

KOMAZAWA UNIVERSITY, GRADUATE SCHOOL
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Doctoral Dissertation
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**A COMPREHENSIVE STUDY OF ACCOUNTING SYSTEM AND
CONSOLIDATED ACCOUNTING IN VIETNAM: FOCUSING ON THE
FACTOR ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS**

Major: Financial Accounting

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LIST OF ABBREVIATIONS

AD	Anno Domini (Refer to the years after the birth of Jesus Christ)
AFA	Asean Fedeeration of Accountants
AFTA	Asian Free Trade Agreement
APEC	Asia – Pacific Economic Commission
ASEAN	Association of South-East Asian Nations
ASEM	Asia - Europe Meeting
BC	Before Christ
CAPA	Confederation of Asia and Pacific Accountants
CPA	Certified Public Accountants
CFA	Confirmatory Factor Analysis
CFS	Consolidated Financial Statement
DAP	Department of Accounting Policy and Auditing
Doi moi	Economic renovation program commencing in 1986
EFA	Exploratory Factor Analysis
EU	Europe Union
FDI	Foreign Direct Investment
FIE	Foreign Invested Enterprises
FS	Financial Statement
GDP	Gross Domestic Product
GSO	General Statistic Office
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Auditing Standards Committee
IASCF	International Auditing Standards Committee Foundation
IFAC	International Federation Accounting Committee
IMF	International Monetary Fund
IFRS	International Financial Reporting Standards
MoIT	Ministry of Industry and Trade

MOF	Ministry of Finance
MOJ	Ministry of Justice
MVA	Manufacturing Value Added
OECD	Organization for Economic Cooperation and Development
US SEC	United State Stock Exchanged Committee
SME	Small and Medium Enterprises
SOEs	State Owned Enterprise
SPSS	Statistical Program for Social Science
TPP	Trans - Pacific Partnership
VAA	Vietnam Association of Accountants and Auditors
VACPA	Vietnam Association of Certified Public Accountants
VAS	Vietnam Accounting Standard
VCP	Vietnam Communist Party
UNIDO	United National Industrial Development Organization
WB	World Bank
WTO	World Trade Organization

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ABSTRACTS

As a new emerging country in Asia, Vietnam is becoming attractive nation for international investors (MoiT and UNIDO, [2011], p.10). Since the renovation in 1986, Vietnam's economy has changed significantly, for example the average proportions of GDP and the foreign trade growth have been around 7.5% and nearly 20% per year respectively (Chaponnière and Cling [2009], p.106). These achievements shifted Vietnam from country of staple food products to that of the highest export growth rate in Asia in 2007-2008 (ibid, p101), and had become an important nation of the region. The contribution of this change is Vietnam's effort in the regulatory reformation, in which the accounting sector's improvements have created significantly fruitful results. Unfortunately, up to now the goals of this renovation have been not yet reached. Especially the gap between the legal system and its implementation by enterprises still existed.

During the national economic development, Vietnam had joined many international organizations (WTO, AFTA, ASIAN, APEC), and now has been facing a lot of tensions of this integration. It seems more urgent when globalization is worldwide tendency nowadays. Paradoxically, under conditions of a developing country, Vietnam cannot adopt immediately all international standards for its national development. Since, it is not simple to successful integration, while the nation still wants to protect the value of traditional properties. This is why finding solutions for successful integration of Vietnam has become big concern to not only the government but also every enterprise.

With focusing on the consolidated accounting that engages the business combination of economic group, this study was conducted to aim exploring current situations in Vietnam. By searching influent factors for preparing consolidated financial statements, the study made contribution to issuance of appropriate solutions to improve this situation.

Starting with research question, through the approach of combining document and data analysis, the core pictures of history and current development in accounting system and business combination were described. The contents of respective literature reviews were presented in Chapters 3 and 4, the information of practical cases were put forward Chapters 5 and 6. In addition to Introduction (Chapter 1) and Conclusion (Chapter 7) sections, the study attempted to propose the figure, diagram and interpretation to clarify logical methodology in Chapter 2. The data collection was conducted by a sample survey of 74 interviewees in total, including 15 of economic groups and 59 of accounting professional. They are the accountants, managers, auditors, researchers, consultants, lecturers and officials work at different organizations in Vietnam. By answering the questionnaires, designed for each group of interviewees, the responders expressed their views on practical side of the consolidated financial statements. A part from literature review, these views contributed to defining the influencing factors. With the primary data, the study analyzed continuously to explore the relationship among these factors using the analysis factor tools of SPSS version 20.

The findings indicate that although the convergence of Vietnamese accounting system with the international accounting standards has increased, the goal of harmonization is still far from expectation. Typically, the existing system of Vietnamese accounting standards was designed

based on most of the content of international accounting standards. While the contents of international system came out in 2004, Vietnamese standards have not changed. Regarding the economic groups, they were established in 1990s, still there have been unusual points in their foundation and operation. Many State-owned groups have been under strict direct control of government. Therefore, the demand for the consolidated financial statements has been small. The current capital market and qualification of business managers are important causes of this situation in Vietnam.

As far as enterprises are concerned, the internal regulations and business characteristics were found as the biggest influencing factors in preparing consolidated financial statements, while the legal framework is not the strongest factor as concluded by earlier researchers. Notably, the study provided the evidences regarding to both of positive and negative influences on accounting techniques and accounting knowledge respectively for consolidated financial statements preparation by economic group. The further findings can be taken as one of very few references on Vietnamese accounting in English, especially in building frame of factor analysis in the accounting sector.

Chapter 1: INTRODUCTION

1.1. RESEARCH PROBLEMS

1.1.1. International integration and consolidated financial statements' demand

Nowadays, the international economic integration is becoming a major tendency of economic development in not only one but also most countries all over the world. In such a context the corporative intergrating strategy becomes increasingly an important of enterprises (Porter [1985]), especially in cases of limited capital sources and strong competitive conditions. In other words, the business combination has occurred dramatically as a natural tendency for international integration growth. Keeping up with this tendency, Vietnam has joined some major international organizations such as the WTO, WB, IMF. Under the pressure of these organizations, Vietnam has been forced to integrate internationally as coercive renovation rather than volunteer.

Regarding this option, the financial information on a group of entities' reports has been taken into consideration to protect benefits of related partners. As a better presentation on financial position of the holding company (Walker [1978], p.110), the consolidated financial statements (CFSs) have become dominant issues for discussion. Unfortunately, the CFSs in Vietnam came into being merely as a new part of accounting just 15 years ago, after the appearance of economic groups in the 1990s.

1.1.2. Shortcomings of developing country

In Asia, Vietnam has become as a potential nation in its continent, shifting from a subsidied country in the 1980s (BTI [2012], Tran [2003]). Since the renovation in 1986, its economy has been developing at a high rate with the Gross Domestic Product (GDP) from 25.5% (in 2006) to 33.5% (in 2012) (Vietnam Assembly's Economic Commission [2013]). The manufacturing values added (MVA) from 2000 to 2009 jumped from 5.8 to 15.4 billion US dollars and the MVA to GDP from 2000 to 2009 rose from 18.6% to 26.1%, respectively (MoIT and UNIDO [2011]). One of the most notable contributions to this is Vietnam's efforts in the regulatory development, in which the changes of the accounting sector have created the fruitful results. However, under the unfavorable conditions of a developing economy, the markets (national and local) are still inefficient and short of necessary institutions to assist the improvement process (ibid, p. 15). The goals of economic development have been not yet reached.

In fact, the lack of intensive technology and advanced knowledge in conducting manufacturing activities for sustainable growth in the long run has occurred in Vietnam (MoiT and UNIDO [2011], p. 19). The relationships between foreign and domestic investors have limited linkage (Rhys Jenkins [2006], p.115), while the government has merely focused on some core industrial sectors to improve efficiencially by driving the State owned enterprises rather than whole economy (Vietnam Assembly's Economic Committee [2013], p92). Therefore, the conflicts between these unfavorable conditions and tensions of globalism have caused significant obstacles to Vietnam not only in one but also in many fields of the economy.

1.1.3. Accounting regulation and government strategy

In the inadequate conditions of a developing country, Vietnamese accounting system has also displayed significant obstacles to international integration (Tran [2013]; Phan et al.[2013]; Nguyen and Gong[2012]; Nguyen and Richard [2012]; Vo and Le [2011]). The accounting regulations (especially before 2001) included a lot of inappropriate points as Chu [2004] commented:

...Vietnamese accounting policy prevents financial statements from giving a faithful view of the financial position and performance of an enterprise because of a number of shortcomings, for example, assets are overstated expenses are capitalised, and reported income does not reflect te real performance of the enterprise [p. 294].

For instance, Vietnamese accounting system still stresses on supplying information to the local government and higher authorities. The Accounting Law was introduced in 2003 and most of the existing Vietnamese Accounting Standards (VASs), promulgated in the period 2001-2005, were based on the international accounting standards (IASs). However, these IASs have been revised several times, specifically upgraded to the IFRSs as far as 2004 while the existing VASs (except the regulations under standards) have not yet changed. It is noted at the beginning of issuance, the divergence between IASs and VASs was significant. This also means the current accounting system in Vietnam has been an asymmetrical system at least for the purpose of integration. Considering this situation, the government, represented by the Ministry of Finance (MOF), declared the national intention to rebuild the existing system of the VASs and the Accounting Law to align with the IFRSs (Chu [2004]; MOF [2013a,2013b]; Phanet al. [2014]). However, at the time of this study, the results of such revision have not yet come out.

1.1.4. Accounting technique; Goal of financial reports; and Tendency of previous studies

Many people claim that a financial report is merely a technical matter and plays an important role in the general welfare (Zimmermann and Werner [2013]). Compared with the common financial reports, the CFSs often require more techniques for inter-transactions. These transactions could become so complex in matrix of multi measurements or recognitions that occur not only two but also more than two entities including both internal and external groups. Hence, the quality of CFSs is greatly influenced by their accounting techniques.

According to Nobes and Parker [2000], the CFSs are dominant reports to provide the financial information that protect the interest of investors and others when making business decisions. Obviously, the CFSs are considered as the optimal leading option for the international accounting harmonization. Nevertheless, this seems quite different in Vietnam, for example: the function of financial statements in general and CFSs in particular in many cases is for initial expectative presentation of enterprises rather than investors' willingness (Vu [2007]); There are cases when the users (including investors and directors) complained that they did not use the information of the financial statements prepared by their business to make decision for investment (Vu [2008]; Nguyen [2013]). The main reason for these differences is mostly the

asymmetric information between managers and outside equity investors (or the inadequate gap between users and suppliers of reports). According to Hang Phuong [2012], the frauds on financial statements at Vietnamese enterprises have been not only in number but also in format (Hai Phuong [2012]). The mismatches among the numbers on the CFSs before and after auditing, even before and after listing in the stock market occurred, especially in their transparent financial information (Nguyen and Nguyen [2013]). It seems critical in some cases of listed companies not supplying positively their financial reports to meet security market's requirements (Tran [2014], p. 93). Consequently, the lack of trust from users in the CFSs in Vietnam can be caused by wrong adaptation of functions of these reports.

In the researches worldwide (both national and international levels), very few studies have attempted to investigate into the CFSs in Vietnam, even the less is known about the side of practical entity. Shortly after the first issuance of VAS on the CFSs in 2003, some studies on this topic were found, yet most of them were Master theses or lecturers' reviews. Recently, there have been more studies on consolidated accounting. However, a lot of them have focused on theoretical views or a particular case of one business entity/ group of entities. For example, Doan [2012] studied the case of one private group (Hoang Ha group); Nguyen [2015] focused on one State group (National Coal –Mineral Industries (VinacominGroup)); Pham [2015] researched the CFSs of a civil engineering construction corporation (Cienco); Tran [2014] emphasized the side of regulations for the CFSs related to the convergence between the VASs and the IFRSs. Typically, up to the time of this study, there have been few researches (even no researches to directly consider statement problem of the practical side (economic groups)) in preparation of CFSs in Vietnam.

1.2. RESEARCH OBJECTIVES

In order to contribute to researching practical side of CFS preparation in Vietnam, this study was designed. Moreover, the purpose is to look for the appropriate solutions for the progress of international integration of Vietnamese accounting system. Especially, it is to make clear the causes of statement problems and examine the conclusions of significant previous studies on accounting regulations system. Accordingly, the objectives and questions of research were defined as below:

General objective

Identify the influencing factors in preparing the CFSs by Vietnamese economic groups and propose the respective recommendations for improvement.

Specific objectives

1. Examine the harmonization of legal framework on accounting for the CFSs with international system, and focus on the level of accounting standards.
2. Explore the current situation of Vietnamese economic groups, especially in preparing the CFS.
3. Attest the most important cause of statement problem in preparing the CFSs by Vietnamese economic groups in legal accounting system or others.

Research questions and hypothesis

1. Why have many economic groups in Vietnam supplied the CFSs with the lack of trust from the users/investors?

Hypothesis 1: All CFSs of economic groups are prepared based on current accounting principles, standards and methods in right ways

Hypothesis 2: The CFSs by economic groups are supplied in order to serve the demand of investor rather than others

2. What are the causes of the negative situation or obstacles at Vietnamese economic groups in preparing the CFSs?

Hypothesis 3: Most accounting staffs in economic groups have good knowledge of consolidated accounting.

Hypothesis 4: The current system of VAS on CFSs is fairly fruitful in the case of economy, at least at the present

3. How do the Vietnamese economic groups comply with VAS and legal framework to prepare the CFSs?

Hypothesis 5: Do most of Vietnamese economic groups prepare their CFSs by themselves in absolute harmony with VAS and the current legal framework?

1.3. RESEARCH SCOPE

1.3.1. Research area

Starting with the purpose of international accounting integration of Vietnam and consideration on one legal system set up for whole economy, the study focuses on the CFSs of economic groups and emphasizes the practical side of accounting adoption.

Basically, an accounting regulation system has been often constellated in the relationships of three legal fields: company; securities and tax law (Zimmermann and Werner [2013]; Nobes and Parker[2000]). Wherein the company law often addresses to the side of business organization, the security law contributes to efficient capital of investors and the tax law presents the controlling role of the government in the national economy. Depending on each national objective, the form of an accounting system can be designed following the flexible ways in the different conjunctions of the three laws. It can be a result of strong expression of one or two of three fields rather than one, however, the best accounting function is created by the rigorous combination with all of them (Zimmermann and Werner [2013]). Following this, most countries try to set up their accounting rules with fewest conflicts among the three sides: company, government and investor. With the separate conditions of each nation, this is also the main cause of formation of different accounting systems in different countries.

At the level of macro-economy, an appropriate accounting system needs to fulfil three primary objectives: mitigate conflicts between constituencies of a business organization; foster the efficiency of capital market; and assist the State by means of taxation. On the side of

enterprises, the growth of business corporations also means more requirements of changes in company law to protect their functions. On the side of the government, they need to control successfully the inter-transactions of business entities, especially transactions outside the borders, by the law on taxation. In contrast, on the side of investors, increasing investment leads to diversified risks. In order to satisfy these functions, the financial statements are designed as the facade of accounting to solve the conflicts in society. Through the financial reports set as a mandatory rule, the business entities often present the accounting information (or financial situation) mainly to address conflicts within the group of owners, creditors or employees. Basically, the State organizations also determine the taxable base and vice versa, that has consequences for the State budget as well as effects from political goals. On the side of securities market, popularly, the financial statements also provide the core systematic and quantitative information. They cover most situations of the past, present and future of a company, and are elements to establish the base for price mechanism of the market. With these explanations, the financial statements standard in general has been acknowledged as the important content of accounting system for any nation.

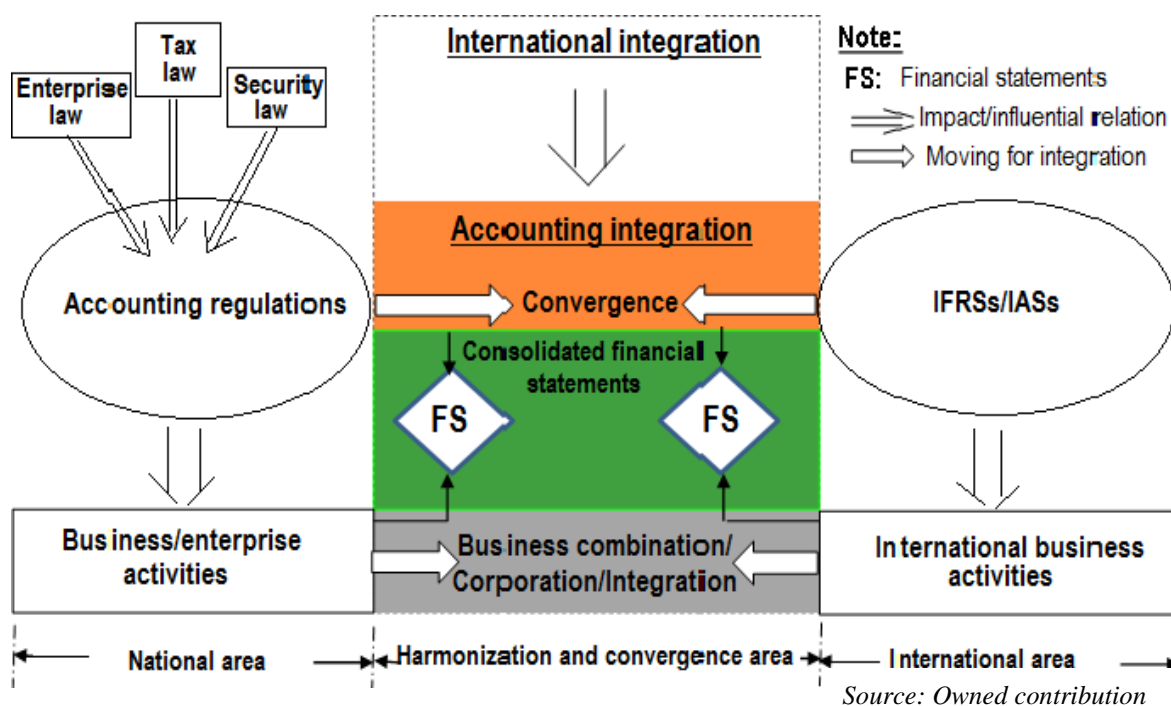


Figure 1.1: Research area - Consolidated financial statements

In business combination, the consolidated accounting has been mentioned to reflect accounting information. The CFSs are defined to represent for consolidated accounting. In the case of developing international integration, it also means that the business combination has increased. When the demand of business integration has been growth, it often leads to the tendency of convergence between national and international areas on regulation. This means the CFSs seem faster and greater to international integration or international harmonization in comparison with other aspects of accounting.

