

THE IMPLEMENTATION OF IFRS IN VIETNAM-

Sep 2017

Innovation of Vietnamese accounting and process of implementation of IFRS in Vietnam

- ▶ The development of Vietnamese accounting in historical stages
- ▶ The implementation of IFRS in Vietnam

Legislative system of Vietnamese accounting system

- **National Congress: Accounting Law**
- **Prime Minister: Decree on accounting**
- **Minister of Finance: Decision - Circular**
- **Other governmental organisations: Circulars & Guidance**

Understand Vietnamese Accounting system

- ▶ Vietnamese accounting system refers to all legislative accounting documents, which are mandatorily applied to entire entities operating in Vietnam

Understand Vietnamese Accounting system

- ▶ Vietnamese accounting regimes (VARs) refers to regulations for preparing and presenting financial statements, chart of accounts, book keeping and accounting policies mainly issued by the Ministry of Finance.

Understand Vietnamese Accounting system


- ➡ VARs are a portion of Vietnamese accounting system,
- ➡ Many different accounting regimes applied to different kind of entities operating in Vietnam

The development of Vietnamese accounting since 1975

- ▶ 1975-1986: influenced by Soviet Union Accounting
- ▶ 1986-2001: Influenced by many countries: French, USSR, Chinese accounting and US GAAP
- ▶ 2001- present: influenced by IFRS

Nature of Vietnamese accounting

- ▶ Before implementation of IFRS:
 - ☞ **VOAS: Vietnamese Ordinance on Accounting and Statistics in 1988**
- ▶ Since implementation of IFRS (2001)
 - ☞ **Many changes**



▶ The Development of Vietnamese Accounting system through implementing IFRS

IASB and IFRS

- ▶ The International Accounting Standard Board (IASB) was established 2001
- ▶ IASB issues:
 - ▶ IFRS (the International Financial Reporting Standard)
 - ▶ IAS (the International Accounting Standards), and
 - ▶ Interpretation

Theory of national accounting

- ▶ The term “national accounting system” commonly refers to an accounting system of a country which is formed entirely by accounting materials related to national accounting such as accounting laws, standards, regulations and interpretations

Theory of national accounting

- ▶ A national accounting system is commonly known as National Generally Accounting Accepted Principles (GAAP).
- ▶ GAAP varies from country to country (e.g. Ampofo and Sellani, 2005; Roberts, 1995, p. 629; and Schultz and Lopez, 2001)
- ▶ Variety consisting of level of authority, body issuing accounting regulations and allowable alternatives... (Ampofo and Sellani, 2005)

Theory of national accounting

- ▶ Four groups of accounting including
 - ❖ Accounting within a macroeconomic framework,
 - ❖ Accounting for the microeconomic approach”,
 - ❖ Accounting as an independent discipline, and
 - ❖ Uniform accounting

(Choi and Mueller ,1978)

Theory of national accounting

- ▶ Financial reporting systems are categorised into two classes:
 - ▶ Class A refers to Anglo-Saxon countries, like the UK and the USA which aims to provide information for outside shareholders, and
 - ▶ Class B corresponds to continental European, which focuses on tax and creditor's demands

(Nobes, 1998)

Theory of national accounting

- ▶ Why do we need to identify theories of national accounting?



Theory of national accounting

- ▶ Understanding national accounting theories enables to predict benefits and challenges, which might be incurred, when the accounting authoritative bodies develop the national accounting system

(Nobes, 1984)

Theories of the implementation of IFRSs in Vietnam

- ▶ Marxism-Leninism and Hochiminh's thoughts aims to build socialism in Vietnam in which the CPV holds the leadership to all organisations

Marxism-Leninism

- ▶ Marxism-Leninism has been flexibly and changeably applied in Vietnam to suit the Vietnamese environment
- ▶ Revealed by three issues
 - ▶ (1) the nature of socialism in Vietnam,
 - ▶ (2) the proletariat state, and
 - ▶ (3) state ownership of “means of production”

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- ▶ **The nature of socialism in Vietnam is a kind of socialism under a communist orientation**

Hochiminh's thoughts

- ▶ Hochiminh's thoughts are defined as *“a system of comprehensive and remarkable points of view on the basis of the Vietnamese revolution, a result of an application and ingenious development of Marxism-Leninism in particular circumstances of Vietnam, a heritage and development of traditional values of the nation, and an acquisition of remarkable human culture”* by the CPV

Theories of the implementation of IFRSs in Vietnam - Key features

- ▶ **Increase the control power of the CPV and State**
 - ❖ VASs based on both legal materials and IFRSs
 - ❖ Content of IFRSs has been revised
 - ❖ Vietnamese authoritative bodies who decide content of VAS
 - ❖ the coexistence of the Vietnamese accounting regime and VASs

Theories of the implementation of IFRSs in Vietnam - Key features

▶ Support for the development of MESO (the Market Economy under Socialist Orientation)

☞ *VAS aims to satisfy “the requirement of economic and financial management reform, improvement of the quality of accounting information”*