

## **SUMMARY REPORT**

### **Training on accounting for management of milk marketing cooperatives CARD, June 15, 2007**

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To provide technical assistance to 14 CARD supported milk marketing cooperatives CARD RD department initiated provision of one day training for cooperatives' management at CARD office on accurate and appropriate accounting and bookkeeping. To assess the specific needs of the cooperatives CARD hired Karen Kirakosyan to convene initial study of bookkeeping practices currently utilized by the cooperatives. The study had been carried out in Elita and Vahan Milk Marketing Cooperatives. Based on study findings the topics and agenda of the seminar-training were developed. The training was organized at CARD office on June 15, 2007 from 11:00 am to 2:30 pm. 9 people from the cooperatives participated in the training.

The training consisted of two parts: theoretical training and practical questions & answers sessions. During the first session Karen Kirakosyan introduced the key articles of tax laws (VAT and Profit tax) as well as specifics of taxation of agricultural production. The issues currently present at the cooperatives were introduced that may create ground for VAT taxation. Attention was also paid to registering cash inflows of the cooperatives as grants or donations (membership fees) instead of showing them as an income. After theoretical session, a discussion on applying the suggestions was made. Particularly the contract form between cooperative and its members was reviewed and edited, general structure of bookkeeping of milk collection and marketing was designed, usage of off-balance accounts in accounting was discussed.

#### **Shortcomings**

The following shortcomings were observed during the training:

- Low attendance: Only 9 participants from 15 invited actually attended the training. The reason of low attendance might be the high load of farmers with agricultural activities during the summer season.
- Lack of visual materials and forms & cases: The trainer conducted training without on-screen presentation, though illustration of key issues of the seminar would be helpful. During the second session of the training the existence of already developed cases & forms to show the flow of funds and their projection in accounting and tax reports might improve the transition of knowledge to participants.

#### **Results, evaluation and follow-up**

An evaluation survey had been conducted among training participants. The evaluation was aimed at discovering major outputs and weaknesses of the seminar (evaluation questionnaire is attached to the report).

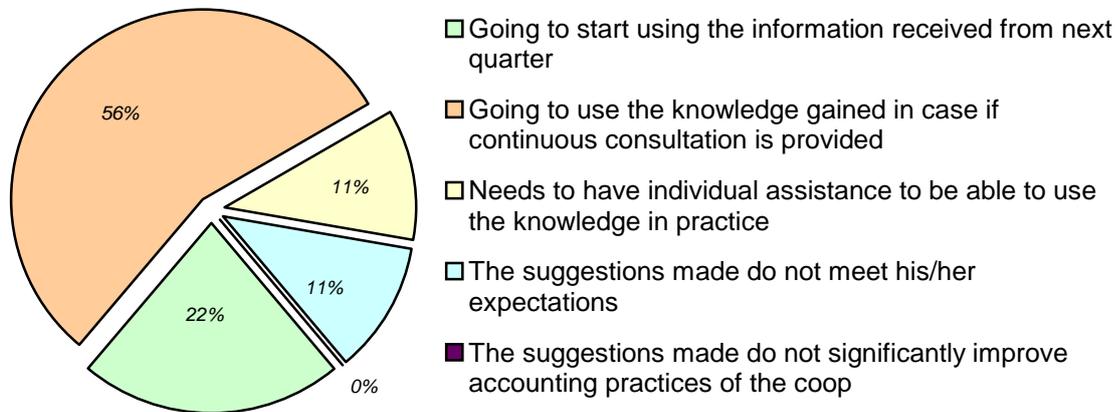
According to the evaluation the seminar-training resulted in increasing the knowledge of management of milk marketing cooperatives in accounting, particularly:

- Appropriate record keeping of milk flow (i.e. through off-balance account) (33%)
- Role of usage of properly developed contracts (22%)

- Provision of contract of agency form by the trainer (11%)
- Appropriate formulation of grants and donations (11%)

To sustain this results continuous T&A is required, as more that 60% of participants expressed their ability to utilize introduced practices only if further consultation or individual assistance will be provided.

Chart 1: The usage of received information by the participants in practice.



About 75% of participants agreed that the information delivered was easy to understand, and about 60% told that the information was complete. There is a significant variation between participants' attitude towards listening other specialists opinions on the issue. 45% of participants were interested in listening to other opinions, while 30% were satisfied with provided information and believed that there is no need for other opinions.

The majority of participants agreed that they were somewhat familiar with the information provided at the training (50%). The participants also expressed their interest in having more case studies and practical workshops at the seminar-training (75%).

All 100% of participants showed their willingness to participate in such seminars in the future.

Evaluation responses show that although there is a significant interest in trainings on accounting almost no one pointed out a specific issue that he/she would like to be covered during future trainings. This can be interpreted as lack of information on options for improving cooperatives' management and accounting practices.

As a follow-up for the seminar a contract forms between cooperative-farmer and farmer-processor will be developed by training organization team.

It is also important to continuously collaborate with cooperatives' management to find out the issues that need to be covered during next trainings.

To increase attendance level to the training, future trainings (unless they are urgent) must be scheduled according to the farmers' timetable, when they are relatively free from intensive agricultural activities.

Picture 1: Trainer Karen Kirakosyan is introducing VAT and Profit tax laws to participants.



Picture 2: Review of Contract form between cooperative and its members by the participants.