In Vietnam, the system of accounting regulations has been also tweaked based on mitigation of conflicts in relevant various laws (enterprise law; tax law and securities law). Unfortunately, in the condition of a developing country, it is difficult to directly apply all the

existing international accounting regulations. Therefore, the prudent preconception is needed to discuss whether to create an appropriate system of accounting regulations in harmony. That is also the explanation for the research area of this study (Figure 1.1).

1.3.2. Research limitations

1.3.2.1. Interpretation of specific terms

It is a natural tendency of each research that different studies have different approaches to solve their research objectives, depending on their particular conditions. Sometimes these approaches are similar or close to each other for the same matter, but in many cases they also have significant conflicts. In order to be less debated, with limited knowledge of a writer, some specific terms or admitted theories should be revealed in meaning, at least in this research content, as bellows:

“Principles-based” in accounting context refers to a system of financial reporting, based primarily on the fundamentals of accounting (decision usefulness, true and fair view, going concern, substance over form) with an appropriate level of specifically implying extensive opportunities for professional judgment (US SEC[2002]; Bennet et al. [2006]; Schipper [2003]; Psaros and Trotman, [2004]; Ferdy van Beest [2009]);

“Rules-based” in accounting system refers to a system based on detailed provisions of methods for most accounting problems, where it is unambiguously clear how and when it is to be applied. Rules-based accounting standards have very extensive and precise elaborations concerning what is or is not allowed (Alexander and Jermakowicz, [2006]; Ferdy van Beest [2009]; Nguyen [2013]).

“Accounting system” implies the model of examining how accounting practice are regulated to compare the models of accounting regulation, includes the market, the state and the community (Nobes and Packer [2000])). It is close to the framework of accounting work that answers the questions: who is controller, who is practitioner and how to control this framework. Normally, at the national level it is defined including the legislation, accounting practitioner and accounting professional body.

“Accounting market”, this term stresses on the area of meeting between the demanders and suppliers of accounting information. Normally, the demanders are the investors (or shareholders, manager, auditors or who are benefits in accounting information of entity) while the enterprises often play the role of suppliers (author’s opinion)

“Accounting professional body” implies the organizations that have to commit to supply or provide a long-term vehicle for accountants (expending accounting practitioner) who wish to obtain professional status (Nguyen [2013],p.40)

“Players/actors of accounting system”, for this term, the research begins with the confirmation of actors/players in general are as entities that control activities and/or resources (Andersson et al. [2005], p.3). Arguably, on the firm level, the actors can be individuals, groups, departments of firms or firms with the relationships of interaction and interdependency that the actors are not able to produce results by themselves (Saloheime,

[2008], p.60-61). On the other side – national level, the actors can be understood as a social entity or an organization able to act on or exert influence on a decision. With combination of the above definition of actors, the government, enterprises and accounting professional association are determined as the main actors of macro level, while the bookkeepers, professional accountant as accounting practitioners; academic researchers; accounting officials play the role as the actors of micro level in Vietnamese accounting system at least in this study.

“*Economic group*” in this study implies any business entity that engages in a combination of business under the partial consolidation (security holding) or complete consolidation (merger or amalgamation). It can be when one company acquire a controlling interest in the outstanding common stock of another company; or one company acquire all of the assets and assume all of the liabilities of another company (Herring [2003]). Notably, the definition of consolidation following presentation of Haney [1993, 2003] is provided in more details in Chapter 4.

1.3.2.2. Survey limitation

Under the specific conditions of research time, region and objectives, the study is limited on the side of economic groups. They include the views of accounting practitioners who are working or did work directly to the CFSs including both inside and outside economic group. In which:

The practitioners inside of economic group cover the accountants, bookkeepers, managers or any staff who work at accounting in group (so-call “accounting staff). Wherein the accounting staff presented, in this research, mainly followed the answers of interviewee that they often work in the accounting department, and do not care about their specific working area or position in the group.

The practitioners outside economic group include the auditors, researchers, consultants, investors, policy maker, and so on, who have good knowledge (at least basic level) in preparing the CFSs in Vietnam.

The economic group for this study is any business entity in Vietnam that prepares the CFSs in both compulsory and voluntary ways.

Moreover, the research findings are subject to the limitations of any survey study. First, the small size of samples (15 economic groups and 59 interviewees of accounting professional sector) was conducted. Second, the non-parametric tests are applied in major rather than parametric tests. Third, theories of factor analysis were reviewed but the outlines of research came basically from using the tools of SPSS version 20.

1.3.3. Research assumption

All Vietnamese economic groups have prepared the CFSs or somehow they know about the CFSs but have not applied them yet.

1.4. EXPECTED RESULTS

One of the significant expectations in this study is identification of the factors that have effects on CFS. This contributes to help business managers make decisions with more adequate achievements for their groups. Besides, the internal management policy can also be designed to prepare the CFS with higher quality by referring to the advantages and drawbacks.

Additionally, the results could work as a guideline for policy makers to improve the legal framework for CFS. Furthermore, the aim of this study is also to enrich the existing literature in several ways. Firstly, it is one of a few, if not the first, comprehensive study to evaluate the factors of practical side in preparing the CFSs in Vietnam. Secondly, the survey Statements used in this research is different from those found in the previous studies related to Vietnamese CFSs. From the findings of this study, the obvious evidences of the gap between different levels of accounting regulations or between regulations and implementation were explored. With these findings, the study will be an invaluable reference for later researches of the CFSs or business combination sector.

The outputs of the study

1. The list of main factors (influence on the preparing CFS by Vietnamese economic groups)
2. The recommendations are proposed respectively to improve the current status in Vietnam.
3. At least two articles related to the topic of study will be published (one in the national and another in the international journal or conference).
4. The study will play a certain role to make the CFS field more popular in Vietnam through the interviewers and the readers.

1.5. THESIS STRUCTURE

The study is organized into seven chapters including the introduction and the conclusion (as Figure 1.2). In which,

Chapter 2 provides a review of research methodological framework. It focuses on the reason of how the researcher has adopted and used the mainstream methodology for research. The main attention is paid to the analytical framework, apart from giving the domination of different theories on factor analysis, quality of financial reports and consolidated financial statements. Notably, the review of method in analytical framework for the CFSs is designed as the key point to justify the alternative methods and the core of study. The logical framework for data is also presented in this chapter as data collection.

Chapter 3 aims at highlighting the context of historical development and background of CFSs in Vietnam and at international level. The basic information about the development of accounting system and the main characteristics of existing system of accounting for group are provided. First of all, the histories of legal and economic development are described. Then Vietnamese accounting system is reviewed. Based on the literature review, the chapter highlights the process of accounting harmonization between Vietnamese and international systems (IFRSs).

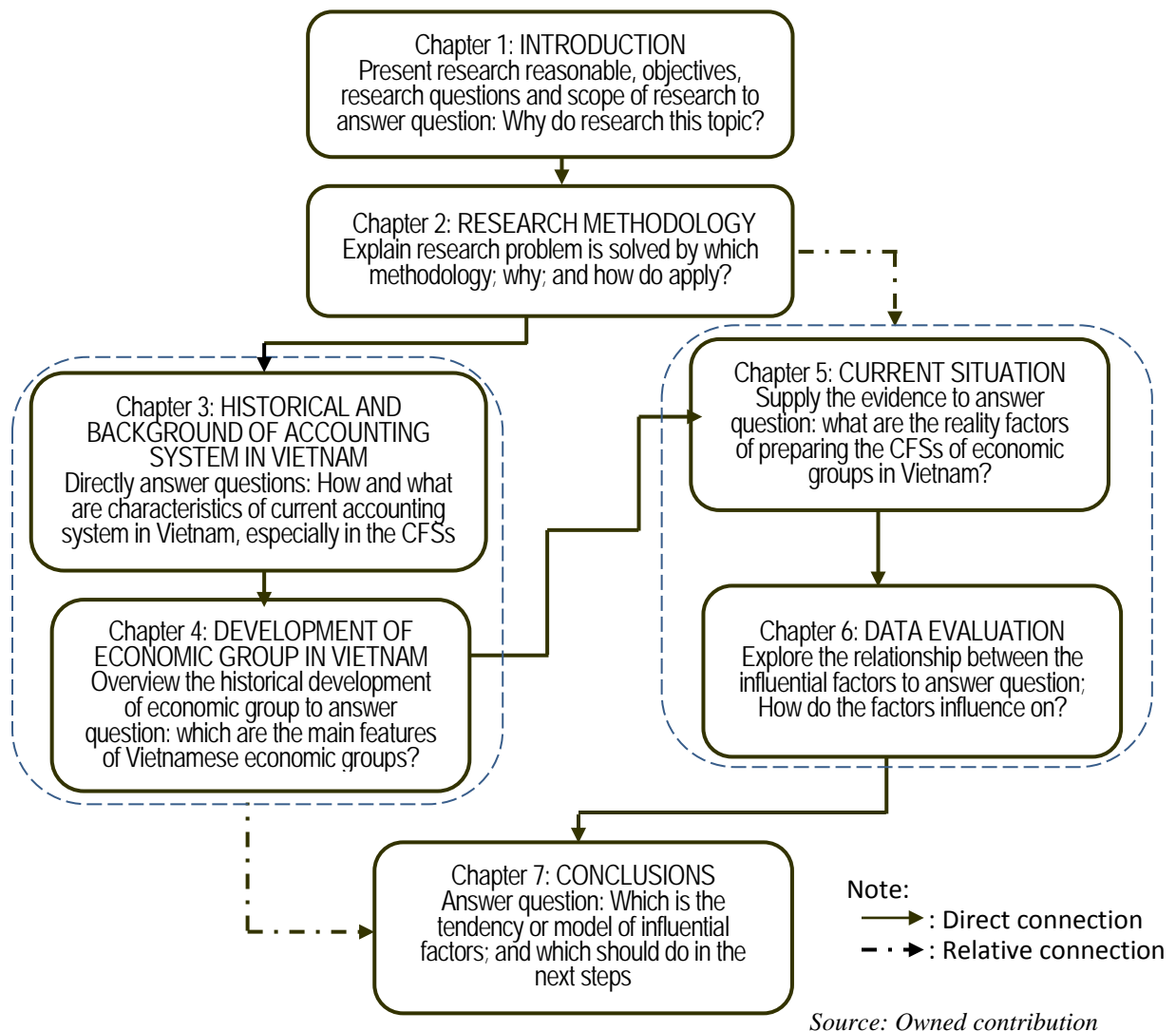


Figure 1.2: Dissertation struture

Chapter 4 investigates into the development of economic groups in Vietnam including the sketch, and the current and prospective strategies of development. This chapter also introduces the practices in other countries for development of economic groups as well as the relationship between economic groups and the growth of consolidated accounting (or the CFSs). This understanding, then, creates a clearer view of Vietnam’s current case in international integration progress.

Chapter 5 deals with an overall picture of CFS preparation by Vietnamese economic groups though the primary data of survey. It is described according to the views of enterprises (economic groups) and accounting professional sectors. The main information (or data) has been collected including both general and specific details in accounting adoption to prepare the CFSs. For example: business size, operating sector, accounting methods, recognition or measurement of investment, non-controlling interest, goodwill, etc.

Chapter 6 directly explores the factors influencing CFSs preparation in Vietnamese economic groups. Based on the research results in Chapter 5, the discussion focuses on

identification of influencing factors and their linkage. An analysis in-depth by the non-parametric test in SPSS is undertaken to bring about the reliable information for research.

Chapter 7 supplies a summary of key findings and recommendations of the study. This chapter also states the actual contributions of research, and proposes further research.

Chapter 2: RESEARCH METHODOLOGY

2.1. THEORY OF FACTOR ANALYSIS

As mentioned in the previous chapter, finding influencing factors towards CFSs preparation is one of the expected results of this study. Accordingly, the factor analysis is employed to identify the relevant variables in accounting for groups, relating to disclosure of their consolidated financial statements. Along with its theory, the original content (basic theory) is provided to answer the question “why it is used”, while the presentation of improving contents, in the following section, implies how to apply it to this research.

2.1.1. Cornerstone contents

Related to the unobservable characteristics of phenomenon, when we try to interpret the variables or elements that influence the surface attributes of the object, the term “factor” is often used. According to Tucker and MacCallum [1997], this term is to call the latent variables or elements of its internal attributes (p.2). In an effort to clarify the concepts of variation and co-variation on the surface attribute, the factor analysis is imposed to determine the number and nature of these factors. The first factor analysis concept was mentioned in the research by Charles Spearman about the human ability in 1904 to interpret the correlation between two factors (intelligence and discrimination) of human (Fabrigar et al. [1999], Youngand Pearce [2013]; Taherdoost et al. [2014]). In those studies, the factor analysis was described as a single intellectual factor, proved to be inadequate by extending experimental evidence through years of studies (Tucker and MacCallum [1997], p. 145). Later on, in the early 1930s, through the work of Thurstone [1935] in “Vectors of Mind”, the general theory of multi factor analysis was proposed including its mathematical and logical basis (idip, p.145). Following the time, this theory has been continuously enriched in enormous patterns of social science. On the ground, its utility depends on the manner during the research implementation (Fabrigar et al [1999], p.272) but its usage and analysis technique are still in vigorous debates (Hurley et al. [1997]). Popularly, it is understood as the procedure of multivariate statistics used to evaluate how underlying constructs influence the responses on a number of measure variables (Williams et al. [2010]. In the expression of Tucker and MacCallum [1997], it was presented that:

The factor analysis involves a set of techniques designed to identify order and structure in such data by providing a parsimonious and meaningful explanation for the observed variation and co-variation in the surface attributes. [The underpinning of] factor analysis theory is the postulate that there exist internal attributes (p.2)

Recently, Albright and Park [2009] also noted:

Factor analysis is a statistical method used to find a small set of unobserved variables (also called latent variables, or factors) which can account for the covariance among a larger set of observed variables (also called manifest variables) (p.2).

Generally, the core theoretical concept of factor analysis can clarify the relationship of surface attributes to internal attributes (Williams et al. [2010], Taherdoost et al. [2014]).

Regarding the key technique of complex and multivariate statistical instruments, it is close to the mathematical procedures to discover patterns of variables (Yong and Pearce [2013], p.79). It also combines to account for an individual's degree or levels on the surface attributes (Tucker and MacCallum [1997], p.4).

