

Promoting application of International Financial Reporting Standards in Vietnam

Nguyen Thi Quynh Huong, Nguyen Thi Hong Yen

Thai Nguyen College of Economics and Techniques

- Thai Nguyen University of Economics and Business Administration - Corresponding author

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ABSTRACT

International Financial Reporting Standards (IFRS) are currently being widely applied around the world. The application of IFRS aims to improve the quality of accounting information, ensuring that businesses and organizations worldwide apply accounting principles uniformly in the preparation of financial statements. The article summarizes some key points about international financial reporting standards, the application of IFRS by some countries in the world, and points out the difficulties in applying IFRS in our country. From there, some solutions are proposed to strengthen the application of international financial reporting standards in Vietnam.

Keywords: International Financial Reporting Standards (IFRS), application, accounting, Vietnam.

Overview of International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) is a system of standards developed by the International Accounting Standards Board (IASB), formerly known as the International Accounting Standards Board. International Accounting (IASC) promulgated. The International Accounting Standards Board (IASB) is an independent private sector organization, headquartered in London, United Kingdom, dedicated to developing and accepting the issuance, amendment and supplement of international accounting standards. The IASB operates under the supervision of the International Accounting Standards Board (IASCF). The IASB was established in 2001 to replace the IASC which was established and developed by the World Bank from 1973 to 2000. The main objective of the IASB is to develop high quality accounting standards, unified, understandable and highly feasible for the whole world from the point of view of serving the public

interest; enhancing the transparency and comparability of information in financial statements and other financial and accounting related reports, helping participants in world capital markets and users of the report financial statements that make economic decisions; promote the rigorous use and application of international accounting standards; brings high quality solutions for the harmonization between national accounting standards system and international accounting standards.

In recent years, the application of International Financial Reporting Standards has grown rapidly and is widely adopted around the world. All organizations that have an important impact on the world economy such as the G20, the World Bank (WB), the International Monetary Fund (IMF), the International Financial Stability Board (FSB) and the International Monetary Fund (FSB). The International Securities Commissions (IOSCO) is supportive of the global adoption of IFRS.

International financial reporting standards contribute enormous value to the sustainability of the global economy: creating transparency, and at the same time, helping to improve accountability by reducing information gaps between inside and outside the company. In addition, IFRS helps businesses and markets operate more efficiently thanks to a trusted, global standard that applies to both developed and emerging economies. IFRS also helps to reduce capital and reporting costs.

The application of International Financial Reporting Standards in some countries around the world

The adoption of IFRS in China

China started setting accounting standards in 1988. At the end of 1992, China's Ministry of Finance abolished the traditional accounting system and used international standards. Subsequently, in 2001 China issued 16 accounting standards and

other regulations such as the accounting system for supermarket operations (ASBE). The purpose of ASBE is to compare financial information, separate accounting and tax, and ensure integration with internationally accepted accounting practice. However, under the pressure of world economic integration, China has accepted to build a new system of accounting standards in the direction of international accounting convergence on the basis of IFRS including 38 accounting standards that came into effect from the year of 2015. 2007.

The Ministry of Finance, which issues the Chinese accounting standards, is continuing to revise the national accounting standards to be more consistent with IFRS. However, the agency has not announced any plans to directly apply IFRSs in China. Thus, in China, the application of IFRS is done through the process of promulgating and incorporating into the national accounting standard system. China has not yet allowed the direct application of IFRSs to financial reporting.

The adoption of IFRS in France

Since the late 1970s, France has joined the process of accounting convergence through the EU. France's method of international accounting convergence is to maintain the existence of three systems applicable to three different subjects, in which the convergence with the IFRS international financial reporting standards takes place only for the consolidated financial statements. most public companies. For non-public enterprises, accounting regulations are adjusted for convergence only when necessary and appropriate. In the period of deeper convergence, France still tends to localize international standards to suit the requirements and characteristics of the country, especially for small and medium enterprises.

Thus, France builds a system of standards in the international direction but retains its own national characteristics.

The adoption of IFRS in Australia

Australia is one of the first countries to apply IFRS. However, the Australian Accounting Standards Board (AASB) has considered issuing IFRSs in the country alone. Australia has had certain preparation steps for the transition from national accounting standards to IFRS since 2002 and officially switched to IFRS on January 1, 2005. In 2005, the AASB issued the Australian GAAP (A-IFRS) based on the adoption of the entire IFRS. Listed companies in Australia and all the rest, with the exception of very small unlisted companies, are required to apply IFRS. A comparison between A-IFRS and IFRS shows that AASB removed a few items in IFRS, and added some new items that are

suitable for government organizations or not-for-profit organizations. Accordingly, Australian Accounting Standards have been adjusted to be compatible with the legal environment and unique characteristics to be suitable for their own country. Australian Accounting Standards are not simply IFRS, but the nature has changed in the form of A-IFRS (IFRS has been converted to Australia). The revision of A-IFRS includes changes to the selection issued under IFRS and the addition of guidelines and changes to some terminology other than IFRS. Thus, although Australia accepts most of the standards under the IFRS, there are certain adjustments that are unique to the country.

