Governmental or public organization such as CJCC, National Tax School under GDT and vocational training center under MLVT is also welcomed to provide such training course. However, the curriculum must be not only theoretical but also practical since this training course does not intend to pass the exam of Certified Public Accountants but build capacity of accounting work;

Qualified trainers who know accounting practice of SMEs shall also be nurtured by such associations or organizations mentioned above;

Accounting firms or consulting firms shall be promoted in order to provide not only outsourcing service of bookkeeping, but also advisory service of proper bookkeeping, services of implementation and training of accounting software, or assistance to prepare business plan to increase profit;

Introduction of qualification system of capability of accountants or bookkeepers like a bookkeeping exam in Japan; and

Development of local accounting software to monitor the business by inputting accounting data and preparing accounting books as well as generating tax return.

3. Support the diagnosis activity regarding accounting

The technical assistance was provided for two pilot companies on their requests in the area of accounting as indicated as follows. The direct OJT for the NPCC Staff in this area was not yet provided enough in this area as more basic knowledge in accounting itself is required for them. The significance of some of the managerial data and objectives of data collection and accumulation has been explained in the class room session prior to the diagnosis activities. During the project 2 companies below were supported on accounting.

(1) Lyly Food

The Experts provided two kinds of assistance for accounting issues. One assistance is to calculate the manufacturing cost for the new product and the other assistance is to implement new ERP software.

i) Calculation of manufacturing cost for new product

Firstly, the Japanese Expert team suggested that it is to be calculated the cost manufacture of the new product and the management agreed our suggestion.

The Experts obtained the actual consumption data of Raw Materials and Packing Materials for 3 months as well as the standard production formula to manufacture the new products (Bill of materials). It was also calculated the direct labor cost and depreciation cost of the machinery to calculate the production cost under the absorption costing method by Excel.

After the discussion of the result of calculation with the management, she mentioned that our calculated production cost was lower than her expectation due to incomplete production formula and consumption data. Therefore, we updated the standard production formula and consumption data to recalculate the production cost.

ii) Implementation of new ERP software

This company used to control Raw Materials, Finished Goods and Accounts Receivable by using the local package software and Excel, therefore the company did not record all accounting transactions into software to prepare the financial report.

However, management decided to purchase the new ERP software and requested us to advise their implementation of the ERP software. Since comprehensive assistance of implementation is over the scope of following up activities the Expert limits to support chart of accounts, format and type of report and job description of each accounting staff.

- a) Chart of accounts: To follow the chart of accounts stipulated in the tax return of Tax on Profit.
- b) Format and type of report: Standard formats may be enough
- c) Job description of each accounting staff: Having interview with each accounting staff to consider appropriateness with accounting/financing service skill standard published by METI in 2004. As a result, current job description can be appropriate under the current implementation of ERP software and current capability of each staff.

(2) Sentosa Silk

This company has been prepared the monthly financial report since the past. When reviewing the monthly report, the management found that the uniform business could not generate enough profit although the company got a lot of orders from customers however management could not figure out reasons. The expert compared the estimate cost and the actual cost in the monthly report and found that calculation of estimated cost was inappropriate due to following reasons.

- Estimation of overhead cost is inadequate
- Estimated cost did not cover normal defective work
- Estimated cost did not consider subcontract work which cost is higher than own work

The management agrees to improve cost estimation to generate proper profit.

In addition, the expert estimated profit for the next 3 years to prepare business plan based on the historical

financial data by following method.

- To estimate monthly sales by estimating the number of uniforms to manufacture and multiplied by average sales price
- To divide each cost item into variable cost and fixed cost and estimate future cost based on the current cost and estimated sale

4. Cooperation with the policy making

Cooperation with the Tax Administration : We had several opportunities to discuss with the Japanese Experts on the project for the Capacity Development of General Department of Taxation (GDT). GDT recognizes to enhance the revenue mobilization through the proper tax collection switched from the Estimated Regime System to the Real Regime System. On the other hand, accrued basis accounting, which is necessary when applying the Real Regime System may not be familiar with some enterprises which do not keep proper accounting records

Meanwhile the Japanese Experts on this project agreed with us to educate to keep accounting records daily basis to solve the above problems. In addition, we also agreed to hold the seminar to explain the importance of bookkeeping and its benefit to the SME management. However, the component side got a feedback that setting up the platform of supporters is important to instruct bookkeeping to SME before holding the seminar. The Experts will work with considering the seminar program and setting up the platform of supporters to SMEs.

Appendix (8)

Activities for

Accounting and Financial Component:

(8)-1 Announcement on CIFRS:



Ministry of Economy and Finance
National Accounting Council
No. 097/09 MF-NAC

ANNOUNCEMENT

On

The introduction of Cambodia International Financial Reporting Standards (CIFRS) and Cambodian International Financial Reporting Standards for Small and Medium Entities (CIFRS for SME)

In accordance with the PRAKAS No. 068 MEF/BrK dated 08 January 2009, the National Accounting Council would like to inform to all entities in the Kingdom of Cambodia as following:

1. The National Accounting Council elected the International Financial Reporting Standards effectively issued by the International Accounting Standards Board, for which from now on, called **“Cambodia International Financial Reporting Standards (CIFRS)”** to be applied for financial statements for a period beginning on or after 1 January 2012. Earlier application is encouraged; and the International Financial Reporting Standards for Small and Medium Entities, for which from now on called **“Cambodia International Financial Reporting Standards for Small and Medium Entities”** to be applied for a period beginning on or after 1 January 2010.
 - 1.1-An entity has public accountability as defined in section 2 of this announcement shall apply the Cambodia International Financial Reporting Standards (CIFRS). Earlier application is encouraged.
 - 1.2-An entity has obligation to submit its financial statements for audit in accordance with the PRAKAS of the Ministry of Economy

and Finance but has no public accountability, as defined in section 2 below, shall apply Cambodia International Financial Reporting Standards for Small and Medium Entities (CIFRS for SME). The entity can also apply the Cambodian International Financial Reporting Standards (CIFRS) if the entity feels it is necessary.

1.3-An entity has no public accountability and has no obligation to submit its financial statements for audit in accordance with the PRAKAS of the Ministry of Economy and Finance can also apply the Cambodia International Financial Standards for Small and Medium Entity.