Basically, one unobservable characteristic includes two kinds of factors: the first is specific factor, usually influencing only one of the surface attributes while the second is a common factor that affects not only two but also more than two surface attributes. In the case of mistakes in using measurement of analysis, however, there is also another factor as transient event, namely error of measurement influencing the surface attributes. The mechanism of relationship between them is expressed in Figure 2.1 bellow:

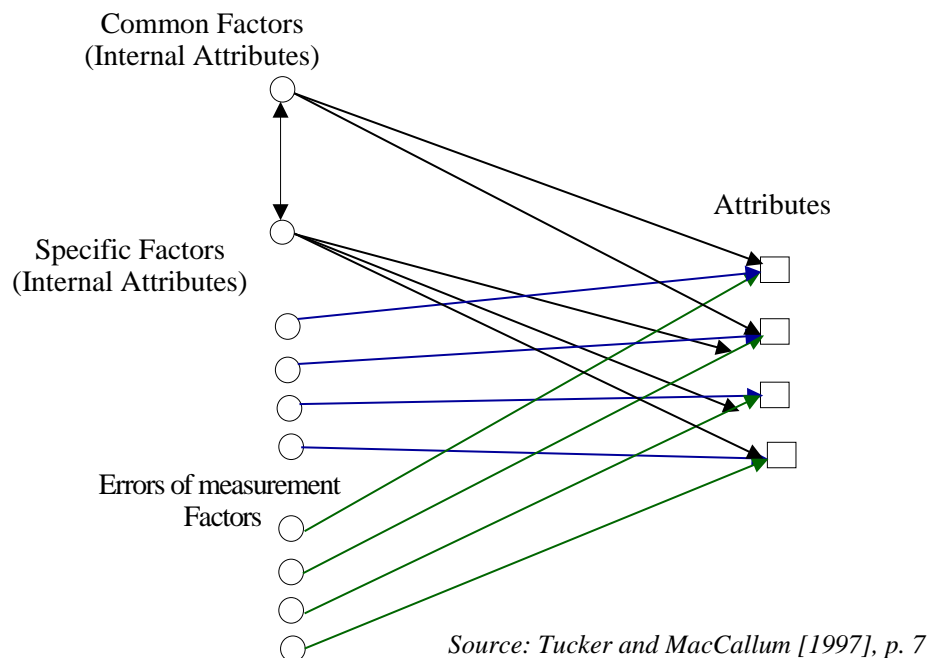
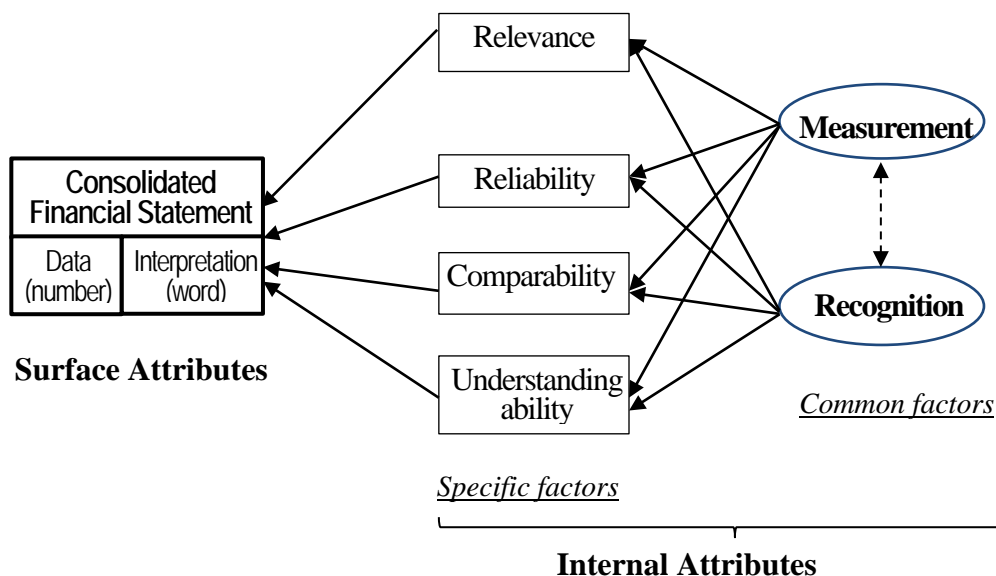


Figure 2.1: Basic diagram of Common Factor

From Figure 2.1, it is not difficult to realize the determination of the nature of the underlying factors, which is one main purpose of factor analysis. Additionally, the development of understanding relationships among these and each of them to the surface attributes is also its another target. These are the reasons why factor analysis is the main methodology of this study (presented in Figure 2.2). Wherein, the CFSs imply the surface attribute that can be observed through the disclosure of numbers (data/indicators) and its interpretation. The relevance, reliability, comparability and understanding ability of financial information (the number and words of reports) are considered as the main factors of the internal attributes of the CFSs. They are influenced by the accounting measurement and recognition that the entity applies to accounting work.

Notably, up to now, many researches have applied the factor analysis to researches in various aspects, such as human behaviour, health care and medicine, marketing and quality management, informatics technology, geography and so on (Young and Pearce [2013], p.79). But in the field of accounting, there have been very few, even not enough studies to create a normal (or major) option (or tendency) (at least in Vietnam).



Source: Owned contribution

Figure 2.2: Simple factor analysis model for CFSs

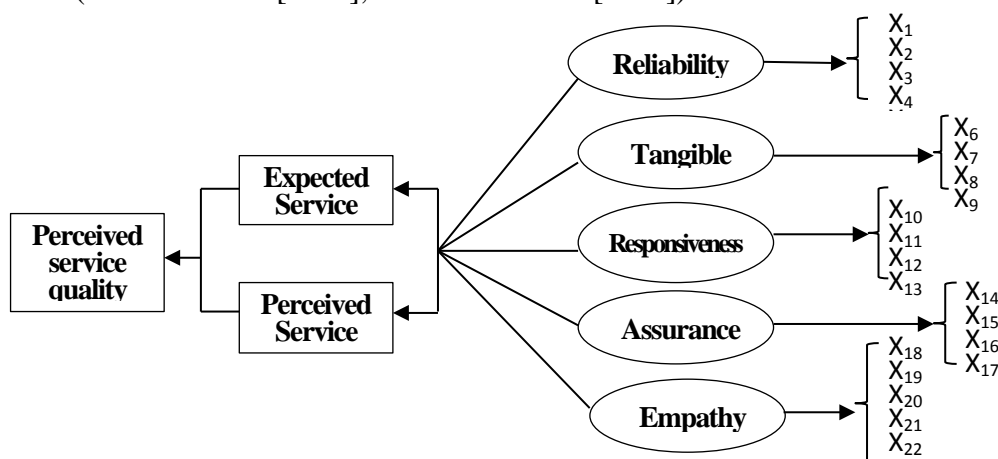
The advantage of factor analysis is that it is a powerful instrument utilized in improvement and refinement of test scales and measure (Taherdoost. et al. [2014], p.375). Although it does not create factors (Tucker and MacCallum [1997], p. 18) and is not the basis to provide meaning into data (Fabrigar et al. [1999], p.272), it can expose any latent items or variables that cause the manifest variables to diversity (Costello and Osborne [2005]). It is special in the situation that a large number of variables decreases to a small set; or establishes underlying dimensions between measured factors and latent constructs (Williams et al. [2010]; Youngand Pearce [2013]); or assembles common variables into descriptive classes. Furthermore, it also provides evidence of enhancing validity in the scale or survey (Taherdoost et al. [2014]). Additionally, it is very useful for researches that relate to a few or hundreds of variables, elements or items from questionnaire to get underlying concept and issue respective interpretations.

2.1.2. Comply factor analysis to find the influencing factors of financial reports

The primary objective of factor analysis is to determine the volume and nature of common factors which influence the surface attributes (Tucker and MacCallum [1997], p.16-17), whereas the advanced factor analysis, nowadays, is used to examine how underlying constructs influence the response on a number of measured variables including both common and specific factors (DeCorter [1998]). Its purpose is to resume data so that correlation and patterns can be easily interpreted and understood (Youngand Pearce, [2013], p.79). Even though it is similar with “Principle Component Analysis” in declining the number of variables, the factor analysis differs in observation of variables. It is in linear combinations of latent variables to exert causal influence and account for the common variance (as opposed to unique variance) of a total variance (Albright and Park [2009]).

Depending on the study’s context, the exploratory factor analysis (EFA) or confirmatory factor analysis (CFA), two main types of factor analysis, is chosen for their appropriateness (Hurley et al. [1997], p.681).The EFA often attempts to discover the nature of constructs

influencing a set of responses, while the CFA focuses on the tests whether a specific set of constructs is effective responses following a predicted way (DesCoter [1998]). The purpose of EFA is to discover the number of common factors affecting a set of measures. Moreover, it is also used to examine the weight of relationship in each factor and another observed measure. But the CFA has the aim of evaluating the ability of pre-defined factor model to fit an observed set of data. In case of using the CFA for research, the index of goodness-of-fit and re-specification of the model should be considered. Otherwise, choosing the EFA, the CFA should be also used together in specific area (Hurley et al. [1997]). Notably, in the case of a researcher who has no expectation of the number or nature of the factors, the EFA is often chosen rather than the CFA. This means that the EFA allows the investigator to explore the main variables to create a theory or model from a relatively large set of latent constructs often represented by set of variables (Williams et al. [2010], Taherdoost et al. [2014]).



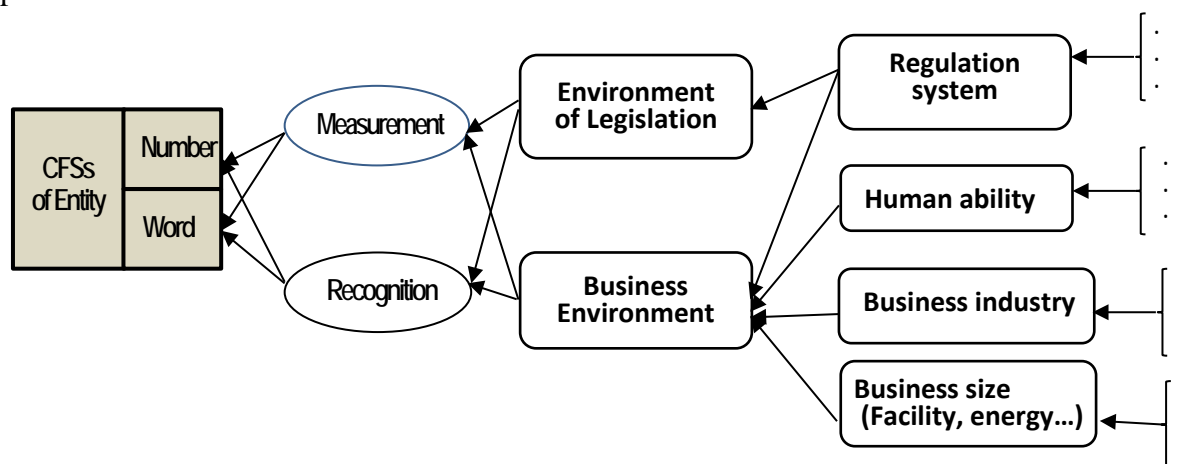
Source: Cronin and Taylor [1992]; Parasuraman et al. [1985]
 Figure 2.3: Protocol of SERVQUAL model

Under the proposal of factor analysis, in the enormous patterns of research worldwide, the studies of Parasuraman [1985] and Cronin and Taylor [1992] have been successful in assessing quality of product (or service). Based on investigation of quality in four business services, they identified the quality of service (Q) under the expectation (E) and the perception value (P) of customers. Typically, they found the analysis model of quality of service/products namely SERVQUAL and SERVPERF model. The original theoretical content of them is the factor analysis of five components following the 22 item scales (Likert type X1-X22) that come from the individual questions respectively (see Figure 2.3).

With the focus on the CFSs, the influence on report presentation implies the impact of factor to quality of financial information presented on it. This depends on the way of disclosure or interpretation of information. Employing the utility of quality analysis in SERVQUAL and SERVPERF, this study has developed the frame for factor analysis in details for the CFS following Figure 2.4.

As mentioned in Section 2.1.1, the quality of data or interpretation, demonstrated in the CFS of entity, has been influenced by the measurement and recognition of accounting, in which the environment of business and legislation often directly affects accounting technique of entity. The performance of the existing regulation system (include firm and national level)

reflects the legal environment. The environment of business largely depends on human ability, the size and industry of business or the facility and energy source the enterprise has invested on it. With the similar regime, it is not difficult to notice that each element (human ability, business industry,...) is also influenced by others factors at respective level during business operation.



Source: Owned contribution

Figure 2.4: Factor analysis frame for CFSs

Due to the research objectives, the specific technique of analysis designed for it, and the levels of factors or variables will be explored. Notably, the sizes of variables, designed for factor analysis, should have at least 5 to 10 observations for one factor (Young and Pearce [2013], p.80), and the total number of measured variables should be at least 3 to 5 times of the number of expected common factors (Fabrigar et al. [1999], p.273). Generally, the selection of measured factors should include enormous variables influenced by each of common factors. Normally, if the size of samples is larger, the research achievement is more explicit and closer to the practical situations (Costello and Osborne [2005]; Taherdoost. et al. [2014]). In this research, the factor analysis in SPSS is used and the detailed approach of factor analysis is demonstrated on the analytical framework in the next sections.

2.1.3. Factor analysis in SPSS

Let's go back to the original concept of factor analysis. There is no doubt that the factor analysis functions like a complex matrix of variables or factors to bring about inter-correlations under more general factors. Sometimes, this analysis fails by the complex of correlation matrix with too great a number of dimensionality. For this matter, the statistical software packages are built to enhance the conventional factor analysis. Nowadays the factor analysis under statistical software has been used popularly (Fabrigar et al. [1999], p.295). The SPSS (Statistical Program for Social Science) is one of optimal options (William et al. [2010], Young and Pearce [2013], p.83). Especially, it has been widespread in multi practical cases of psychology research and training programs.

The original idea of SPSS first came in 1968 by a young men group (Norman H. Nie, C. Hadlai (Tex) Hult and Dale H. Bent) and rapidly developed as the statistical software system

under the formal title of SPSS in the 1970s^[1]. Since 1975 when the SPSS Company was established, SPSS has been the dominant software of predictive analysis with various different versions released. Recently, SPSS has become a leader in the predictive analytics market space that combines both advanced analysis and decision optimization^[2]. The process of factor analysis on SPSS is showed in Figure 2.5

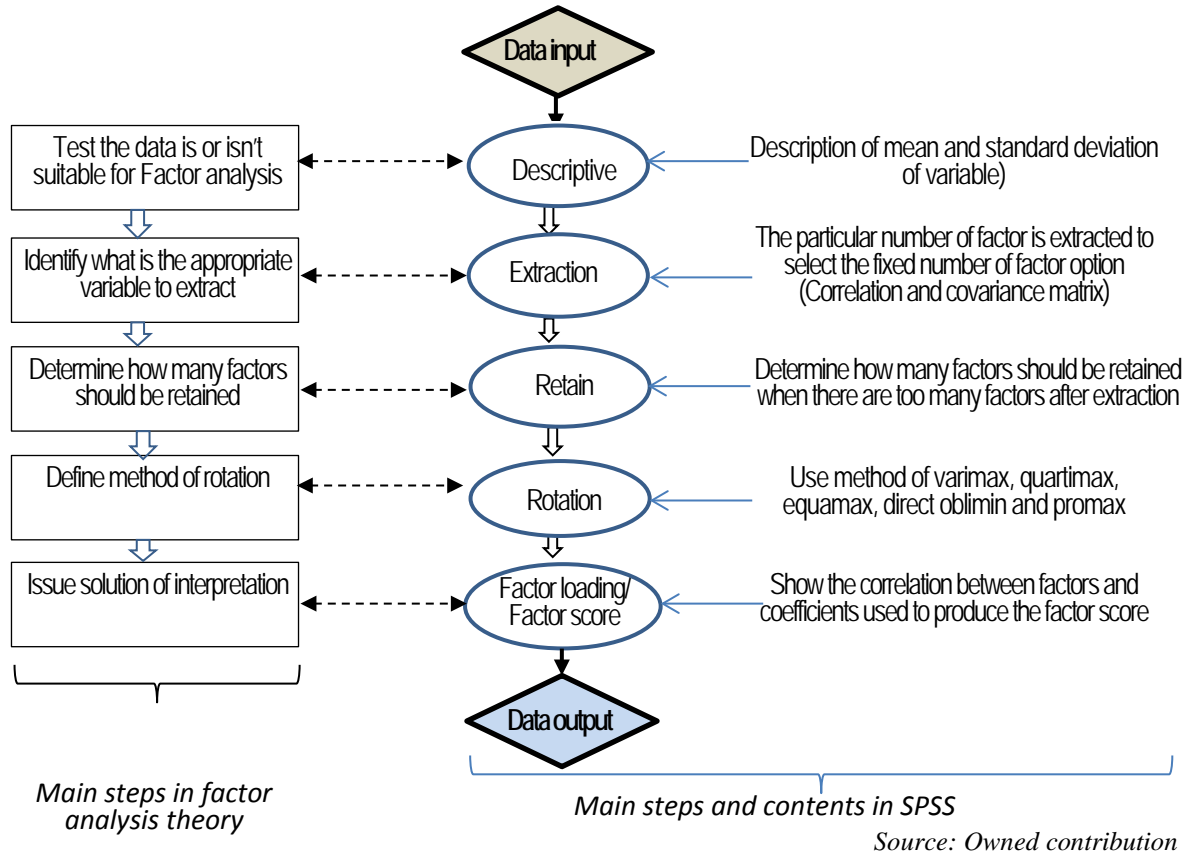


Figure 2.5: Factor analysis process on SPSS

Notably, both the EFA and CFA are provided on SPSS. Beside the method of factor rotation and factor loading in the correlation matrix, the SPSS uses the extractive factors to investigate into the relationships among factors in five main stages: descriptive, extraction, retain, rotation and scores (Young and Pear [2013]). For extraction, six methods (unweight least squares, generalized least square, maximum likelihood, principle axis factoring, alpha factoring and image factoring) are designed, while the rotation got the five different methods (varimax, quartimax, equamax, direct oblimin and promax). The descriptive statistics of sample adequacy is often checked by Kaiser-Meyer-Olkin test (KMO test) or Bartlett's test. The correlation and covariance are normally calculated to identify the communality of factors by reproduced matrix or anti-image matrix. The score of the original variables in the subsequent was commonly tested by ANOVA. The SPSS outputs are presented by rotated factor matrix and factor correlation matrix (Costllo and Osborne [2005]).