Vietnam's difficulties in applying international financial reporting standards

Limited access to international financial reporting standards

Business units currently do not have much access to international financial reporting standards, do not fully understand the contents of the standards, but are only familiar with traditional accounting methods up to the present. Therefore, they have not yet realized the advantages of international financial reporting standards. Due to the lack of understanding of the content and meaning, Vietnamese enterprises are not aware of the need for international financial reporting standards that they often care about, and that financial statements meet tax requirements as well as tax requirements.

Currently, our country's human resources are generally not trained in IFRS, there is a lack of experienced experts in IFRS practice, and the majority of accountants have not been trained in IFRS, so they are ready to apply. IFRS is still limited, many businesses are afraid of change.

Guidelines explaining the implementation of the standard in the spirit of international financial reporting standards are still lacking

Currently, the guiding circulars of the Ministry of Finance of Vietnam only focus on the accounting method, not in the true sense of the standard guidelines. At the same time, there have not been many training and guidance programs for businesses and individuals working in accounting and auditing to clearly grasp the spirit of international financial reporting standards.

Since IFRS requires some complex techniques and makes some subjective judgments, such as making estimates of fair value when no quoted market price is available, recoverable, loss of assets of the cash-generating entity and goodwill, determining the present value of future cash flows... In the context that many Vietnamese enterprises do not have sufficient capacity and

qualifications, the application of IFRS will face many difficulties and challenges.

Faced with many language and technology barriers

The application of international financial reporting standards to Vietnam faces many obstacles in terms of language, technology and human resources.

International financial reporting standards are only in English, so it is difficult for Vietnam to grasp the content clearly. To be able to disseminate and widely promote IFRS to the public, IFRS needs to be translated from English into Vietnamese. However, accurately conveying technical terms is not easy because people with sufficient foreign language skills may not necessarily have sufficient professional qualifications and vice versa. On the other hand, when there is a dispute between the business and the audit, inspector..., the language barrier will be one of the most controversial causes.

Applying international financial reporting standards requires businesses to invest a lot in modern technology to automatically handle many arising transactions. Enterprises need to establish systems and processes to ensure compliance with applicable accounting standards and strengthen the management of financial reporting and internal audit. International financial reporting standards contain many complex aspects, which mean that it requires well-trained and professional human resources.

Solutions to promote the application of international financial reporting standards in Vietnam

In order to strengthen the application of international financial reporting standards in Vietnam, it is necessary to synchronously implement solutions and have determination and coordination between functional agencies and businesses and economic organizations. Some suggested solutions are as follows:

Encourage businesses and organizations to research and apply international financial reporting standards

In order to increase the application of IFRS in Vietnam, the State authorities need to have policies to encourage and support enterprises and organizations to research and apply international financial reporting standards. The Ministry of Finance needs to coordinate with other units to organize many training programs, guide businesses to better understand IFRS and apply IFRS to the financial reporting process. It is necessary to strengthen dialogue with businesses to encourage the transition to IFRS. The Ministry of Finance needs to step up the necessary technical support to

help businesses quickly transition to applying IFRS. It is necessary to promote the dissemination of IFRS to the subjects so that the society understands the content and is aware of the benefits of applying IFRS.

Building “infrastructure” for the application of international financial reporting standards

In order to increase the application of IFRS, the Ministry of Finance needs to do a good job of coordinating with relevant ministries and branches to review, re-issue, or submit to competent authorities for re-issue of legal documents in the field. Finance in the direction of minimizing the difference between documents, defining and clearly distinguishing the application scope of accounting standards, tax policies and financial mechanisms, facilitating the application of laws by enterprises. In addition, it is necessary to improve the qualifications of relevant subjects, including regulations on quality of practice subjects, training in the working process, regulations on accounting quality control. Basically, in Vietnam, the Ministry of Finance has also issued regulations on quality control of accounting and auditing services as well as the time to update knowledge. This can be an advantage to deploy further projects to improve the level of human resources in this field.

Strengthening the role of training institutions

Accounting and auditing training institutions play an important role in researching training programs in line with industry practice. Units need to be active in the process of building a Vietnamese accounting standard system, actively exchanging and absorbing experiences from academies in countries with developed accounting systems as well as organizations implementation of international standards. It is necessary to actively develop a standard training program on international accounting to recommend to the state about its application in practice. Redesigning curricula, appropriate accounting teaching materials and regularly updating issued accounting standards.

Universities, colleges, specialized training centers... need to become a bridge between businesses and the application of new legal documents on accounting in the role of guidance and collection of comments from businesses.

CONCLUSION

In the process of international integration, Vietnam is actively changing and updating in an international direction to develop the economy in general and the accounting field in particular. In order for the process of international accounting

convergence to take place faster and more effectively, it is important and necessary to strengthen the application of international financial reporting standards. However, the application of international financial reporting standards in our country faces many difficulties and obstacles. The process requires the participation of the State, enterprises, training institutions and professional organizations in accounting and auditing, etc. to be able to apply international financial reporting standards appropriately.

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