2. An entity has public accountability if:
 - (a) Equity or debt instruments are being issued in a public market or its files, or it is in the process of filing, its financial statements with a securities commission or other regulatory organizations (domestic or foreign stock exchange or domestic or regional over-the-counter); or
 - (b) An entity holds assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance entity, securities broker/dealer, pension fund, mutual fund or investment banking entity.
3. The Cambodia International Financial Reporting Standards and Cambodia International Financial Reporting Standards for Small and Medium Entity are available at Secretariat of the National Accounting Council at Ministry of Economy and Finance, street 92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia or via web page: www.nac-mef.org .
4. Announcement No. 041/09 MEF/NAC dated 18 May 2009 is considered as invalid.
5. No compliance with this announcement shall consider as against PRAKAS No. 068, article 4.

The National Accounting Council expect that all entities properly implement this announcement from this effective date.

Unofficial Translation

In Phnom Penh, Date: 28 August 2009
Undersecretary of State and Chairman
National Accounting Council
Ministry of Economy and Finance

Ngoy Tayi

cc:

- Office of Deputy Prime Minister and Minister of Ministry of Economy and Finance
“For Information”
- Auditing firms and KICPAA **“For information and Implementation”**

Place of Recipients

- Entities “for Implementation”
- Offices of provinces **“for promotion and Cooperation”**
- Royal gazette
- Documents-Achieve

Appendix (8)

Activities for

Accounting and Financial Component:

(8)-2 PRAKAS on Promulgation of
CIFRS:



Ministry of Economy and Finance
No. 068 MEF/BK

PRAKAS
ON
PROMULGATION OF CAMBODIAN FINANCIAL REPORTING
STANDARDS

Deputy Prime Minister and Minister
Ministry of Economy and Finance

- Having seen the Constitution of the Kingdom of Cambodia;
- Have seen Royal Degree No. NS/RTK/0908/1055 dated 25 September 2008 on the appointment of the Royal Government of Cambodia;
- Having seen the Royal Kram No. 02/NS/94 dated 20 July 1994 promulgating Law on Organization and functions of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18 dated 24 January 1996 promulgating Law on Establishment of the Ministry of Economy and Finance;
- Having seen Royal Kram No. NS/RKM/0702/011 dated 08 July 2002 promulgating Law on Corporate Accounts, Their Audit and Accounting Profession;
- Having seen Sub-degree No. 04/ANKr/BK dated 20 January 2000 on the Composition and Functions of Ministry of Economy and Finance;
- Having seen Sub-degree No. 06/ANKr/BK dated 11 February 2003 on the Establishment of Department of Local Finance of Ministry of Economy and Finance;
- Having seen Sub-degree No. 78 ANKr/BK dated 18 November 2004 and Sub-degree No. 20/ANKr/BK dated 29 March 2008 on the addition and rectification of a number of departments of the Ministry of Economy and Finance;
- Having seen Sub-degree No. 134 ANKr/BK dated 15 September 2008 on promoting Custom and Excises Department, Taxes Department, and National Treasury Department to Department General of Customs and Excises, Department General of Taxes,

- and Department General of National Treasury under the Ministry of Economy and Finance;
- Having seen Sub-degree No. 08/ANKr/BK dated 30 March 2003 on the Composition and Functions of the National Accounting Council;
 - Having seen Sub-degree No. 18/ANKr/BK dated 19 March 2003 on the Composition and Functions of Khmer Institute of Certified Public Accountants and Auditors;
 - Pursuant to the proposal of Chairman of the National Accounting Council.

HEREBY DECIDES

Article 1:

To promulgate the Cambodian Financial Reporting Standards for which these standards are fully adopting from the International Financial Reporting Standards (IFRSs) for all entities operating in Cambodia, including any interpretation and modernization at all times which will happen and/or have been happened to each standard that have been issued by International Accounting Standard Board.

Article 2:

Large and medium entities bound by the obligations under the PRAKAS of the Ministry of Economy and Finance are obligated to fully implement Cambodian Financial Reporting Standards as stated in Article 1 above according to the announcement issued by the National Accounting Council.

Other categories of entities can equally use these standards for preparation of their financial reporting whenever they have judged that these standards are necessarily important and appropriate to do so.

Article 3:

The National Accounting Council has the right to select, to notify and to issue, by all means any standards issued by the International Accounting Standard Board by only changing their titles into Cambodian Financial Reporting Standards, to all enterprises with obligations and requirements to comply with. In the meantime, the National Accounting Council shall translate every accounting and reporting standard, every interpretation, and any modernization of the standards into Khmer language.

Article 4:

None compliance with any article of this Prakas shall be considered as against article 18 and article 19 of the Law on Corporate Accounts, Their Audit and Accounting Profession which was promulgated by Royal Kram NS/RKM/0702/011 dated 08 July 2002.

Article 5:

All regulations as stated in the Prakas of the Ministry of Economy and Finance No. 221 MEF/BK dated 25 March 2008 on the promulgation of the Cambodian Accounting Standards and Cambodian Financial Reporting Standards shall be repealed and superseded by this Prakas.

Article 6:

Secretary Generals, Director Generals, Chief of Office of Deputy Prime Minister and Minister of Ministry of Economy and Finance, President of Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), relevant departments and units whom under supervision of Ministry of Economy and Finance, and all large and medium entities under obligation of the article 2 above shall rigorously implement this Prakas in accordance with respective individual duties and functions from the date of signature.

In Phnom Penh, Date: 08 January 2009
Deputy Prime Minister and Minister
Ministry of Economy and Finance

Keat Chhon

Recipients

- Royal Palace
- Secretary General of Senate
- Secretary General of Parliament
- Office of Prime Minister
- Office of the Council of Ministers
- Secretary General of Royal Government of Cambodia
- Office of Ministry of Economy and Finance

“For information”

- All ministries, institutions and relevant authorities
- Provincial and Municipality Offices

“For Information and Cooperation”

- As in Article 6 **“for implementation”**
- Archives-Documentations
- Royal Gazette

Appendix (8)

Activities for

Accounting and Financial Component:

(8)-3 PRAKAS on Introduction of
Financial Reporting Template for
Small and Medium-Sized Enterprises:

Phnom Penh, 16 June 2006

**PRAKAS
ON
INTRODUCTION OF FINANCIAL REPORTING TEMPLATE
FOR SMALL AND MEDIUM-SIZED ENTERPRISES**

**Senior Minister
Minister of Economy and Finance**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No NS/RKT/0704/001 dated 13 July 2004 promulgating addendum to the Constitution aimed to secure regular functioning of the national institutions;
- Having seen Royal Decree No NS/RKT/0704/124 dated 15 July 2004 on appointment of the Royal Government of Cambodia;
- Having seen Royal Kram No 02 NS/94 dated 20 July 1994 promulgating Law on Organising and Functioning of the Council of Ministers;
- Having seen Royal Kram No NS/RKM/0196/18 dated 24 January 1996 promulgating Law on Establishment of the Ministry of Economy and Finance;
- Having seen sub-decree No 04/ANKr/BK dated 20 January 2000 on the Composition and Functioning of the Ministry of Economy and Finance;
- Having seen sub-decree No 87/ANKr/BK dated 18 January 2004 on the addition and rectification of a number of departments of the Ministry of Economy and Finance;
- Having seen Royal Kram ChS/RKM/069/03 dated 17 June 1996 promulgating Law on General Statute of Public Enterprises;
- Having seen Royal Kram NS/RKM/0702/011 dated 8 July 2002 promulgating Law on Corporate Accounts, Their Audit and Accounting Profession;
- Having seen Sub-Decree No 08 ANKr BK dated 3 March 2003 on Composition and Functioning of National Accounting Council;
- Having seen Prakas of the Ministry of Economy and Finance No. 170 SHV dated 27 March 2003 on Appointment of Board of Director to the National Accounting Council;
- As requested by the National Accounting Council according to minute of meeting dated 27 March 2006;
- Pursuant to the necessity of the Ministry of Economy and Finance.

DECIDES

Article 1

To introduce to small and medium-sized enterprise defined in article 2 below a standard financial reporting template called "**Financial Reporting Template for Small and Medium-Sized Enterprises**" as attached in Appendix of this Prakas to use so as to facilitate each small and medium-sized enterprise with a tool to apply for financing from banking and financial institutions, or for other needs at all time before being able to prepare financial statements by due date and in accordance with laws and regulations in force.

Article 2

It is deemed as "SMEs" automatically under this Prakas any enterprise carrying on business activities, which is not subject to obligation of preparing financial statements in accordance with Cambodian Accounting Standards, and based on its declaration data or examination, meets two of the three following criteria:

1. Total maximum workers-employees from 11 to 100.
2. Annual turnover is from 100 million Riels to less than 250 million Riels.
3. Total assets are from 100 million Riels to 250 million Riels.

Article 3

In preparing financial statements in accordance with the template as stated in Article 1 above, each small and medium-sized enterprise shall be responsible for its declaration by ensuring that all data provided are obtained from records or statistics properly maintained in accordance with relevant applicable laws and regulations.

Article 4

National Accounting Council shall be in charge of public dissemination, especially among SME milieu as well as banking and financial institutions, of the spirit of this Prakas and the Financial Reporting Template as in Appendix, and follows through to enforce the implementation until objectives are achieved.

Article 5

National Accounting Council, General Secretariat, General Inspection, all relevant departments and units under the tutelage of the Ministry of Economy and Finance, and all SMEs in the kingdom of Cambodia shall rigorously implement this Prakas in accordance with individual duties.

Article 6

This Prakas is effective from the date of signature.

Senior Minister
Minister of Economy and Finance

Recipients

- As in Article 5 "for implementation"
- Archives-documentation

cc

- Council of Ministers "for information"
- Administration Office of the Council of Ministers "for publication in Royal Gazette"

Forward

The Royal Government of Cambodia has passed many laws in recent years to facilitate Cambodia's modernization and integration into the global economy. In 2002, the requirement to prepare financial statements was mandated in the Law on Corporate Accounts, their Audit, and the Accounting Profession ("LAAAP"), and in 2003, Cambodian Accounting Standards ("CAS") were introduced. The purpose of CAS is to provide the basis for recording and classifying financial transactions, and to establish a framework for preparing financial statements.

In 2005, the National Accounting Council ("NAC"), in conjunction with the Asian Development Bank ("ADB") and the Kampuchea Institute of Certified Public Accountants and Auditors ("KICPAA"), undertook a review of the implementation of the LAAAP. Consequently, a new Prakas was issued, which, inter alia, established thresholds for enterprises to be subject to statutory audit. In addition to establishing the statutory audit thresholds, the Prakas clarified that only those enterprises that were subject to statutory audit were required to prepare financial statements in accordance with CAS.

The Cambodian economy, at its current stage of economic development, is host to a large number of small and medium sized enterprises ("SMEs") that are not required to prepare financial statements in accordance with CAS. However, these same SMEs often find it difficult to obtain access to finance, due to their inability to provide lending institutions with appropriate financial information.

To assist SMEs to improve their access to finance, NAC and KICPAA, together with Asian Development Bank (ADB), designed the attached financial reporting template as part of ADB's SME Development Program technical assistance. In addition to the template, this booklet contains explanatory notes on the basis of preparation of the financial reporting template, a definitions section that explains in plain language the various items that make up the financial statements and the terms contained therein, and a brief narrative on why it is important for enterprises to maintain accounting records, and produce financial statements.

I fully encourage SMEs to use the template in this booklet as a basis for preparing financial statements, for both internal management purposes, and for presentation to banks to support an application for a loan.

Phnom Penh, June 14, 2006

H.E. Ngy Tayi

Under Secretary of State of Ministry of Economy and Finance
Chairman of the Cambodian Accounting System Reform and
National Accounting Council

Table of Contents

	Page
1. Forward	
2. Overview of Financial Reporting Template for SME.....	1
3. Benefits of using Financial Reporting Template	3
4. Definitions of terminology.....	5
i. Balance Sheet.....	5
ii. Income Statement	10
iii. Notes to Financial Statements.....	12
5. Instructions on completing the Financial Reporting Template	13
6. Financial Reporting Template.....	15
i. Financial Reporting Template for company	
ii. Financial Reporting Template for sole proprietorship	

Overview of Financial Reporting Template for SMEs

Overview

The Financial Reporting Template (“FRT”) has been designed to assist enterprises to prepare a basic set of financial statements. The main reason for developing the FRT is to enable enterprises to provide basic financial information to potential lenders. In addition it is anticipated that by preparing basic financial statements, owners and managers of enterprises will be able to better understand and manage their business.

The FRT is a tool to assist enterprises in preparing their financial statements to accompany an application for borrowing from lenders, and to assist enterprises to comply with the applicable laws and regulations.

What is the FRT?

The FRT includes the following components:

1. Corporate information / enterprise information
2. Statement by Directors / Statement by Owner
3. Balance Sheet
4. Income Statement
5. Notes to the financial statements

An explanation of each component of the FRT follows:

1. Corporate information / enterprise information

This schedule provides the readers of the financial statements with fundamental information about the enterprise.

The registration number indicates the legal form of the enterprise, and should be obtained from the business registration or license certificate issued by the relevant authority.