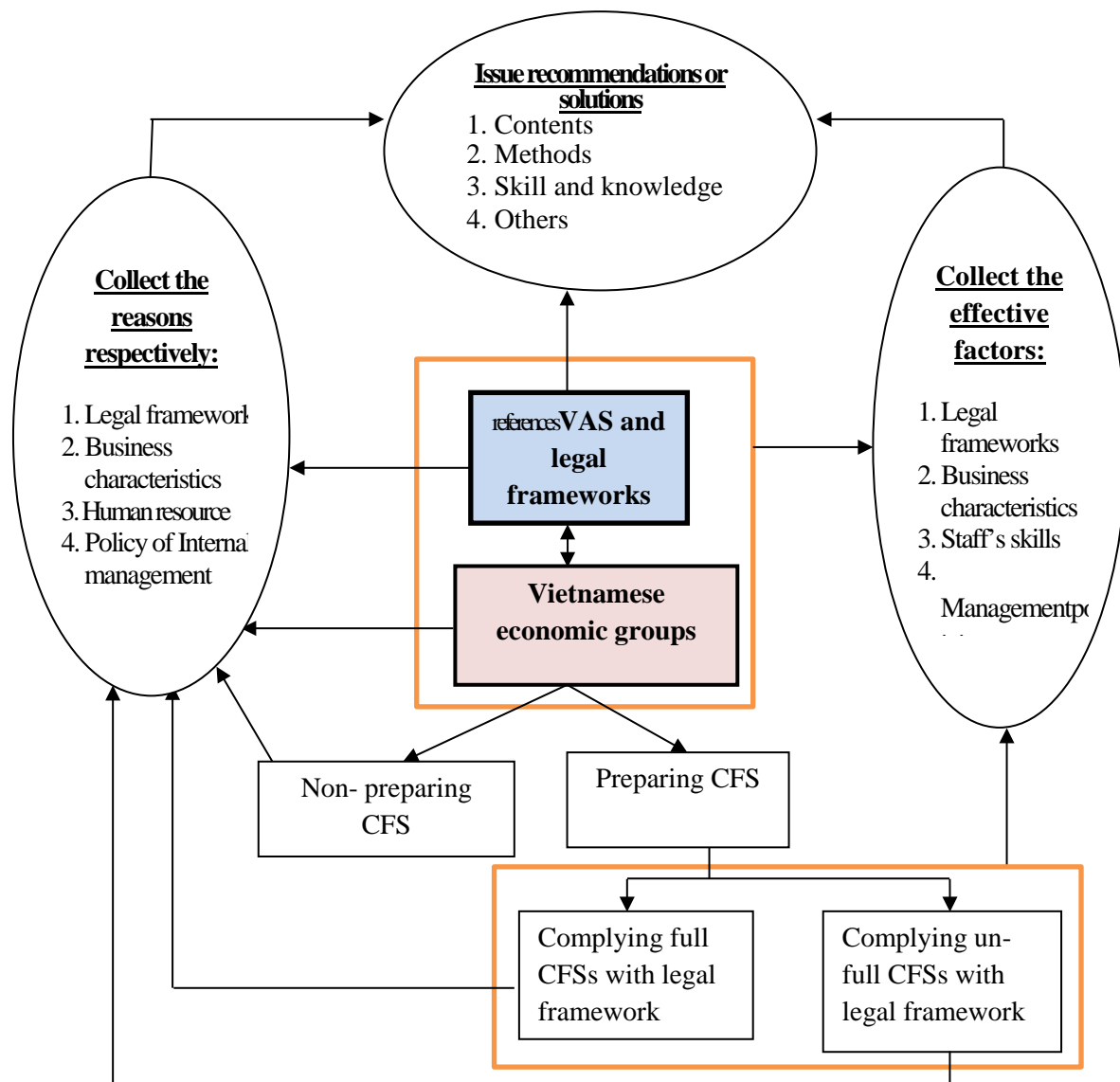
^{[1],[2]} Spss.com.hk/corpinfo/history.tm

Based on the advantages of factor analysis in SPSS, the respective version 20 was applied in this research to supply the evidences for research contributions. Their details will be interpreted in the last sections of this chapter and Chapters 5 and 6 of the thesis.

2.2. ANALYTICAL FRAMEWORK

2.2.1. Identify conceptual framework

At the beginning, the primary factors were explored through the previous researches with the starting points of reviewing literature. They were collected from references that they have been not only the same but also a similar topic of business combination, Vietnamese accounting system, and accounting standards. After that, these factors were verified again by comparing with the primary data coming from the results of sample survey. The results of this collation reflect the appropriate factors and the reason for them. The final solutions were provided based on the evaluation or analysis of these results respectively. Overall, the conceptual framework of study was presented in Figure 2.6.



Note: \longrightarrow direct action; \longleftrightarrow comparative action

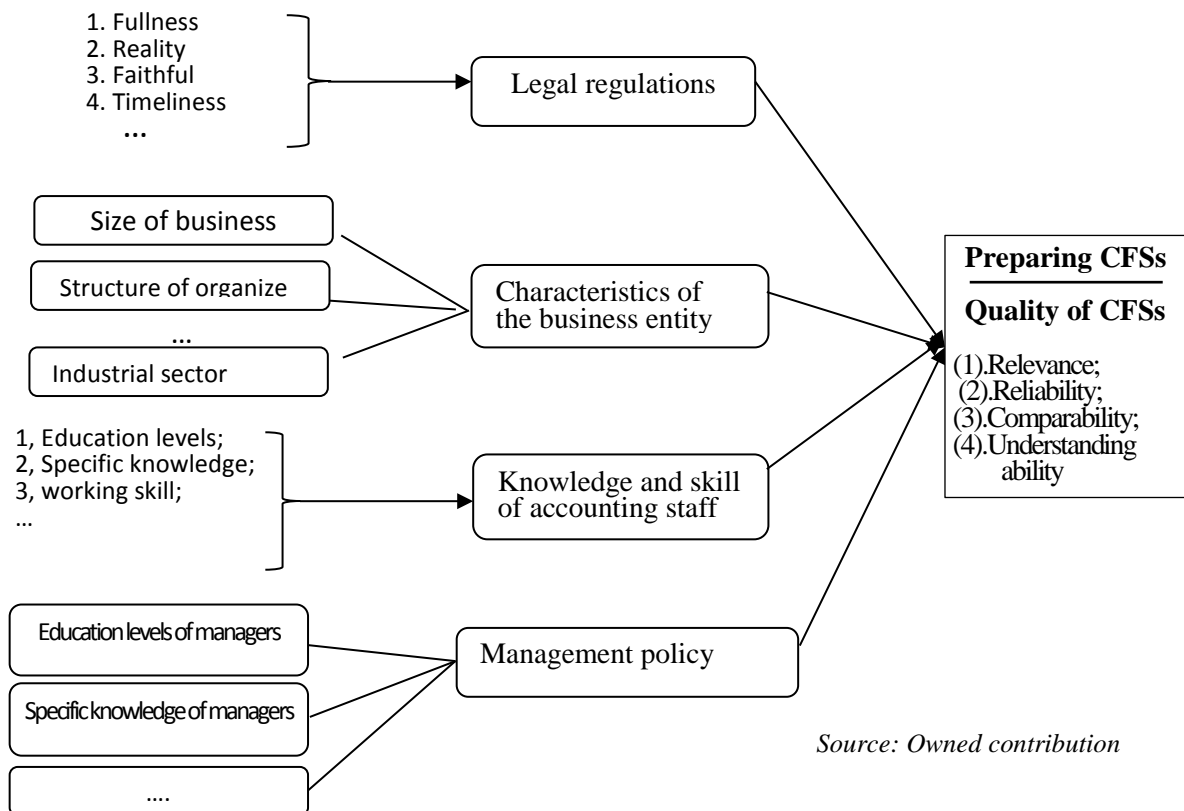
Source: Owned contribution

Figure 2.6: Conceptual framework

As shown in Figure 2.6, on the right side, from the compaction of conclusions in the prior researches and the core contents of existing accounting regulation, the four key dimensions have been collected. They include human ability, legal framework, business characteristics and internal management policy as the emerging factors in the theoretical aspect. On the left side, simultaneously, from the perspectives of economic entity, the real-world setting by practical actions is reflected. Even though the situations of preparing or not preparing the CFSs occurs, this study still investigated the existing reasons relates to why they don't not prepare, or how they do. The connection between these reasons and effective factors is important to get the final conclusion successfully.

2.2.2. Building analytical contents

As presented in Sections 2.1.1 and 2.1.2, CFSs preparation by economic groups is considered as the surface attribute of observation. The factors, CFSs preparation or not, present the latent variables to explore. On CFSs quality, as per the IASB's Framework for the Preparation and Presentation of Financial Statements (adopted 2001), four key elements are focussed: Relevance; Reliability; Comparability and Understanding ability (IASCF [2004], p. 28-31). These elements are used to define the measuring standards to design the item scales (applying the SERVQUAL or SERVPERF model). These scales have been set into questionnaire and data/information collected respectively. Notably, this study did not concentrate to evaluate CFSs quality, but stressed on exploration of any factor that influences CFSs preparing by Vietnamese economic groups.



Source: Owned contribution

Figure 2.7: Analytical framework

Apparently in the business entity, the decision of preparing or not preparing the CFSs depends mainly on legal framework; knowledge and skill of human resource; characteristic of enterprise and internal controlling policy. Paradoxically, each element is also activated by the separate variables. For example, the factor of legal regulations is compiled based on their fullness, creditability, timeliness or reality; the knowledge or skill of staffs has been affected directly by their education levels, working skill or specific knowledge. Using the mechanism of factor analysis, the analysis framework of research is showed on Figure 2.7.

2.3. DATA COLLECTION

2.3.1. Overview method

Generally, the methodology of each research supplies the information of how research is conducted. Therefore, it is very important to identify which methodology applies to research. In order to better understand the real situation or activities of people in the setting, the researcher must be a participant in the daily life to watch, listen and ask questions or collect the data (Chu [2004], Hammersley and Atkinson [1983]). Therefore, based on the conceptual framework presented on the previous sections, the methodology of data collection was designed including both qualitative and quantitative approaches to get the research targets

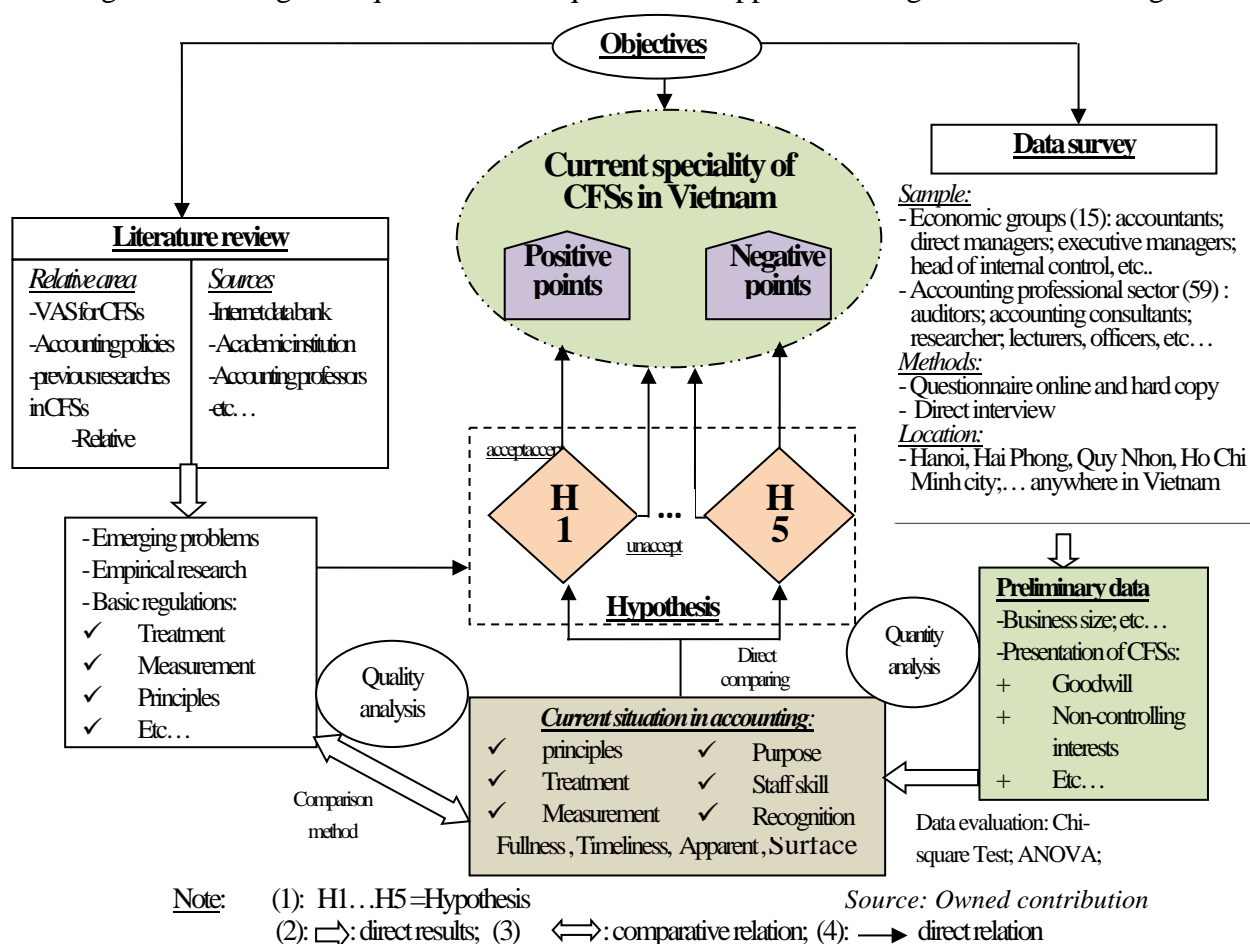


Figure 2.8: Methodological framework

A full description of the methodology is illustrated in Figure 2.8, wherein the document analysis and sample survey are the core elements of data collection. The literature review or document analysis stresses on the CFSs, as a result, significant factors have been found. However, these could not tell the full story as their contexts and circumstances have been available. It will be better exploration if they are compared with the situation in reality. For this, from the interviewees' perspectives, this study took place in real-world enterprise situations without any attempt to manipulate the phenomenon of interest. The descriptive statistics are applied to explore such factors, which will then be calculated and analysed. The standard deviations are also used to indicate the extent of diversity among variables. Academic tests and specific tests are conducted to get the expectation of quantity analysis

Furthermore, to facilitate the observed factors, this study assumed the hypothesis to test the reliability of collective data, which serves as the background to propose the solutions and attest the results of pervious researches in the same topic. Internet data bank to public, any books or documents of university library and private archives and information were collated as the key research references. During the entire research, the comparison method has been used to make clear interpretation and SPSS version 20 is the main tool (or instrument) for the data classification and exploration of relative factors in the purpose.

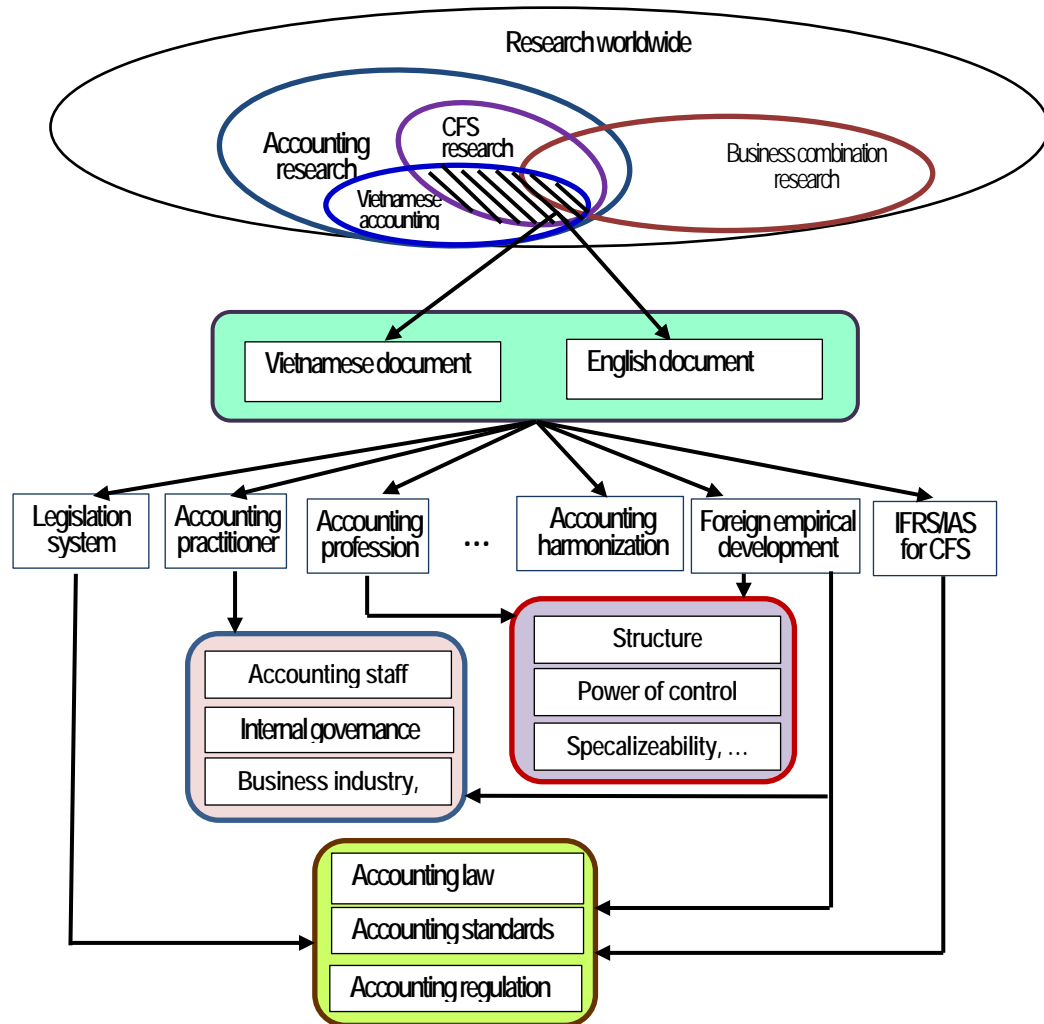
2.3.2. Document analysis

With regard to document analysis, as for beginning, this study started to look for accounting references. In the research worldwide, any references of CFSs were considered. Then they were compacted into the cases study of the CFSs in Vietnam. Consequently, a huge pile of documents has been found on consolidated accounting in general and the CFSs in particular. Unfortunately, most of them focus on cases outside Vietnam, but for few on Vietnam accounting. It was hard to find a research directly related to Vietnamese CFS, even not any in English. Thus, the topic in search was widespread to "Vietnamese accounting" or "Accounting system in Vietnam" or "Vietnam Accounting standards" and "Financial Statements in Vietnam" or "Vietnamese accounting harmonization/convergence". Additionally, the themes of business combination, international accounting system, story of economic development and economic group history in Vietnam were also collected to enrich the background of the research.

Most of the documents, in Vietnamese and English, were explored. They were clustered into different groups: legislation, accounting practitioners, accounting professional agencies, accounting harmonization, empirical accounting development, IFRS/IAS as showed in Figure 2.9.

In order to present logically theoretical and practical contexts, the references were continuously classified into smaller groups in purpose of answering the questions: who prepares the CFSs (who are practitioners)? How and why do they prepare the CFS? And what/which defines the content of CFSs? Looking for explication of these questions, the elements of legislation, accounting practitioners and professional agencies were examined in details. For the legislation, the current system of accounting regulations in Vietnam and international ones have been explored to compare various viewpoints, while the lessons of

formulating accounting regulations in other countries are drawn to give research comments. On the side of practitioners, the human ability (skill and knowledge of accounting staffs and managers), business industries and internal management policies are main points for analysis. For the professional agencies including the accounting association and institution, their structure, power of control and capability of experts are considered to capture a full view of the accounting work. Furthermore, the topics of international accounting harmonization or convergence have been also of priority to provide the current perspective of accounting development



Source: Owned contribution

Figure 2.9: Document analytical map

2.3.3. Sample survey and data analysis

2.3.3.1. Sample design

With a focus on the CFSs of economic groups, the phenomenon of survey was defined to be the economic groups who must present the CFSs under the current accounting regulations in Vietnam. As for this meaning, the target sample of survey did not face any limitation for business industries or the style of owner capital. But, it is necessary to base evaluations on the

view of both inside and outside of the entity. Thus, the interviewees were identified in two groups respectively: the first one, named “inside group”, includes accountants, financial executive management, financial, managers who work at the economic groups; the second one, called “outside group”, includes auditors, officers, investors, researchers, financial consultants, or any accounting professors working outside economic groups.

By the way of “snowballing”, the sample was selected through the researcher’s own network to lead to another network that received tremendous support of potential interviewees. The total number of samples was 74 participants, including 15 from the inside group and 59 from the outside group. Each group has separate questionnaires, and each type of questionnaire has two respective elements: the first is called the main-question list and the second one is sub-questions. The list of main questions was also divided into two separate sections: one for the general information of interviewers or groups; another for collection of its accounting majors (also covered the CFSs). The sub-questions list was only applied in the case the information of main questions did not meet the expectation (e.g. the interviewee had no answer; or the information that needs collecting goes beyond interviewees’ knowledge, etc...).

For the first interviewing group (inside group), the main question list was designed over 150 criterions, set up in 28 questions including the general information of enterprises (for example: the business model, enterprise size, business sector, etc.) and specific information related to consolidated accounting (for instance: accounting method, accounting measurement, or recognition of goodwill, etc.). For the second group of interviewees (outside group), the main list of questions was formed with over 145 criterions put in 23 main questions which one part focusing on the information of working experience, accounting basic knowledge, working skills of interviewers and the other part concentrating on academic information similar to the first list.

The time period was predefined to 2014-2015, especially in May, August and December each year when the fiscal year in Vietnam always starts annually in 1st January and ending in 31st December. The pre-survey was conducted as an important step in August 2014 to improve the quality of questionnaire’s temporary version. The great results of this grade contributed to the changes in how to build a questionnaire from a specific approach (multi levels of questions) to general approach (less specific levels). Furthermore, the interviewees of the inside group who were defined for pre-survey moved from only the directors or the chief accountant (as predefined) to any person with major in the CFSs. Additionally, the approach of interview also changed from one by one to group of interviewees through the annual CPA classes in 2015. Notably, there was no limitation to the location of each interviewee/economic group, rather than in Vietnam. After pre-survey, the formal questionnaires were improved for a continuous survey in December 2014. However, it was untimely for such a survey because December is the last month of a fiscal year when most groups and participants were busy with accumulation of accounting and preparation of financial statements. This means that the pre-intendancy for survey paused, and the achievement of collecting was not obtained because of little interviewee consensus in survey. That is why, once again, the approach of survey changed from the hard-copy to online. It also

means that the online meetings have existed instead of face to face meeting in collective data since then. Nevertheless, the face to face meetings continued to take place in May and August 2015 with the purpose of high quality information as well as being satisfied the expected volume and quality of sample.

2.3.3.2. Interviews

Actually, the specific or academic information was determined following several steps. The first step of study was based on the literature review to formulate the analytical framework and primary key dimensions (in section 2.2.1). Then these dimensions were verified by pre-interview through a “snowballing” sample of around 10 interviewees. Wherein the dimension of regulation was divided into internal regulation and legal framework, human ability was separated between accounting staffs’ skills and manager’s knowledge about the CFSs. Typically, the business characteristics were investigated through the infrastructure or facility applied to carrying out accounting operation in the entity. After success in forming the questionnaire, the formal interviews were conducted.

Generally, before the interview, the researcher made contact by email or telephone to have the appointment with interviewees. Under their acceptations, the time of discussion was planned and follow-up seeking an interview. For each interview, it is important to create the positive atmosphere before turning to the key questions for discussion and data collection. Thus, the researcher used to begin with introduction of some information about the purpose of research and negotiated the time of interview. Each interview lasted from 30 to 60 minutes based on the questionnaire. The ethical considerations (such as the secretive information, advantage of discussion, the length of time for interview, etc.) were presented to encourage the interviewees to feel comfortable about talking openly. A set of open-ended descriptive questions were given prior to the interview and follow-up the specific or academic questions were discussed.

During the interview, to ensure that the interviewee well understood each question, the researcher gave the guideline or sub-questions or not sub-questions depending on their answers in order to obtain the best outcome. In case the researcher was aware that the interviewee could spend longer than expected (for example, the answers interested in the topic of discussion; or they are ambitious by interviewing to get suggestions for their confusing in working, etc.), and then the “warm-up” time would be keep to talk. On the other hand, the discussion only focused on the key questions to get research objectives. Fortunately, the interviews were done longer than expected in many cases. Moreover, the answerers felt ready to “speak out” what they knew and want to receive the recommendation for their case in business. Therefore, the researcher was able to seek collecting information in depth by the follow-up multi-choice questions.

To avoid losing information, when the discussion with the interviewee finished, after sending the warm thanks to the answerer, the researcher read again carefully all answers and translated them into English. Although most of the interviewees were quite keen on talking, some answers lacked desired information. In these cases, firstly the researcher relied on her memory to write down the notes as quickly as possible. Then depending on the cause of inappropriate answers, the researcher found a proper solution. For instance, there were some typical occasions of the non-answers (academic information) going beyond or due to limited knowledge of the interviewees.

The solution was the researcher contacted the interviewee again (if possible and by email) to recommend another better answer (normal in the same organization with the prior interviewee) to collect more information or data, or directly connected to directors of subsidiary or holding company to get their help. The work of collecting data finished if most of key questions got the respective answers.

2.3.3.3 Data evaluation

After collecting data, the processing and classifying data were conducted immediately to supply the information for analysis as the next step of study. The primary data was aggregated in the groups of objective criterion directly following the research objectives. The descriptive statistics and the mean tests in SPSS version 20 were used as the main source for data cataloguing. Following this, most of raw data was reported by means of description, while the academic or detailed information came via using the tests of statistics functions.

Basically, the structure equation model approach was selected to test the research hypothesis or assumptions. A technique of collection in statistics allows a set of relationships between the independent or dependent variables, either continuation or discontinuation to be examined (Doan [2012], p.89; Tabachnick and Fidell [2007], p.676). In this line, the factors or talent variables are measured indirectly by consistent investigation between the observed variables.

It was noted that before the structure equation model was constructed, all the assumptions of model were satisfied by the number of tests including the normality; reliability and validity of data. The normality test has the purpose of examination of the distributed shape of data corresponding to normal distribution. The reliability is conducted to ensure that the variable is not too varied difference in time period and situation, and it is also to investigate the consistence and correlation between the variables. Unfortunately, the validity test is used in order to evaluate the magnitude of structural relationship between the observed variable and talent variable and identify whether a variable of study differs from another one.

Under the statistical process of SPSS, this study used mainly the tests of Kolmogorov-Smirnov, Bartlett for checking the normality of data, while the tests of tau-b of Kendall, d of Somer, Gamma of Goodman and Kruskal, Cronbach alpha, Kaiser-Maer-Olkin (KMO), or Chi-square tests were applied for reliability and validity tests as dominant ones for quality data in this study. Normally, Chi-square was used to convince the relationship between two factors of sample based on the test Null Hypothesis (Ho) that the assumption is not related to variables of factors. Through the p-value and the mean α –the reliability (normally 90%) of test, the acceptance or denial of Ho was attested as the proof of the research conclusion. In case the result of Chi-square cannot provide reliable information or no meaning for statistics, the study designed the extra tests such as Kendall's tau-b, Fisher's Exact test and ANOVA like the strong tests of SPSS in purpose of validity test. Through the flexible tests, the study verified the reliability of all tests to give the final results in the case of highest prudent of expected conclusion.

Furthermore, a function of relationship between the factors is satisfied by specific tests in reliability and validity has been formed to clarify the expected research output. It is modified as a multi-variable function- F (X):

$$F(X) = a. A + b. B + c. C + d. D$$

Wherein:

F(X): Objective function-the relationship among factors influence on CFSs preparation

X: representing factor/variable that is A or B or C or D.

a, b, c, d: weight of variable A, B, C, D respectively

A, B, C, D: variable or factor

A: Legal framework

B: Economic group's characteristics

C: Accounting staff's skill and knowledge

D: Management policy

Chapter 3: HISTORICAL DEVELOPMENT AND BACKGROUND OF CONSOLIDATED FINANCIAL STATEMENTS

3.1. ACCOUNTING SYSTEM IN VIETNAM

It is important to learn about the background of development. It seems to be true that the history could never be ignored (Kanamori [2005], p 244). In other words, the history of a country has made important contributions to the development of its accounting sector (Nobes and Parker [2000], p.4). The extant accounting literature showed that accounting has been affected by its environment, including the culture (ibid, p.16) and legal system of the country (Zimmermann and Werner [2013], p.9). The tendency of changes in the environment leads to changes in the accounting system (Micheline and Nguyen [2007]). Therefore, before presenting a quick tour on the development of accounting system, a short history of Vietnam is necessary to be reviewed.

3.1.1. Brief historical context

Located in South Asia with the shape of topography like an elongated “S”, Vietnam has currently a population of over 90 million. Its total land area is nearly 330,000 square kilometres (km) (Narayan and Godden [2010]) with 700,000 square km of continental shelf (Chu [2004]) and long sea border in the east. It is next to China in the north and Laos, Cambodia in the west. The surface area is 128,000 square km (Nguyen [2013]), and the coast line is over 3,400 kilometres (Le [2015]) with the huge advantages of natural features such as the mysterious caves, sinuous rivers, heavenly waterfalls, beaches, fertile delta, primeval forests and verdant tapestry of soaring mountains. The narrowest width in the central of the country is around 50 km, while the widest in the north is 560 km across (Chu [2004], p.106). Nevertheless, Vietnam nowadays is the result of a long anti-colonial and imperialist struggle after a war of national liberation. This section briefly talks about its story.

3.1.1.1. Historical and political context

According to Vietnam national annals, the length of Vietnamese history spans over 4,000 years related to the legends of Lac Long Quan, Dragon Lords of Lac and Au Co, an Angel of Mountain, who has 100 sons^[3]. One of the sons who became the king of the first dynasty in Vietnam (namely Van Lang) was known as the father of the Vietnamese. At the time of Van Lang dynasty, the tools of production were main stoneware. The people lived in small communities and cultivated their food. For the period of Au Lac, following Van Lang, the basics of culture, society and administration was formed more clearly. The developed metallurgical revolution led to improve the means of production, while the cultivation of wetland rice was encouraged. The agricultural sector became the main part of economic development with the advantages of the regional location. The country lies on two major river deltas, the Red River delta in the North and the Mekong River delta in the South (Chu [2004]).

Historically, over one thousand years ago, until A.D. 938 (as the T'ang dynasty in China was falling into decline), Vietnam was controlled by Chinese rulers. During that time,

^[3] Website:asia.isp.msu.edu/wbwoa/southeast_asia/Vietnam/history.htm

Chinese colonists exerted to set all aspects of society including the language, education, literature and culture following Chinese line (Odell and Castillo [2008], p.82). Moreover, they had to face a lot conflicts with the native people. The significant number of revolts against Chinese rule was conducted by Vietnamese people, such as the movements of “Trung sisters”, “Trieu Quang Phuc”, “Mai Hac De”, and so on. With the dynasty’s controlling, as prominent approach, a lot of similar campaigns occurred against Chinese invaders. After A.D. 939 as Ngo Quyen successfully drove out the Chinese rulers, Vietnam had to face the suppressions by feudal lords (from 10th to 19th centuries) and the attack of the larger Mongol army (around 1257-1284). Notably, under Vietnamese dynasties (such as the emperor of Tran, early Le, Ly, etc.), the system of taxation and penalty were promulgated. The Nguyen Lords (in the south) and Trinh Lords (in the north) were two powerful dynasties during 1627-1775 in Vietnam (ibid, p. 82). After many years of civil war between Trinh and Nguyen Lords, the power controlling of whole country belonged to the monopoly of Nguyen dynasty in 1786 (Lambert [undated]). Under the Nguyen kings, the taxation and penal systems remained. In the late 18th century when the Nguyen dynasty radiated the weaken control, Nguyen Anh (Prince of Nguyen tribe) asked for the supports from the French. From 1802-1820, Nguyen dynasty under emperor Gia Long was located in the middle of Vietnam (Hue province). With the great French’s assistance, the emperor tried to extend their power to rule his own people.

In 1858, under the rule of Napoleon III from France, French phalanx invaded Vietnam easily even though their colonization officially started in 1874^[4]. Meanwhile, Catholicism was tolerated and the infrastructure (road, rail way, bridge system) was built. The French language, culture and literature were introduced in the local regions, thus the society was intertwined both regional and French dominant. Consequently, the native people were suppressed by the policies of heavy tax and a centralized government which was enforced to maximize the colony’s profit (Chu [2004], Nguyen [2013]). At times, during colonization, the tight security that ignored some freedom of press and personality was imposed on all the Vietnamese. It led to the tendency of the uprising movement by regional communities.