The registered office is the address of the primary place of business, and should be the same as that registered with the relevant regulatory authority. This address should also be the primary address for communication purposes.

The disclosure of shareholder/owner, directors and management team information provides the readers of the financial statements with important detail about the ownership and management structure of the enterprise. If the directors and management team are different to the shareholders / owners this would indicate that the owners may not be involved in the day to day running of the business.

The disclosure of the principal banker is useful, particularly if the enterprise is seeking credit.

2. *Statement by the directors / statement by the owner*

Signature of this statement by the directors / owners provides a degree of comfort to users of the financial statements. By signing this statement, the directors / owners acknowledge that the financial statements have been prepared using the accounting policies attached to the notes to the accounts, and implies that users of the financial statements can rely upon the application of those policies in preparing the statements.

Signature ostensibly gives directors / owners ownership of the financial statements.

3. *Balance Sheet*

The Balance Sheet provides the financial position of the enterprise as at a particular date. In Cambodia, an annual balance sheet is normally prepared as at 31 December of each year.

4. *Income statement*

The income statement shows the results of the business operations of the enterprise for the accounting period. In Cambodia, the normal accounting period is the year ended 31 December.

5. *Notes to the financial statements*

The notes to the financial statements comprise:

1. Organization and principal activities
2. Significant accounting policies
3. Assumptions underlying the financial statements
4. Additional information

The “organization and principal activities” is an important disclosure as this allows the user of the financial statement to understand the legal form of the enterprise, its areas of business activity, and size (in terms of employees).

The significant accounting policies allow the reader to understand the accounting policies adopted in preparing the financial statements.

The underlying assumptions disclosure provides further information on the financial statements as to the manner in which the financial statements have been prepared.

The additional information notes provide detailed information for each item that appears on the face of the Balance Sheet and Income Statement.

Benefits of using FRT

The FRT was developed to assist SMEs to produce basic financial statements. The objectives of enabling SMEs to produce basic financial statements are to allow the managers and owners of SMEs to better manage their businesses, and to improve their access to finance by providing basic financial information to potential lenders, primarily commercial banks.

The preparation of financial statements will assist SMEs in the following ways:

1. Better manage the business

The preparation of financial statements will provide important financial information to owners and managers of enterprises to assist in better managing the enterprise. The Income Statement will provide a measure of the operational performance of the enterprise, and the Balance Sheet will provide a snapshot of the health of the business at a particular point in time.

Income Statement - Measure of operational performance

The Income Statement quantifies in monetary terms the results of business operations in any period. By preparing the income statement SMEs will be able to establish whether the business is either making a profit or a loss. By critically reviewing the financial statement, owners and managers will be able to make informed decisions on the operational performance of the business, and the analysis of the income statement will assist in determining actions to be taken to improve business performance.

In particular, owners and managers will be able to monitor revenue streams and expenditure of the business. Operational performance may basically be considered as good if the enterprise makes a profit. Conversely, performance may be considered unsatisfactory if the enterprise makes a loss.

The following are examples of remedial action that an enterprise may take, as a result of the review of the income statement:

Income: If sales during the period decrease there may be a number of different reasons why this happens. One reason may be due to poor customer service. If this is the case, the management may consider providing relevant training and / or incentives to staff who improve the sales of the enterprise.

Expenses: The management may plan to reduce costs in order to maximise profit. One method of reducing costs would be to negotiate better prices and terms with suppliers of goods and services. Discounts will reduce cost of sales and result in increase of enterprise profitability.

On the other hand, the management may review expense items that are costly and find out if it is possible to reduce cost by using substitute products.

Balance Sheet - Financial position

The Balance Sheet provides a snapshot of the financial position of an enterprise at a point in time. An enterprise is generally considered to be in a good financial position if the enterprise has an excess of assets over liabilities, and if there are accumulated profits. Conversely, an enterprise would be considered to be in a poor financial position if liabilities exceed assets, and the enterprise has accumulated losses.

The Balance Sheet will also show the ability of the enterprise to meet future obligations, and will show the assets available to fund future expansion.

By reviewing the balance sheet an owner or manager will be able to make informed decisions about the health of the business.

Liquidity

To survive and prosper a business must be able to meet its financial obligations as and when they fall due. In simple language, this means that a business is able to pay its expenses within the timeframe provided by suppliers. An enterprise is generally considered liquid if its current assets exceed its current liabilities. By preparing a balance sheet an owner or manager will be able to determine the enterprises liquidity.

If the company is extremely liquid, that is, if current assets far exceed current liabilities, then the enterprise may be in a position to expand its business. However, if current liabilities exceed current assets this could indicate that the enterprise may be facing financial difficulties.

2. Better access to finance

For an enterprise to be able to obtain a loan from a bank the enterprise must be able to show the bank that it has a good business, and that it will be able to repay the money borrowed from the bank. The best way to demonstrate to the bank the health of the business is to provide a set of financial statements, including the Income Statement and the Balance Sheet.

In the same way that the Income Statement and Balance Sheet will provide the owner and manager of an enterprise with information to make informed business decisions, the bank will be able to make similar decisions about the enterprise's ability to repay a bank loan.

If an enterprise provides a bank with a financial statement, this will make it easier for the bank to evaluate the credit worthiness of the enterprise, and should reduce the amount of time that a bank takes to decide whether a loan can be made.

In addition, a proven track record in business, as demonstrated by financial statements covering a number of years, could result in an enterprise obtaining lower interest rates.

3. Cost savings

By preparing their own financial statements owners and managers may not need to engage third parties to prepare financial statements, which would result in cost savings to the enterprise.

Definitions

Introduction

The definitions contained in this document explain the terms included in the Financial Reporting Template (“FRT”). The definitions have been based on the definitions of accounting terms contained in Cambodian Accounting Standard (CAS), however have been simplified in an attempt to allow a broader audience, other than qualified accountants, to understand the content of the Financial Reporting Template.

Definitions

Balance Sheet

The Balance Sheet is a statement that lists all the assets owned by a business, all the liabilities owed by a business, the share capital of, or the owner’s capital contribution to the business, and the earnings retained in the business, as at a particular date. The balance sheet can be described by the following simple equation:

Total Assets = Total Liabilities + Share Capital / Owners Capital Contribution + Retained Earnings

Or

Total Assets – Total Liabilities = Share Capital / Owners Capital Contribution + Retained Earnings

Asset

An asset is an item of value owned by the business.

Liability

A liability is an amount owed by the business to someone else.