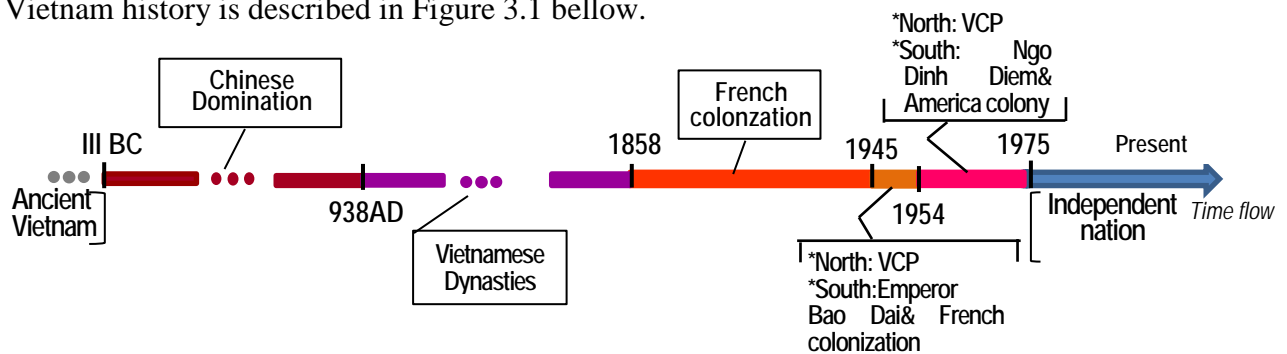
In early 20th century, the modernization movements occurred quite strongly in Vietnam such as: Dong Du (Go East) movement sending the Vietnamese students to Japan to learn modern skills; and Duy Tan (Modernization) movement promoting the education to enlighten and modernize the mass in purpose of getting achievement of peaceful transition (Odell and Castillo [2008], p.82). Typically, the young Vietnamese intellectuals found the theory of Marxism-Leninism which attracted many colonized people over the world. The most famous of Vietnamese intellectuals was Ho Chi Minh, who traveled a lot in foreign countries (China, Russia, France, England, etc...) to seek a way of struggling for the Vietnamese’s independence. In 1925, he founded the Revolutionary Youth League as the radical organization of Vietnamese Communists Party (VCP) formed later in 1930 (Chu, [2004]).

During World War II, when French colonist rule became weaker, Japan invaded Indochina and quickly replaced the position of the French in Vietnam until March 1945. In 1941, the group named “Viet Minh” was established in North Vietnam under the leadership

^[4] Website: [Website:asia.isp.msu.edu/wbwoa/southeast_asia/Vietnam/history.htm](http://asia.isp.msu.edu/wbwoa/southeast_asia/Vietnam/history.htm)

of VCP. Immediately, after the surrender of the colonists (August Revolution event), on 2nd September 1945, Ho Chi Minh declared the independence of Vietnam and established Vietnam Democracy Republic. Unfortunately, the French soon returned to invade Vietnam and began fighting in the South. In September 1946, Ho Chi Minh as the first president of Vietnam was forced to accept the control of Cochin China back to the French. Notably, later that year, the French once again escalated to some provinces in the North of Vietnam. The war between French and Vietnamese troops reoccurred in December 1946. It lasted until 1954 after the battle of Dien Bien Phu (led by General Vo Nguyen Giap) and the Geneva Agreement (signed in Paris), the French's colonial presence in Vietnam went to the end. The whole country temporarily was separated into two States at the 17th parallel: the communist North led by Ho Chi Minh; and non-communist South led by Ngo Dinh Diem, who received the supports from the US (Lambert [undated]).

In the 1960s, South Vietnam was forced in the extremely unstable situation (Odell and Castillo [2008], p. 83) when the demonstrations occurred everywhere. In 1963, Ngo Dinh Diem was ousted in a coup d'etat. Gradually, the US started as the military advisers of Ngo Dinh Diem in South Vietnam then became to invade through the unprovoked attack in North Vietnam in 1964 (Lambert [undated]). However, they were not successful even using the superior firepower and modern technology. In fact, by the guerrilla approach, Vietnamese army defeated American troops and reclaimed the whole territories on 30th April 1975. Vietnam was officially re-unified and renamed the Socialist Republic of Vietnam. Currently, after many years of reformation in economy and re-structure of internal regional areas, Vietnam has over 50 ethnic groups residing in 64 provinces (GSO [2014]). The summary of Vietnam history is described in Figure 3.1 bellow.



Source: Review based on Nguyen [2013], Chu [2004], Bui [2011], Odell and Castillo[2008], Lambert [undated]).

Figure 3.1: Sketch of Vietnamese history

3.1.1.2. Legal and Economic development

a. During the anti-colonist period

During the time under the domination of Chinese and Vietnamese emperors, the heavy taxation for person was important legislation to control the country. Civil regulations were based on Chinese beliefs of Taoism, Buddhism and Confucianism. Wherein, the Confucianism infused strongly Vietnam's legal system with manifests in the daily life (Nguyen [2013]). According to the Confucian scholars' views, there were two types of ruling principles: rules of morality (or ritual principles); and rules of law (or penal principles).

Vietnam had tendency in relying on morality rather than law (Odell and Castillo [2008], p.83). In the line of Confucianism, the classes in society were divided into four levels: the highest ranking was scholars; the second was peasants; the third was artisans; and the last was merchants. The scholars played the role of supplying the ethical leadership, while the peasants provided all resources, the artisans made the life beautiful through their work of art and the merchants contributed to earn surplus from their trading. Agriculture was the critically important sector of the national economy. The farmers became the key labour resources for the country. The village (including the same family groups or the homogeneity of members in a village) was considered as the core unit of communal society at that time. The local obligations were set up autonomously following the customs of each village (Nguyen [2013]).

During the French colonists (1858-1945), the legal system in Vietnam was imposed by the French. Under the policy of “driving to rule” to simply achieve economic gains, the French tried to exploit the natural resources in the region rather than develop regional economy (Bui [2011]). The whole country was separated into three main regions: the South (namely Cochinchina; Sai Gon capital); the Middle/Centre (title Annam; Hue capital); and the North (was called Tonkin; Hanoi capital). Each region had specific administrative institutions and was controlled by a different legal system. The French territory was in the South, and the North is the semi-colonial area while French protectorate was in the Middle (Bui [2006], p.23, 24). Most key positions of the legal machinery belonged to the French, while Vietnamese people had only few officials at lower levels. The civil law was governed mainly by French citizens (Odell et al. [2008]). At the time of French domination, the economic system in Vietnam transited from a feudal self-contained to a colonial capitalist. The traditional and modern sectors were formed officially. The first sector focused on the agricultural and handicraft activities, while the second one concentrates to encourage the activities on trade, finance and industry (Dinh et al. [2000]). The working class (as a part of peasant class) was introduced as a new class and quickly contributed to driving the economic development in Vietnam. Within the working class, three levels of average, poor and very poor status were separated. The people who had some land and produced facilities, were the landlord of very poor people were of the average element. The poor people had a little land but no facility, while people who had no property belonged to the very poor group.

At the early stage of Vietnam’s independent monarchies (1945), the legal system was reinforced continuously by the Democratic Republic of Vietnam, in order to build a stable political system as soon as possible. In fact, 479 national regulations were enacted in only a short period of 9/1945-12/1946, including 243 Ordinances, 172 Decrees, 46 circulars and 12 other regulations (Pham [2008]). The new government was soon established to control the economic and political system. The first general election was held in March 1946. Eight months later, on 9 November 1946, the National Assembly proclaimed the first Vietnamese Constitution. Based on the existing centralized bureaucracy, the economic policies were organized following collectivization mechanism. The State-ownership was identified as an important and key portion of the economy. During 1946-1954, the new government had to face many difficulties in not only against poverty but also fighting the invaders returning from

France (1945-1954). French troops were not defeated by Vietnamese army until 1954. In the north, Vietnam adopted Soviet-style legal system with the support of Soviet, while French legal system still was supplemented in the middle under the control of Ngo Dinh Diem and the legal advisors from the USA (existing of a presidential system and separation of powers between judicial, executive and legislative elements) in the south (Odell et al. [2008]). According to Bui [2011], Nguyen and Richard [2011] and Nguyen [2013], the socioeconomic model in Vietnam was controlled under the capital path (capitalist economy) in the south while the socialist path (centrally planned economy) existed in the north during the period 1955 to 1975.

b. Vietnam in recent time

After 1975, the US neo-colonists withdrew from Vietnam, the country was reunified under the leadership of VCP. The national legal system was improved as an early step in the nation by resetting the respective regulations in the provincial areas (in late 1975), in trading, agricultural production, training and education (in 1976) and other fields. The legality was proclaimed as the best in formal system with continuously important role of the State sector. The agriculture still remained as the leading field of the economy, while the private sector was not encouraged or even made unlawful. Under the blocked market, there was neither foreign investment nor heavy industries, and the bureaucracy restricted the market force (Odell and Castillo [2008]). Especially, at the time when the Soviet Union collapsed around the 1980s, and their economic assistance for Vietnam was reduced, as a result, the country fell into the status of insufficient domestic financial resources and exceeding inflation rate (Le [2015]). In order to survive, in 1986, at the Sixth Communist Party Congress, the economic renovation policy - “Doi moi” was announced in Vietnam.

Starting in 1986, the economic liberalisation was encouraged. The economy shifted from a centrally planned one to an open market economy. The State sector was defined as the leading role of development and a fundamental feature of the socialism oriented to market economy (Pham et al. [2007], p.11,12). First of all is agriculture, then industries and service were priority sectors for improvement in an effort of controlling the hyperinflation in late 1980s (Tran [2003]).

Thanks to the introduction of Doi moi (renovation), most sectors of the economy were improved significantly. This contributed to reducing the poverty level and stimulating the foreign investment as well as controlling the import-export balance, and the formal accept of private sector. Moreover, the legal system was dramatically approved or renewed following the promotion of all sectors in the open-market economy. The renovation of the Constitutions in 1992 contributed to replacing the main political bodies and restructuring of the government (Odell Odell and Castillo [2008]). The form of State owned enterprises (SOEs) moved closely to mergers and consolidated structure of modernising economy (Le [2015]). The economy embraced positive changes and followed the trend of transformation from an agriculture-based economy towards an industry and service based one (Pham et al. [2007], p.26). The average per capital GDP increased from less than 2% in 1976-1990 to 6.6% in 1991-1995 (Tran [2003], p. 5).

By continuously developing the economy in the path of market orientation, apart from the vigorous reformation of the legal system in the 1990s (shown in Table 3.1), Vietnam has maintained a policy of encouraging foreign investment and enhancing its status by taking part in such international organizations as ASEAN (Association of South-East Asian Nations) in 1995; APEC (Asia Pacific Economic Cooperation) in 1998; Bilateral Trade Agreement with the US in 2001. Recently, Vietnam has been a formal participant of WTO (World Trade Organization) in 2007 and TPPs (Trans-Pacific Partnership) in 2015.

Table 3.1: Key points of legal reformation and international integration

2011-2015	*Accounting Law (2015) *Enterprise Law (2014 replaces 2005) *Second Constitution (2013 revised 1992) * Law on Price (2012)	Final TPP negotiation to be membership in October 2015
2006-2010	* Law on Real Estate Business (2006) *Ordinance on Exchange Law (effective 2006) * Security Law (2006) *Law on management of Taxation (2006 revised 2012)	WTO membership (2007); AFTA- Korean (2007); AFTA-Vietnam-Japan(2008); AFTA -Australia-New Zealand; AFTA A India (2009); Vietnam –EU; Vietnam-Chile FTAs (2010); TPP negotiation (began 2010)
2001-2005	* Enterprise Law (2005, revised 2013) ^[a] *Competitive Law (2005); * Electricity Law (2005) * Investment Law (2005) ^[a] * Intellectual Property Law (2005) * Law on Bankruptcy (2004); Land Law (2003) ^[d] * Accounting Law (2003); Commercial Law (2005)	*Free Trade Agreement China-ASEAN (2005) * Agreement on Marketing Opening with EU (2004) *Bilateral Trade Agreement with US (2001)
1996-2000	* Land law (1998, replaced 1993) ^[a] *Enterprise Law (1998) ^[b] *Law on Foreign Investment (1996 revised 2000, replaced 1987)	Found ASEM (1996) APEC membership (1998)
1990-1995	*Law on State Enterprise (1995, revised 2003) * First Constitution (1992) * Land law (1993 replaced 1987) *Company Law (1990); *Law on Private Enterprise (1990)	*ASEAN membership (1995) * Started the negotiation to join WTO (1995) * Framework Agreement with EU (1995) *Textile Agreement with EU (1992) *ASEAN Free Trade Agreement (1993)
1987-1989	Land Law (1987); Law on Foreign Investment (1987, revised 1990, 1992)	
1986	Start of economic revolution-Doi moi	

Source: Owned reviews

[a]: replaced Law on Foreign Investment (1996) [b]: replaced Law on Private Enterprise (1990);
[c]: replaced Law (1998) and Law on State enterprise (1995, revised 2003);
[d]: replaced Land Law (1993); [g]: revised 2001 and 2007

With regards to the legal system, at national level, the National Assembly has been the highest political body operating in both executive and judicial systems. Through the National Assembly, the positions of heads of the State and the Government have been elected. The President has the authority to promulgate legislation (including Constitutions and Laws) passed by the National Assembly, while the Government (headed by the Prime Minister) promulgates decrees and clarifies laws and regulations as the second level of the national system (detailed in Table 3.2). The judicial system has various courts, tribunals and Supreme People's Procuracy at the district, provincial and governmental levels.

Along with the legal reforms, the economic growth reached the significant achievements. For instance, the average GDP per year of 7% in the period 1996-2000 increased to 7,5% in 2001-2005 and gained stability in 2006-2010 (Mai et al. [2013], Le [2015]); the Foreign Direct Investment (FDI) of 20.67 billion US dollars (approximately 24,32% of total social investment capital) in 1990-2000 increased to 69.47 billion US dollars (approx. 22.75% of total social investment capital) in 2000-2011 (Mai et. al. [2013], p.377). In recent years, the incessant efforts of the government in abolishing subsidies in State enterprises, innovating Administration Reforms and emending legal framework have helped create a favourable environment for business operation (Le [2015], Mai et al. [2013], Thorburn [2009], Tran et al. [2008]). However, Vietnam has still been a “middle –income country” (Truong [2013], Donor Report to the Vietnam Consultative Group [2012]). Moreover, the challenges from the group’s benefits, the partial area of economic transition (Mai et. al. [2013]) and the lack of fundamental conditions of international integration (MOF [2013a, 2013b]) have worsened the instability of economic development. The reputation of economic development has been very poor in the international market. Vietnam’s position in Ease of Doing Business was ranked 78 out of 189 countries, while Global Competitiveness Index for 2014-2015 (on the World Economic Forum) was 68 out of 144 economies. It seems the economic growth is stagnating and the national growth has been below its potential (Le [2015], p.33). Hence, in order to get the higher expectations of an open market economy, Vietnam continues to live up to reform the economy.

Table 3.2: National hierarchy of legal proclamation in Vietnam

Declarers	Type of regulation	Level
National Assembly (Quốc hội)	- Constitution (Hiến Pháp) - Law (Luật) - Resolutions (Nghị Quyết)	<i>Law/ regulations</i>
Standing Committee of National Assembly (Ủy Ban Thường Vụ Quốc Hội)	- Ordinances (Pháp lệnh) - Resolutions (Nghị Quyết) - Order and Decision (Lệnh và Quyết định)	
Ministry		
*Prime Ministry	- Decree (Nghị Định)	<i>Secondary regulation</i>
*Head of Respective Ministries or equivalent Agencies	- Decision (Quyết định) - Circular (Thông Tư)	
		National level

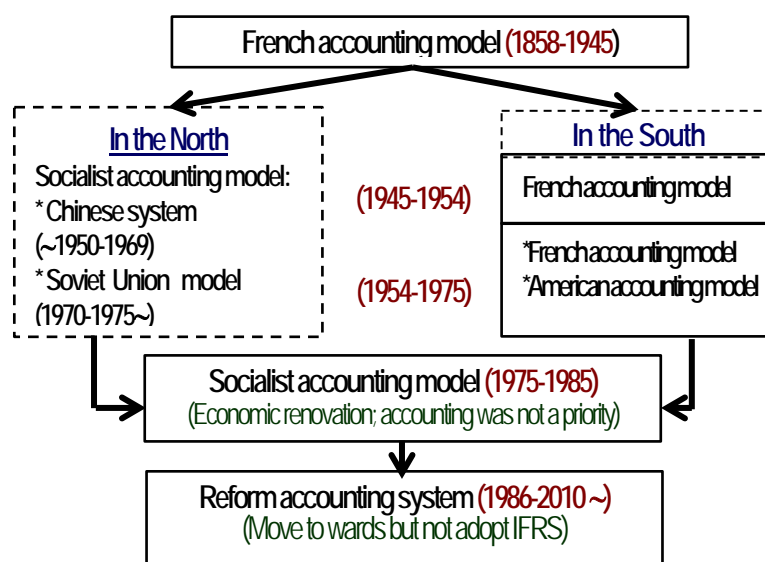
Source: Vietnamese Constitution 2013

3.1.2. Development of accounting system

The study of accounting history is to review the evolution of accounting through practice and institution in response to changes in the environment and societal needs. It helps us to know our past and gives us the guidance to how our current practices and problems came into being (Oseni et al. [2011] p.2). Being influenced by the colonial war for a long time, Vietnamese accounting development also has transited through a number of different periods. Depending on the research manner’s objectives, the stages of its accounting history are separated into specific different criteria. Chu [2004] writes in his dissertation that the history

of Vietnamese accounting system spans over two main periods: socialism and economic transition. He classified historical period of Socialism into three specific phases: the initiation, setting foundation, improvement and unification, while the another main period in the initiatory, radical and standardization phase. Nguyen et al.[2012], their article presented the reformation period of Vietnamese accounting system in three stages: the first was from 1981 to 1990 when the main reformation was related to the private sector and served the planning economy; the second was from 1991 to 1995 with the strong restructuring of State-owned enterprises; the last was since 1996 until now when he stressed that Vietnam had executed many activities to integrate into the international regulations not only in the accounting sector but also in other aspects of Vietnamese economy, especially these changes contributed significantly to making the legal accounting framework in the country better.