Equity

Equity is the difference between the assets owned by an enterprise, and the liabilities owed by an enterprise. Equity normally comprises “Share Capital / Owners Capital Contribution” and “Retained Earnings”.

Related parties

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence over the other party, in making financial and operating decisions.

Significant influence is participation in the financial and operating policy decisions of an enterprise, but not necessarily controlling those policies.

External parties

Parties are considered to be external if there is no ability for one party to exert control over the other party.

Non-current assets

Assets are classified as “Non-current” if they have an expected useful life of greater than one year, or are not expected to be realized in less than one year. Non-current assets can be sub-classified as follows:

Fixed assets

Fixed assets are assets that are:

- used by an enterprise to produce or supply goods or services,
- used for administrative purposes, or
- rented to others for profit

Fixed assets include buildings, motor vehicles, machines, furniture, and office equipment.

Due from related parties

These are amounts owed to the enterprise by related parties, expected to be repaid after more than one year.

Due from external parties

These are amounts owed to the enterprise by non-related parties, expected to be repaid after more than one year.

Other non-current assets

All other assets not considered fixed assets, due from related parties, or due from external parties, that are not expected to be realized within one year, are classified as “other non-current assets”.

Current assets

An asset should be classified as a current asset when:

- (a) it is expected to be realised in, or is held for sale or consumption, in the normal course of the enterprise’s operating cycle; or
- (b) it is held primarily for trading purposes or for the short-term and expected to be realised within twelve months of the balance sheet date; or
- (c) it is cash or cash equivalent asset (such as bank account) which is not restricted in its use.

Current assets are assets that are expected to be used / or replaced within twelve months of the balance date.

Trade and other receivables

Basically, trade and other receivables are amounts owed to the business by its customers. A receivable arises when goods or services have been sold to a customer, and payment has not been received.

Provision for bad and doubtful debt

A bad debt is a debt that cannot be recovered from a customer. A doubtful debt is a debt that is unlikely to be recovered from a customer.

A provision for bad and doubtful debts should be made at balance date to estimate the amount of debts that will not be collected from customers.

The provision will be deducted from the profit in the Income Statement and will also be deducted from the "Trade and other receivables" figure in the Balance Sheet.

Inventories

Inventories are normally:

- current assets held for sale in the ordinary course of business, or
- current assets used in the production of goods held for resale.

Basically, inventory is the value of stock or goods which exists at the end of the accounting period, and is calculated as follows:

Ending inventory = opening inventory + purchases + goods manufactured – less sales

Due from related parties

These are amounts owed to the enterprise by related parties, expected to be repaid in less than one year.

Due from external parties

These are amounts owed to the enterprise by other parties, who are not customers and related parties, expected to be repaid in less than one year.

Cash and bank balances

Amount of cash held by an enterprise, together with the amount in the enterprise's bank account(s) at balance sheet date.

Total assets

Total assets are an aggregate amount of total non-current assets and total current assets.

Non-current liabilities

Basically, non-current liabilities are amounts owed to someone else, such as banks and money-lenders, which are payable after twelve months.

Due to related parties

These are amounts owed by the enterprise to related parties, expected to be repaid after more than one year.

Due to external parties

These are amounts owed by the enterprise to non-related parties, expected to be repaid after more than one year.

Current liabilities

A liability should be classified as a current liability when it:

- (a) is expected to be settled in the normal course of the enterprise's operating cycle; or
- (b) is due to be settled within twelve months of the balance sheet date.

Basically, current liabilities are what a company currently owes to its suppliers and creditors.

Bank overdraft

A bank overdraft is a bank account where the bank allows the enterprise to "borrow" cash on a short-term basis to meet the needs of the enterprise. The overdraft facility is normally formalized, and subject to the enterprise providing security to secure the amount of the overdraft.

Trade and other payables

Basically, trade and other payables are amounts owed (within twelve months) by an enterprise for goods and services purchased on credit terms. This means payment for goods and services is due at a date later than the date of purchase.

Due to related parties

These are amounts owed by the enterprise to related parties, expected to be repaid in less than one year. These amounts are often advances from shareholders / owners.

Due to external parties

These are amounts owed by the enterprise to other parties, who are not customers and related parties, expected to be repaid in less than one year.

Total liabilities

Total liabilities is the aggregate of total non-current liabilities and current liabilities.

Equity

Equity is the difference between the assets owned by an enterprise, and the liabilities owed by an enterprise. Equity normally comprises “Share Capital / Owners Capital Contribution” and “Retained Earnings”.

Paid up share capital

This represents the money that shareholders invest in the business, and cannot be withdrawn from the business until the business ceases operations.

Owner’s capital contribution

This is similar to Paid Up Capital, and refers to the amount of money a sole proprietor, or owner, puts into the enterprise. The owner’s capital contribution will increase if the owner puts in additional funds, or decrease if the owner withdraws funds, over the life of the business.

Drawings

Drawings represent cash taken out of the business by the owner of the enterprise.

Retained earnings – prior period

“Retained earnings – prior period” are profits earned by the enterprise in periods prior to the current financial year, and not paid out to the owners of the enterprise. If losses were made in prior periods this figure will be negative.

In the first year of enterprise operation, there will be no prior year retained earnings.

Retained earnings - prior period equals the accumulation of profits and losses from the commencement of business until the end of the year prior to the current year.

Retained earnings – current period

These are current year profits not paid out to the owners of the enterprise. This amount should be equal to the “profit/(loss) for the year” in the Income Statement.

Total equity

Total equity is the aggregate amount of Share Capital / Owner Capital contribution, retained earnings for prior periods and retained earnings for current period, less “drawings”.

Total liabilities and equity

The aggregate amount of total liabilities and total equity, and must be equal to total assets.

Income statement

The Income Statement calculates the net profit or loss that the business has made within an accounting period, by deducting all expenditure from the income. A net profit is earned if total revenue exceeds total expenditure; a net loss is made if total expenditure exceeds total revenue.

Revenue

Revenue represents gross income after deducting discount earned by an enterprise from carrying on its normal business activities, and usually is calculated as the value of goods and services sold to customers during the year.

Cost of sales and services

Cost of sales is the cost price of goods and services sold to customers, and is calculated as follows:

- Opening stock, (the cost of stock that exists at the beginning of the year)
- Plus Purchases of goods for resale, during the year
- Plus Production cost of goods manufactured, during the year.
- Less Closing stock, (the cost of stock that exists at the end of the year). Closing stock is equal to “inventory” that appears in the Balance Sheet as inventory in the current assets section.