According to the view of accounting experts as showed in their project No. 2000-98-027 under supervision of Vietnamese Ministry of Finance in 2001, the history of Vietnamese accounting system lasts also in three periods. They are 1945-1988, 1989-1995, and since 1996 up to now. In these experts' opinions, during 1945-1988 the accounting system was established as the initiatory stage, while the whole country focused on stability of politics and structure of the government. In the second period, they commented that the accounting regulation system was more uniform, and consistent than the previous time. Nevertheless, not only accounting but also financial regulations were launched on the government's purpose of State financial management. In their last period, the economic liberalization affected significantly the regulations of the accounting sector in Vietnam. The accounting system was improved to meet enterprises' demand for financial management, but it still existed the inappropriate point out of many requirements of businesses or investors in accounting market.



Source: Owned contribution

Figure 3.2: Accounting historical development in Vietnam

The ideas of Chu [2004] and Bui [2011] based on economic development were similar to the present history of accounting development in Vietnam. Chu also added one period by dividing the transition phase into before and after 1997. Overall, his study presented prior 1986; 1986-1997; and 1998-2010 as three steps in history of Vietnamese system for

accounting development. Unlike other researchers, Nguyen [2013] provided the accounting development in four stages by connecting the movements against colonists to economic renovation in Vietnam. They were the periods of 1864-1945; 1945-1975; 1975-1986 and 1986-onwards.

Particularly, most researchers also agreed that the accounting system in Vietnam had really started before 1945 when the Vietnam was occupied by foreign aggressors, and they made explicitly all detailed information since 1945 (declared as an independent nation) to present as the valuable documents for any researchers afterwards. According to Narayan and Godden [2000], the historical development of Vietnamese accounting was engaged in its accounting practice, which has formed strong military, social or commercial links. (Figure 3.2)

Combining the utility of previous researches in this study, the development process of accounting system in Vietnamese setting is emphasized more by others (including the invaders). Furthermore, through the top-to-bottom approach, the study is based on the hierarchy structure of a national legislation system to present the accounting system. Therefore, the Vietnamese accounting history depicted in this research follows two main periods: the before; and the after of the first Law on Accounting (2003).

3.1.2.1. Vietnamese accounting system before 2003

It was a typical situation when Vietnamese accounting practitioners did their jobs for a long time without the accounting law from 1945 to 2002 (57 years). An explanation for this is Vietnam's historical context. According to the research by Ngo and Pham [2013], Vietnamese accounting was formed along with the nation's historical development. It first appeared a thousand years ago and was recorded quite apparently at the time of Chinese domination (III BC) and Vietnamese Dynasties (10th century) to control the emperors' budgets. The accounting system, however, was very simple unlike the formal system. The accounting elements were developed incoherently and engaged with a piece or part of King's budget management, such as the budget note, receipt paper or calculated sheets for evidence of expenditure rather than accounting purpose (Ngo and Pham [2013]). After the mid-19th century, the contemporary accounting history in Vietnam started with the French invaders (Micheline and Nguyen [2007], p.7; Bui [2011])

a. French colonial rule period (1858-1945)

During the time of French colonists, French legal ideology was imposed on all regions in Vietnam (Bui [2007], p. 24). Obviously, the French accounting system, as a result of their colonial exploiting policy and primarily support colonial administrative, was also set up (ibid, p.91). The preparation of accounting records as the budgets report were required to control the revenues and expenditures of the colony. The accounting work was managed by the French directly while the local Vietnamese were hired as the detail bookkeepers (Nguyen [2013], Bui [2011]). The taxation was an important content of the colonial rule that played a key role in budget generation and administration under French colonial control in Vietnam.

In order to exploit the resources in Vietnam, nevertheless, French invaders used their accounting system to centrally control the colony's operation rather than transited to the local regions. According to Nguyen [2013], there was narrowly based point of the French accounting which becomes the standard model in Vietnam during French domination. As Bui [2011] summarized:

During 1858 – 1945, the French ruled the country, using its manpower to exploit resources in Vietnam. They made little effort to train the Vietnamese in accounting. There have been no records to indicate any positive impact by the colonial heritage on indigenous accounting by the French during their domination in Vietnam (p. 98).

In fact, the market and community for accounting were absent. French accountants undertook most accounting work, while Vietnamese people were confined to the role of bookkeepers under French supervision. It was little action in setting up and improving the indigenous accounting in Vietnam by the French at the time of their colonialism (Bui [2011], p. 96-97). Consequently, the impacts of French accounting system on Vietnamese accounting practice were not enough for the latter to develop (Nguyen [2013], p.15)

b. Period of the North separates from the South (1945-1975)

As mentioned in Section 3.1.1, after Vietnam declared as an independent nation, the French came back to invade the South. The nation was temporarily separated into Northern and Southern halves. Accordingly, there were differences in accounting practice in the two regions.

In the South, under the rule of French colonists, the budget accounting was still used by the French, and so the local Vietnamese continued to be used as assistants of French accountants in colonial operations. The first accounting plan in France (known as the Plan Comptable Général) found in 1947 was practiced in South Vietnam (Bui [2011], p. 128). It has been the main feature of the cash base, whereas the same characteristics of accounting system to centrally control the colony operations before 1945 remained and the influence of French accounting ideology in Vietnam was not lessened, as noted:

The French national accounting plan did not have an impact on the existing accounting practice in the Republic of Vietnam during this time. Moreover, training Republic of Vietnam personnel in accounting was not the US's priorities, as their main interests were political influence through military support (Bui [2011], p. 128).

After 1954, when the Geneva Agreement was signed and the French lost their war in Vietnam, French occupation was replaced by Americans. Even though American accounting experts tried to introduce their accounting system during their colonial time (Chu [2004]; Vu [2012], p.31), they did not train the Vietnamese in accounting (Bui [2011], p.130). Therefore, French accounting system remained the key role (until 1972) (Chu [2004]; Vu [2012]). According to Nguyen [2013], flexible situations occurred in the accounting practice, such as:

It was observed that America-companies in Vietnam used America accounting system because they had to report to their headquarters in the US. With regards to the matters of taxes, companies which were operating in the South Vietnam had to report to the local government using French accounting system (p. 17).

Some years later, American troops were knocked out in 1975 by Vietnamese army. This means the practice of American accounting system in Vietnam did not last long enough to be set up as a formal accounting system in Vietnam.

In contrast, in the North, at the early years of the independent declaration, in 1946, the Ministry of Finance was established, as the highest organization of the government in charge of setting accounting regulations in Vietnam (until now). The first accounting regulation related to regulation on General Accounting framework and Revenue and Expenditure of the State budget was issued on 25 September 1948. The characteristics of accounting at that time were simple with the main purpose of recording the nation's revenue and expenditure (Nguyen [2013]; Chu [2004]). Notably, the direct and indirect assistance from China supported the major source of military and economy, and the assistance of Soviet Union for Vietnam in its war against colonies in the 1950s – 1960s, through education, training and support material in accounting sector (DAP, 2001). The primary accounting regulations were issued, some of which served as the original documents to promote the following accounting regulations in practice until now in Vietnam. This system became strong when Department of Accounting Policy (DAP) in MOF, for not only setting and issuing uniform of the accounting regulations but also controlling the implementation by the enterprises, was formed in 1956. The DAP distributed significantly to create the pre-framework of accounting and Vietnamese accounting system nowadays.

At first, in the 1960-1969, with the limited knowledge and experience, Vietnam received the provision of extensive materials and human training assistance from Chinese experts to set its accounting system following the Chinese model (Narayan and Godden [2000]). The early decree on the Charter for Organization of State Accounting was proclaimed in 1961 and the provisional Policy for Accounting control by Decision in 1962. However, due to political conflicts with China in its US relationship in the late 1970s, Vietnam then followed the Soviet Union accounting model until the 1980s (Bui [2011], p. 114, 125; Nguyen [2013]). Consequently, Vietnamese accounting system was influenced by both Chinese and Soviet models (Vu [2012]).

In Soviet Union model of a centrally-managed economy, accounting and statistical record keeping were the basis, as controlling tools, in endeavor to manage a planned economy (Sarikas et. al.[2009], p.186). Vietnamese accounting operation at that time, adopting Soviet accounting model, focused on supplying the information for preparation of the State's fiscal budget (Bui [2011]) and functioned as a tool or State financial management (Chu [2004]). At the central level, the State bodies including ministries and equivalent agencies played the monopoly role in setting up their industry-based accounting regulations and the prescribed template of accounting books and vouchers (Bui [2011]), which must be complied by enterprises as compulsory rather than encouraging. The Decree was issued as the first high-level of accounting rule (Chu [2004], p. 141, Odell and Castillo [2008], p.83). The SOEs were defined as the dominant role of economic development (Pham et al. [2007]; Truong [2013]). Therefore, the accounting regulations were issued for this purpose with significance. Moreover, the role of Chief Accountant in SOEs was extended by the New Regulations on Chief Accountant in a Decree in 1970 and the bookkeeping was stressed on accounting practice by Decision on the Vouchers-Journal accounting system issued in the same year.

Thanks to Soviet Union, the human resource for accounting in Vietnam was improved significantly through the young officials who were trained inland or overseas with the assistance from Soviet experts during the 1960s-1970s (DAP, 2001). These officials contributed strongly to forming the characteristics of accounting system at that time. Under the socialist accounting, Vietnam applied only the model of Soviet, the most powerful amongst socialist countries bloc. Vietnam also tried to use flexible approaches for the most effectiveness, instead of initiating the original model (Bui [2011], p.116). By this approach, Vietnam could create forms of accounting, accounting voucher system and reconciliation of economic information (DAP, 2001). This means the fundamental accounting system of Vietnam was found, at least in the North as noted by Chu [2004]:

[During 1961-1970] saw the laying of the foundation of the Vietnamese accounting system. Accounting systems were set up in all types of entities including government organizations, state enterprises and collective farms to create a complex accounting apparatus used as a tool in administering economy (p. 142).

c. Period of reunification and prior to economic renovation (1975-1985)

It is difficult for Vietnam to move to a peaceful development stage right after the reunification (Tran [2003]) because in the South the capitalist economy driven by market forces remained and in the North the economy of socialist centrally-planned was applied (Le [2015]). Therefore, one of the first steps taken by Vietnam was focusing on recovery and rebuilding the national economy all over the country (Chu [2004]) to create a stable environment. Under this impact, in the accounting sector, it was not easy to establish a uniform accounting system across two regions immediately, while the distance of accounting systems in the market economy (in the South) and the centrally planned economy (in the North) was remarkable (Vu [2012]). It is difficult to control this system of the whole country when the style of French and American accounting was applied to most enterprises in the South, while all enterprises in the North were oriented to the Soviet style.

To build the socialist economy, a system of socialist accounting with a uniform chart of accounts was defined to be applied to the whole nation (DAP [2001]; Chu [2004]; Micheline and Nguyen [2007]; Bui [2011]). The accounting experts in the North were sent to transform the capitalist accounting style in the South via the training courses. Generally, the feature of the accounting system at this period was similar to the preceding system applied in the North. Accounting information mainly served the purpose of facilitating the centralization of economic planning. The cost accounting^[5] system remained (Vu [2012], p. 31) and became more sophisticated in supplying information for cost control (Chu [2004]). Regarding many specific requirements from enterprises, there was an extremely strict system of accounting regulations in Vietnam (Sarikas et al. [2009]). Accounting reports were prepared accurately, yet the firms were not required to submit accounting information to the public (Vu [2012]). As for the accounting regulations in Vietnam in this period, Bui [2011] commented:

[⁵] Cost accounting is commonly known as 'internal auditing' in the Western economies with its main focus on fraud, theft or inappropriate use of resources rather than the accuracy of methods or formats of transactions (Vu [2012], p. 35)

[During 1975 – 1985] Accounting regulations were changed periodically, corresponding with changes in the government’s political and economic policies... As such, there was no market for accounting services. Accounting activities were mainly focused on recording and reporting information for statistical and tax collection purposes. An indigenous Vietnamese accounting profession, as in Western countries, did not exist in Vietnam before 1986. The state continued its dominance, being both the market and community for accounting (p. 151).

The fact was that the accounting document was enriched by a great number of Decrees and Decisions on particular industries in this period, such as commerce, transportation or agriculture, etc., but still in lack of consistent and coherent accounting theories for the resolution of practical issues (Bui [2011], p.144). Most of the accounting regulations were put under strict control by the government (Nguyen et al. [2012]). The accounting information supplied by SOEs focused on safeguarding the assets and providing the information directly to the higher authorities rather than meeting the managers’ demand on making business decisions (Chu [2004]). This was also an underpinning reason why Vietnamese accounting system seems to follow a “centralized” or “rule-based” concept rather than a “principle-based”^[6] approach (Nguyen et al. [2012]; Phan et al.[2013]).

d. Period between economic renovation and issuance of the first accounting law (1986- 2003)

In 1986 the economic liberalization began in Vietnam, the private enterprises were acknowledged as a sector of the economy and the accounting system was reformed with significant changes. The starting point of this change was the government issued Ordinance on Accounting and Statistics in 1988, and started the substantial renovation in specific industries, expressed in such forms as the regulation on chief accountants; the penalty for violation as well as the reformation to unify the accounting reports. Particularly, Vietnamese accounting regulation system was renewed at that time to adopt the non-State businesses (in 1990) which had ever been considered as the constraint organization in the first stage of Vietnamese young government.

Moreover, the establishment of Vietnamese Association of Accountants (VAA) in 1994 brought many perspectives for development of Vietnamese accounting system (DAP, 2001). The significant contributions by this association were the integration into International Federation Accounting Committee (IFAC) and Accounting Federation of Asian (AFA) in 1998. Moreover, the reformations of accounting policies, for not only State organizations but also non-State enterprises, were applied the first time since the unification of the whole nation in around 1995. It included three separate respective policies: one for SOEs; one for small and medium enterprises (SMEs); and another for other kinds of State organizations (such as hospital, education sector). In fact, this period (from 1991 to 1995), Vietnamese accounting was regarded as a tool for management (Nguyen and Guangming [2012]) and radical reformation (Chu [2004])

There have been no documents of primary source (or I have at least not found any) to show that the renovation of accounting regulations has led to increasing foreign investment in

^[6] Principle-based system requires companies to report and auditors to audit the substance or business purpose of transaction; not merely whether they can qualify as acceptable under incredibly detailed or overly technical rule ...while a rule-based system allows managers to ignore the substance and, instead ask “where is the rules does it say I can’t do this?” (Nisbett and Sheikh [2007],p .10):

Vietnam. But a considerable number of researchers claim that the accounting system of a country certainly reflects its socio-economic and political characteristics (Nguyen [2013], p. 8). In fact, Vietnamese accounting system has had valuable benefits from major foreign owned auditing firms (Deloitte & Touche, Ernst & Young (E&Y), KPMG and PricewaterhouseCoopers (PwC) during this time. According to Chu [2004], these companies contributed mainly to importing directly knowledge of accounting market into Vietnam. A remarkable point is the launch of the first four VASs by the MOF in 2001 and the next six VASs in 2002. Notably, the contents of the VASs were set up to align with international economic integration. It is difficult for Vietnamese accounting practitioners to apply VAS, nevertheless, in condition of insufficient uniform accounting regulations applied to the domestic market. The MOF recommended application of VAS to SOEs or SMEs (small and medium enterprises) while many of them were still not improved to change to an appropriate structure or business size. In order to sort this out and also meet the requirement of economic integration, the re-structure of SOEs and encouragement of developmental SMEs and the promotion of FDI companies were conducted in early 2000s. However, these were not properly adapted while most of the accounting practitioners are not professionally qualified (Nguyen et al. [2012]) and the highest power of regulation, Law of Accounting was not issued until 2003.

3.1.2.2. Vietnamese accounting system after 2003

The first law of accounting in Vietnam was promulgated on 17th June 2003 and complied on 1st January 2004. Then the next three series of the VASs were also issued by the end of 2003 and 2005. Under the law and standards, the MOF enacted a significant number of accounting policies and guidance for implementation. For example, in 2006 reformation of the accounting regulation for enterprises (applied to all), State organizations (applied to public organizations, such as hospitals, municipal organizations, etc.), and SOEs; in 2007 promulgation of the accounting policy for Social Insurance Organization, Funds of Public Telecommunications services, and so on. Up to now, the accounting system includes one law (2003, revised 2015), 26 Vietnamese accounting standards (issued by the fifth time from 2001-2005), and a great number of guide documents (as shown in Figure 3.3).