Gross profit

Gross profit is the difference between revenue and cost of sales and services, and is calculated as follows:

Gross Profit = Revenue – Cost of sales and services

Gross profit is often shown as a percentage, and assists in evaluating the profitability of an enterprise. Normally, the higher the Gross Profit in percentage terms, the more profitable the enterprise.

Other operating income

Other operating income represents income that is not related to the main business activity. Examples of other operating income will be rent (if the main business is not that of a landlord), dividends, profit of sale of fixed assets, insurance claims etc. Other operating income does not include interest income (which is shown separately).

Operating expenses

Operating expenses are costs associated with running a business, but not directly related to the cost of goods and services being sold.

Profit / (loss) from operations

The excess or deficit of total operating income over operating expenditure. The profit or loss is calculated as follows:

Profit / loss = Gross profit / (loss) + other operating income – operating expenses

Profit / (loss) from operations is also called profit / (loss) before interest and tax.

Interest (expense) / income

Interest expense

This is interest charged on borrowings during the year.

Interest income

This is interest earned from:

- money deposited with a bank,
- money lent to related or external parties,
- customers for their late payment under credit terms.

Profit / (loss) before income tax

This is calculated by (deducting) / adding net interest (expense) / income from profit / (loss) from operations.

Income tax expense

Income tax expense represents the amount of profit tax paid to the Tax Department during the year.

Profit / (loss) for the year

Profit / (loss) for the year is the net result of all business activities carried out during the year, and is calculated by deducting income tax expense from profit / (loss) before income tax.

Notes to the financial statements

Accruals basis of accounting

Under this basis, transactions are recognized when they occur regardless of whether cash has been paid or received. Transactions are recorded in the accounting period to which they relate.

Historical cost basis

The historical cost basis of accounting records transactions at the actual cost at the date of the transaction. The costs of each transaction are not adjusted for changes in current costs at a particular valuation date.

Depreciation of fixed assets

Depreciation

Depreciation is the “cost” of writing off fixed assets over their anticipated useful life. In other words, depreciation is the measure of “wearing out” of a fixed asset.

Straight line depreciation

Straight line depreciation writes off the cost of a fixed asset in equal amounts over its useful life. For example, if an asset has a useful life of 5 years, the cost of the asset would be written off in equal amounts over 5 years.

Accumulated Depreciation

Accumulated depreciation is the total depreciation charged from year of buying an asset to the end of the current accounting year.

Net book value

Net book value is the depreciated value of a fixed asset at the end of the year, and is calculated as follows:

Net Book Value = Value of fixed asset at start – accumulated depreciation

The net book value of fixed assets is shown in the balance sheet.

Instructions on Completing FRT for SMEs

The FRT is available in electronic and manual formats. Following are instructions for transferring your financial information into the FRT.

Completing the template using the spreadsheet version

1. Firstly, you will need to make a list, or trial balance, of all income, expenditure, assets, liabilities and capital of the business.
2. From your list, or trial balance, transfer the information to the appropriate classifications in notes 4 to 16 to financial statements. The majority of the detail in the Balance Sheet and Income Statement will be updated automatically once the information has been inserted into the notes to the financial statements.
3. "Other operating income" and "income tax expense" will need to be input **directly** into the Income Statement from your source of information.
4. Information for "Cash and bank balances", and "Bank overdraft" will need to be input **directly** into the Balance Sheet from your information.
5. Insert "Retained earnings – prior periods". This will be taken from the previous year financial statement. Leave this item blank if this is the first year of completing the template.
6. If your information is correctly input, "total assets" will equal "total liabilities and equity", and "Retained Earnings – Current Period" will be equal to "Profit /(loss) for the year" from the Income Statement.

Completing the manual template

1. Firstly, you will need to make a list, or trial balance, of all income, expenditure, assets, liabilities and capital of the business.
2. From your list, or trial balance, transfer the information to the appropriate classifications in notes 4 to 16 to financial statements.
3. Transfer totals from each component in notes 4 to 16 to the financial statements to the corresponding classifications in the Balance Sheet and Income Statement. For example:

Note 4: Fixed assets

Transfer "net book value as at 31 December 20XX₁" in total fixed assets column to "fixed assets in column 20XX₁" in Balance Sheet.

Note 15: Operating expenses

Transfer total figure in column 20XX₁ to "operating expenses" in column 20XX₁ in Income Statement.

4. "Other operating income" and "income tax expense" will need to be input **directly** into the Income Statement from your source of information.
5. Calculate "Profit / (loss) for the year".
6. Information for "Cash and bank balances" and "Bank overdraft" will need to be input **directly** into the Balance Sheet from your information.
7. Insert "Retained earnings – prior periods". This will be taken from the previous year financial statement. Leave this item blank if this is the first year of completing the template.
8. Insert "Retained Earnings – Current Period". The amount should be equal to "Profit / (loss) for the year" from the Income Statement.
9. If your information is correctly input, "total assets" will equal "total liabilities and equity".

FRT for company

ABC CO LTD.

Financial Statements
and
Directors' Statement
31 December 20XX₁

Corporate information

Company	ABC Co. Ltd
Registration No. Issued by	XXXXXXXXXXXX XXXXXXXXXXXX
Registered office	XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX Cambodia
Shareholder	XXXXXXXXXXXX
Directors	XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX
Management team	XXXXXXXXXXXX XXXXXXXXXXXX
Principal bankers	XXXXXXXXXXXX

Contents

	Page
1 Statement by the directors	1
2 Balance sheet	2
3 Income statement	3
4 Notes to the financial statements	4

Statement by the directors

We, XXXXXXXXXXXX and XXXXXXXXXXXX, on behalf of the Board of Directors do hereby state that the financial statements of ABC Co. Ltd (“the Company”) set out on pages ... to ... have been prepared in accordance with the accounting policies set out in Notes 2 and 3 to the financial statements.

[Signed on behalf of the Board in accordance with a resolution of the directors,]

XXXXXXXXXXXXXXXX

Director

XXXXXXXXXXXXXXXX

Director

Date:

ABC Co. Ltd
Balance sheet
31 December 20XX₁

	Note	20XX ₁ R'000	20XX ₀ R'000
Non-current assets			
Fixed assets	4	-	-
Due from related parties	5(a)	-	-
Due from external parties	6(a)	-	-
Other non-current assets		-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	8	-	-
Inventories	7	-	-
Due from related parties	5(b)	-	-
Due from external parties	6(b)	-	-
Cash and bank balances		-	-
Total current assets		-	-
Total assets		-	-
Non-current liabilities			
Due to related parties	10(a)	-	-
Due to external parties	11(a)	-	-
Total non-current liabilities		-	-
Current liabilities			
Bank overdraft		-	-
Trade and other payables	9	-	-
Due to related parties	10(b)	-	-
Due to external parties	11(b)	-	-
Total current liabilities		-	-
Total liabilities		-	-
Equity			
Paid up share capital	12	-	-
Retained earnings – prior period		-	-
Retained earnings – current period		-	-
Total equity		-	-
Total liabilities and equity		-	-

These accounts are unaudited. The accompanying notes form part of these financial statements.

ABC Co. Ltd
Income statement
Year ended 31 December 20XX₁

	Note	20XX ₁ R'000	20XX ₀ R'000
Revenue	13	-	-
Cost of sales and services	14	()	()
		<hr/>	<hr/>
Gross profit		-	-
Other operating income		-	-
		<hr/>	<hr/>
		-	-
Operating expenses	15	()	()
		<hr/>	<hr/>
Profit / (loss) from operations		-	-
Interest (expense) / income	16	()	()
		<hr/>	<hr/>
Profit / (loss) before income tax		-	-
Income tax expense		()	()
		<hr/>	<hr/>
Profit / (loss) for the year		-	-
		<hr/> <hr/>	<hr/> <hr/>

These accounts are unaudited. The accompanying notes form part of these financial statements.

ABC Co. Ltd
Notes to the financial statements
31 December 20XX₁

1. Organization and principal activities

The Company was incorporated in Cambodia on _____ under Registration No. _____ and commenced operations on _____.

The principal activities of the Company are _____

As of 31 December 20XX₁ the Company had ____ employees (20XX₀: ____).

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the accruals basis of accounting, using the historical cost basis.

(b) Currency and foreign exchange

Sale and purchase transactions in foreign currencies are recorded in the Riel equivalent at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions are recognised in the income statement. Assets and liabilities denominated in foreign currency at the balance sheet date are retained in the balance sheet at historical exchange rates.

(c) Fixed assets

a. Fixed assets are stated at cost less accumulated depreciation.

b. Depreciation

i. Freehold land is not depreciated

ii. Depreciation on fixed assets is charged as expense on a straight-line basis using the following annual rates:

Buildings	xx%
Computers, computer software and related equipment	xx%
Motor vehicles	xx%
Office furniture and office equipment	xx%
Other fixed assets	xx%

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

2. Significant accounting policies (continued)

(d) Inventories

Inventories are valued at the lower of cost and net realisable value, and measured on an average cost basis.

(e) Receivables

Receivables are valued at gross book value less provision for doubtful debts.

(f) Non-current loans

Non-current loans are valued at book value, less repayments of principal and provision for non-recovery.

(g) Leases

Lease payments are recognised as expense in the period in which they are incurred.

(h) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Taxation

Taxation expense is calculated based on the current company tax rate on profits, adjusted for disallowable expenses or exempt forms of income, and taking into account any tax losses available in accordance with the Law on Taxation. Deferred tax is not recognized.

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

2. Significant accounting policies (continued)

(j) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Revenue is stated net of discounts and allowances.

3. Assumptions underlying the financial statements

The financial statements have been prepared on a going-concern basis, and the accounting policies have been consistently applied. Comparative information has been provided, and immaterial amounts have not been disclosed. Offsetting of assets and liabilities has not taken place.

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

4. Fixed assets

	Land R'000	Buildings R'000	Computers, computer software and related equipment R'000	Motor vehicles R'000	Office furniture and office equipment R'000	Other fixed assets R'000	Construction in progress R'000	Total fixed assets R'000
Cost								
At 1 January 20XX ₁	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposed assets – at cost	()	()	()	()	()	()	()	()
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
Less: Accumulated depreciation								
At 1 January 20XX ₁	-	-	-	-	-	-	-	-
Charge during the year	-	-	-	-	-	-	-	-
Written back during the year	()	()	()	()	()	()	()	()
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
Net book value								
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
At 31 December 20XX ₀	-	-	-	-	-	-	-	-

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

5. Due from related parties

(a) Non-current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

6. Due from external parties

(a) Non-current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

7. Inventories

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

8. Trade and other receivables

	20XX ₁	20XX ₀
	R'000	R'000
	-	-
	-	-
	-	-
Less provision for doubtful debts	()	()
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

9. Trade and other payables

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

10. Due to related parties

(a) Non-current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

(b) Current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

11. Due to external parties

(a) Non-current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

12. Share capital

Name of shareholders	20XX ₁	20XX ₀
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
	<hr/>	
	-	-
	<hr/>	

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

13. Revenue

	20XX ₁ R'000	20XX ₀ R'000
[list different types of revenue, if necessary]	-	-
	-	-
	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

14. Cost of sales

	20XX ₁ R'000	20XX ₀ R'000
Opening stock	-	-
Purchases	-	-
Cost of production	-	-
	<hr/>	<hr/>
	-	-
Closing stock	()	()
	<hr/>	<hr/>
Cost of sales	-	-
	<hr/>	<hr/>

ABC Co. Ltd
Notes to the financial statements (continued)
31 December 20XX₁

15. Operating expenses

	20XX ₁ R'000	20XX ₀ R'000
Advertising	-	-
Audit and accounting	-	-
Bad debt expense	-	-
Bank charges	-	-
Depreciation and amortisation	-	-
Employee remuneration	-	-
Entertainment	-	-
Fringe benefits	-	-
Meals and accommodation – mission expenses	-	-
Professional fees	-	-
Rent	-	-
Repairs and maintenance	-	-
Sub-contractors	-	-
Taxes & duties	-	-
Transportation	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Additional expense items may be included where appropriate.

16. Interest expense

	20XX ₁ R'000	20XX ₀ R'000
Interest income	()	()
Exchange gains	()	()
	<hr/>	<hr/>
	()	()
Interest expense	-	-
Exchange losses	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
Net interest expense / (income)	-	-

FRT for Sole Proprietorship

MR. AAA XYZ

TRADING AS

XYZ ENTERPRISE

Financial Statements
and
Owner's Statement
31 December 20XX₁

Enterprise information

Enterprise	XYZ Enterprise
Registration No. Issued by	XXXXXXXXXXXX XXXXXXXXXXXX
Business address	XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX Cambodia
Owner's name	AAA XYZ
Management team	XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX
Principal bankers	XXXXXXXXXXXX

Contents

	Page
5 Statement by the owner	1
6 Balance sheet	2
7 Income statement	3
8 Notes to the financial statements	4

Statement by the owner

I, Mr. AAA XYZ do hereby state that the financial statements of XYZ Enterprise (“the Enterprise”) set out on pages to have been prepared in accordance with the accounting policies set out in Notes 2 and 3 to the financial statements.

[Signed by]

Mr AAA XYZ

Owner

XYZ Enterprise
Balance Sheet
31 December 20XX₁

	Note	20XX ₁ R'000	20XX ₀ R'000
Non-current assets			
Fixed assets	4	-	-
Due from related parties	5(a)	-	-
Due from external parties	6(a)	-	-
Other non-current assets		-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	8	-	-
Inventories	7	-	-
Due from related parties	5(b)	-	-
Due from external parties	6(b)	-	-
Cash and bank balances		-	-
Total current assets		-	-
Total assets		-	-
Non-current liabilities			
Due to related parties	10(a)	-	-
Due to external parties	11(a)	-	-
Total non-current liabilities		-	-
Current liabilities			
Bank overdraft		-	-
Trade and other payables	9	-	-
Due to related parties	10(b)	-	-
Due to external parties	11(b)	-	-
Total current liabilities		-	-
Total liabilities		-	-
Equity			
Owners capital contribution	12	-	-
Retained earnings – prior period		-	-
Retained earnings – current period		-	-
Drawings		()	()
Total equity		-	-
Total liabilities and equity		-	-

These accounts are unaudited. The accompanying notes form part of these financial statements.

XYZ Enterprise
Income Statement
31 December 20XX₁

	Note	20XX ₁ R'000	20XX ₀ R'000
Revenue	13	-	-
Cost of sales and services	14	()	()
Gross profit		-	-
Other operating income		-	-
Operating expenses	15	()	()
Profit / (loss) from operations		-	-
Interest (expense) / income	16	()	()
Profit / (loss) before income tax		-	-
Income tax expense		()	()
Profit / (loss) for the year		-	-

These accounts are unaudited. The accompanying notes form part of these financial statements.

XYZ Enterprise

Notes to the financial statements

31 December 20XX₁

1. Organization and principal activities

The Enterprise was incorporated in Cambodia on _____ under Registration No. _____ and commenced operations on _____.

The principal activities of the Enterprise are the _____

As of 31 December 20XX₁ the Enterprise had ___ employees (20XX₀: ___).

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the accruals basis of accounting, using the historical cost basis.

(b) Currency and foreign exchange

Sale and purchase transactions in foreign currencies are recorded in the Riel equivalent at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions are recognised in the income statement. Assets and liabilities denominated in foreign currency at the balance sheet date are retained in the balance sheet at historical exchange rates.

(c) Fixed assets

a. Fixed assets are stated at cost less accumulated depreciation.

b. Depreciation

i. Freehold land is not depreciated

ii. Depreciation on fixed assets is charged as expense on a straight-line basis using the following annual rates:

Buildings	xx%
Computers, computer software and related equipment	xx%
Motor vehicles	xx%
Office furniture and office equipment	xx %
Other fixed assets	xx %

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

2. Significant accounting policies (continued)

(d) Inventories

Inventories are valued at the lower of cost and net realisable value, and measured on an average cost basis.

(e) Receivables

Receivables are valued at gross book value less provision for doubtful debts.

(f) Non-current loans

Non-current loans are valued at book value, less repayments of principal and provision for non-recovery.

(g) Leases

Lease payments are recognised as expense in the period in which they are incurred.

(h) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Taxation

Taxation expense is calculated based on the current company tax rate on profits, adjusted for disallowable expenses or exempt forms of income, and taking into account any tax losses available in accordance with the Law on Taxation. Deferred tax is not recognized.

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

2. Significant accounting policies (continued)

(j) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Enterprise and the amount of the revenue can be measured reliably. Revenue is stated net of discounts and allowances.

3. Assumptions underlying the financial statements

The financial statements have been prepared on a going-concern basis, and the accounting policies have been consistently applied. Comparative information has been provided, and immaterial amounts have not been disclosed. Offsetting of assets and liabilities has not taken place.

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

4. Fixed assets

	Land R'000	Buildings R'000	Computers, computer software and related equipment R'000	Motor vehicles R'000	Office furniture and office equipment R'000	Other fixed assets R'000	Construction in progress R'000	Total fixed assets R'000
Cost								
At 1 January 20XX ₁	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposed assets – at cost	()	()	()	()	()	()	()	()
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
Less: Accumulated depreciation								
At 1 January 20XX ₁	-	-	-	-	-	-	-	-
Charge during the year	-	-	-	-	-	-	-	-
Written back during the year	()	()	()	()	()	()	()	()
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
Net book value								
At 31 December 20XX ₁	-	-	-	-	-	-	-	-
At 31 December 20XX ₀	-	-	-	-	-	-	-	-

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

5. Due from related parties

(a) Non-current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

6. Due from external parties

(a) Non-current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁ R'000	20XX ₀ R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

7. Inventories

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

8. Trade and other receivables

	20XX ₁	20XX ₀
	R'000	R'000
	-	-
	-	-
	-	-
Less provision for doubtful debts	()	()
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

9. Trade and other payables

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

10. Due to related parties

(a) Non-current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	<hr/>
-	-
<hr/> <hr/>	<hr/> <hr/>

XYZ Enterprise
Notes to the financial statements (continued)
31 December 20XX₁

(b) Current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

11. Due to external parties

(a) Non-current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

(b) Current

20XX ₁	20XX ₀
R'000	R'000
-	-
-	-
-	-
<hr/>	
-	-
<hr/>	

12. Owners capital contribution

Name of owner	20XX ₁	20XX ₀
	R'000	R'000
Mr AAA XYZ	-	-
	-	-
	<hr/>	
	-	-
	<hr/>	

YZ Enterprise
Notes to the financial statements (Continued)
31 December 20XX₁

15. Operating expenses

	20XX ₁	20XX ₀
	R'000	R'000
Advertising	-	-
Audit and accounting	-	-
Bad debt expense	-	-
Bank charges	-	-
Depreciation and amortisation	-	-
Employee remuneration	-	-
Entertainment	-	-
Fringe benefits	-	-
Meals and accommodation – mission expenses	-	-
Professional fees	-	-
Rent	-	-
Repairs and maintenance	-	-
Sub-contractors	-	-
Taxes & duties	-	-
Transportation	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

Additional expense items may be included where appropriate.

16. Interest expense

	20XX ₁	20XX ₀
	R'000	R'000
Interest income	()	()
Exchange gains	()	()
	<hr/>	<hr/>
	()	()
Interest expense	-	-
Exchange losses	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
Net interest expense / (income)	-	-