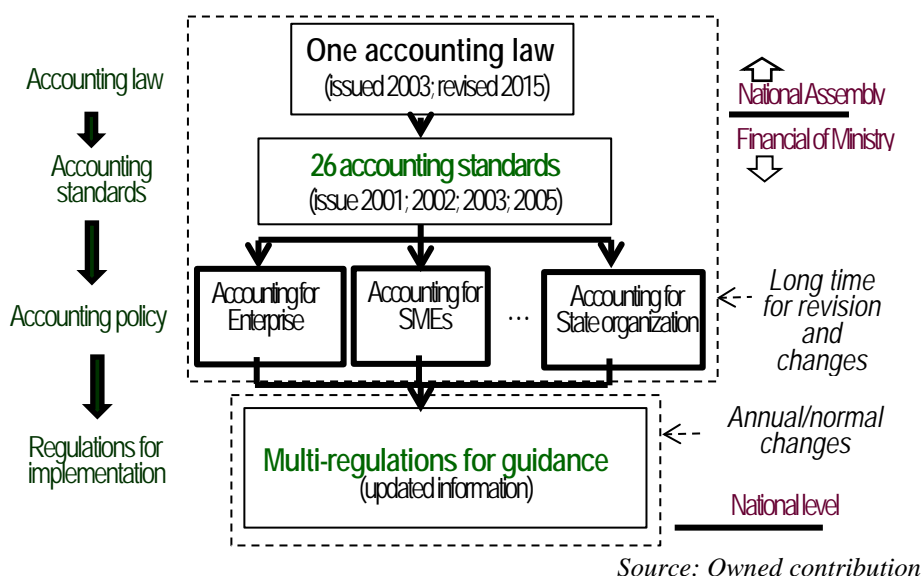


Figure 3.3: Current Vietnamese accounting regulation system

Particularly, the Vietnam Association of Certified Public Accountants (VACPA) established on 15th April 2005 by the MOF played a significant role in creating the accounting profession in the domestic market. Simultaneously, many circular documents were also promulgated to guide implementation as the detailed and direct regulations for specific industries: Fund management; Agricultural cooperatives; Treasury and budget management information system, and many others. The accounting law continued unifying for all Vietnamese companies but the VASs were applied to the enterprises depending on their own policy.

Fortunately, in 2015, after over 11 years complying the first accounting law (in 2003), the National Assembly promulgated the new law for the accounting sector based on the revision of version 2003 and new law will be enforced from 1st January 2017. The key changes of Law on accounting (2015) are located in introducing formally fair value accounting principles (that, before 2015, was only mentioned in the regulations under the standards) and providing specific information of inspection as well as provision of accounting service. Moreover, accounting of currency and exchange rate for translation that differs from the version 2003 has been regulated clearly (KPMG [2016]). Accordingly, financial statements must be prepared and presented in a manner close to the substance of transactions rather than their forms. Consequently, the assets and liabilities are initially recognized at the cost and then their value frequently fluctuating as per the market price must be measured reliably at the end of the financial statement period. However, these recognition and measurements are accepted in several typical cases rather than for all assets and liabilities in the entity. They are situations of monetary items denominated in foreign currencies translated at the accrual exchange rates; financial instruments are required by accounting standards to be measured and recognized at the fair value; and others must be measured at the fair value in accordance with accounting standards^[7].

As the best way to make greater conformity with international accounting practice, most of the contents of Vietnamese accounting system have to be based on the IASs (Nguyen and Guangming [2012]). Unfortunately, the inconsistent content among the VASs or between the VASs and policies or circulars of its guideline is still obvious (Mai [2010]). According to the comments by Nguyen et al [2012], Nguyen and Richard [2011]), Pham [2012], Vietnamese accounting regulations still focus on providing the accounting information to the governmental authorities: tax and financial adjustment, and the accounting practitioners are still doing bookkeeping rather than accounting. Moreover, a number of shortcomings in the situation of accounting practice continue to arise, e.g. assets are over-stated, expenses are capitalized, and incomes are dissimulated. More seriously, the financial reports still do not reflect the real performance of the entity (Chu [2004], Dao [2010], Nguyen and Nguyen [2013]) as Nguyen et al. [2012] argued:

The accounting field in Vietnam rests on compliance system. Individuals within the field feel comfortable and at peace with such a system which has become embedded (p.18).

^[7] Article 28, Law on Accounting 2015

In fact, the revision of accounting regulations in recent years has contributed to significant improvement in accounting development. It has shifted from the low integration to high integration with international standards, and from no informal acceptance of fair value to gradual application of fair value to assets accounting. However, it seems insufficient for the transition to the expected case as Vu [2012] also commented:

[...] despite a concentrate effort to improve information transparency through issuance of mandatory requirements, accounting reporting compliance in Vietnam was not very well monitored and disciplined (p.58).

In order to review this current situation, the next section presents the characteristics of the accounting system in Vietnam and a full picture of historical development of Vietnamese accounting as illustrated in Annex 1 to demonstrate the government's efforts in accounting reforms.

3.1.3. Characteristics of Vietnamese accounting system

Before investigating into the characteristics of Vietnamese accounting system, let's come back to the section of interpretation of accounting system (section 1.3.2). According to that section, three options, *market*, *the State* and *community*, drive the accounting model. The enterprises, the government and accounting professional associations are mentioned as the main actors of the system. It is explicit that the regulation system is the key factor that creates interaction among them. Figure 3.4 modifies their relationship as bellows:

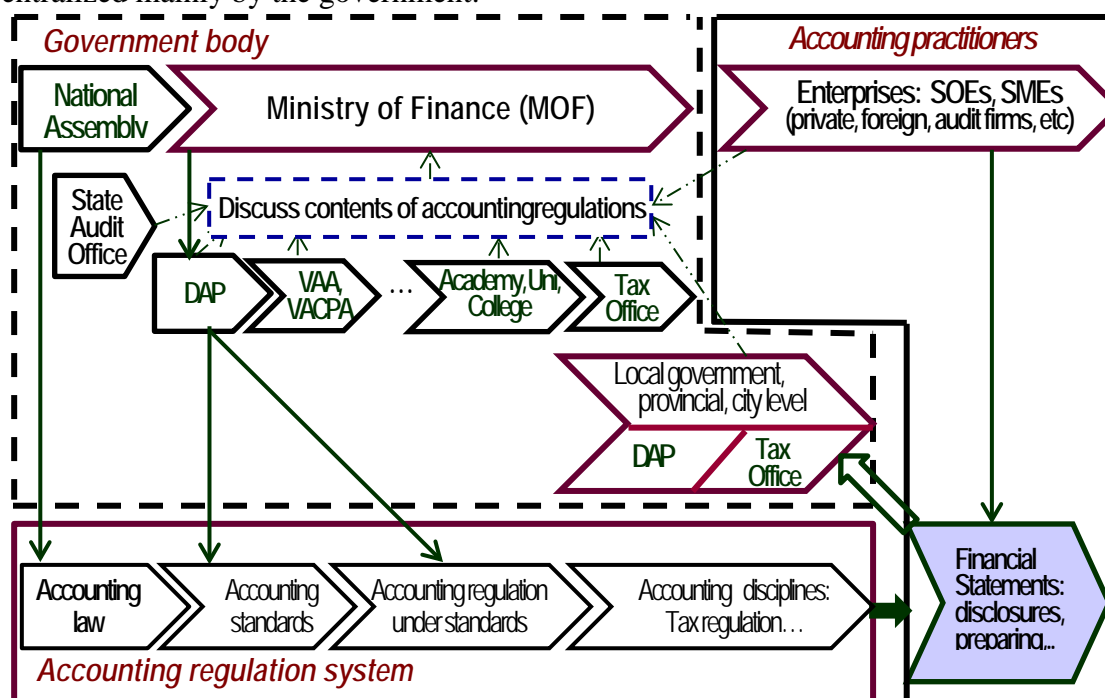
3.1.3.1. Liberalism, associationism, corporatism and legalism in Vietnamese accounting system

Applying the model of Puxty et al [1987] to classification of accounting regulations, Nobes and Parker [2000] explained the terms "*liberalism*", "*associationism*", "*corporatism*" and "*legalism*", which were distinguished as useful concepts to describe the linkage among three options; the State, market and community. Developing these notions to make clear the current relationship between actors of the accounting system that represents the State, the market and the community respectively is described in Figure 3.4.

The liberalism option is exposed as many different and specific accounting regulations to apply. Depending on firm size and/or industrial sector, the enterprises' directors decide appropriate accounting policies for his business, and so even with the medium type he can still select a different system spared for big companies to apply if he wants. In the legalism criteria, it seems to be illustrated widely in the previous part of history. Going back to the time of national unification, the legal system on bookkeeping and accounting had been in Vietnam since 1950s. To adopt the transition of economy, in the recent decades Vietnamese government has exerted to complete the legal system on accounting in line with international regulations. These reforms have ever been a driving force for Vietnam enterprises nowadays

In the concept of associationism, the establishment of VAA (1994), VACPA (2005) and the development of these associations to abroad, such as AFA, IFAC, CAPA (Confederation of Asia and Pacific Accountants) and CPA Australia reflect an improved role of the accounting profession. The last concept is corporatism that involves with some actions between the State and market to create the accounting regulations of hierarchy control. Normally, before issuing regulations, Vietnamese government through MOF organizes

directly or indirectly many conferences and workshops. The purpose of these conferences is to collect the guides, experiences or advices from the accounting market. They are views of accounting experts, auditing professors, business managers, who come from not only government offices or universities or academic institutions, but also the public accounting firms or private companies, including both foreign and Vietnamese members (DAP [2001]). Compared with the system of accounting regulation before “Doi moi”, the current accounting system in Vietnam has covered all basic concepts which appeared on Nobes’ model [2000]. The drawbacks of enforcements, nevertheless, have been still seen in the government, accounting practitioners and community, especially the role of setting regulations has been still centralized mainly by the government.



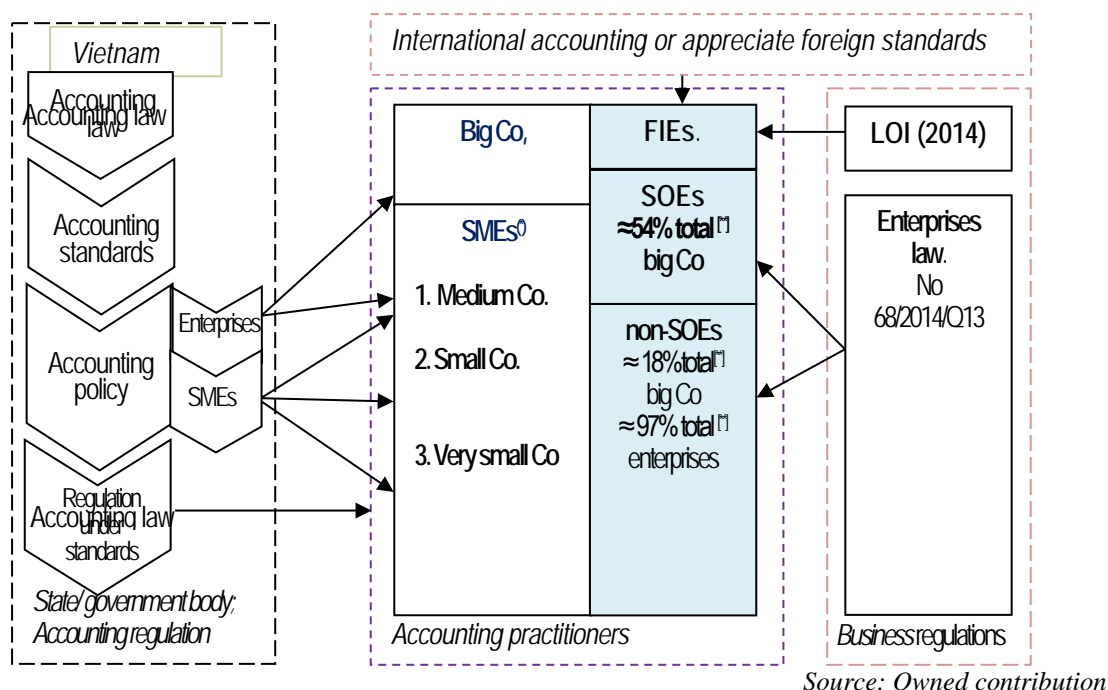
Note:
 → Directly issue; - - → collected information; ➡ directly apply; ⇨ directly submit
 Source: Owned contribution
 Figure 3.4: Relationship among actors in accounting system

3.1.3.2. Government playing key role of setting accounting regulation system

Let’s turn back again to Figure 3.3 and 3.4. It is found easily that the government has predominated in setting up the system of accounting regulations in Vietnam. Except for the accounting law, published by the Assembly as the highest regulations, most of the accounting regulations (including VASs, and under standards) are launched directly by the MOF. As an interpretation for this feature, Nguyen [2013] mentioned it is a reasonable scene of Vietnam under condition of a developing country with a strong centralized system governed by the Communist Party. Moreover, after going out of the war, the government had to establish the administrative system through the activities of SOEs (Nguyen and Richard [2011]; Nguyen [2013]). Like other sectors of the economy, the legal system of accounting has been created and issued by the government.

At present, the structure of Vietnamese economy has been reformed with an increasing number of SMEs. In 2012, the number of SMEs reached more 95% in total number of

enterprises (about 362,540 firms), while this indicator of FDI companies was 9,385 and the indicator of SOEs was only 3,807 (GSO, 2012). Supported by FDI, the private sector's contribution to Vietnam's GDP is stronger (Christopher [2011]). Furthermore, the demand for fair information from investor and directors will rise to assist their competition in the market. The monopoly of setting legal system in accounting by the government may be unfair for other sectors.



Source: Owned contribution

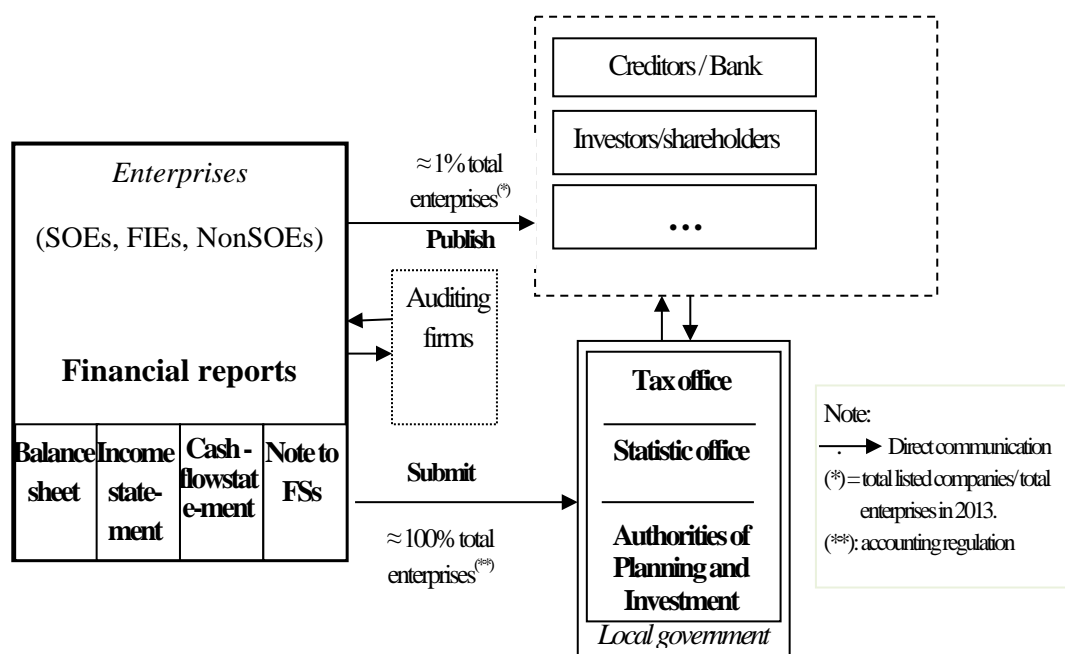
Note: 1. FIEs= Foreign investment enterprises; SOEs= State owned enterprises; non-SOEs = Non-stated enterprises
 2. direct apply; 3. LOI= Law on Investment; 4. SMEs: Small and Medium enterprises
 5. (*) entity has got under that 300 labors and 100 billion VND in owner capital/equity (Decree No 56/2009/ND-CP dated 30/6/2009)
 6. [**] Calculated base on the data of Vietnamreport, 2013: <http://www.v1000.vn>

Figure 3.5: Vietnam accounting regulation system following enterprise types

Additionally, in the government's monopoly, opinions of the lower level government officials are often ignored (Meyer and Schulz [2008]), and the enterprises had limited autonomy in making decisions or took little responsibility for the effective use of economic resources (Nguyen [2013], p.19). Although before issuing or adjusting one regulation for each industry of accounting area, the MOF often collects opinions or ideas from accounting practitioners including the enterprises. Such information or ideas only serve as subordinate information to set up the regulations because the final decisions still depend on the government. Perhaps, with this characteristic of Vietnamese accounting system, some researchers considered that an argument in viewpoints seems to raise a conflict in Vietnamese accounting field (Nguyen et al. [2012]).

From the top to bottom of legal framework, at level of law and standards, the implementation is unified for all enterprises, while the policies are plentiful for various kinds of firm. Wherein, two main systems have been applied to accounting markets: one for general enterprises; other for the State or public organizations which operate to focus on social targets, such as education or health care, herein the accounting regulation system for enterprises is

divided into the two separate systems: the first for SOEs or major companies and the second for SMEs. The differences between the two systems are the volume of accounts and forms of bookkeeping, format of financial reports and the number of VASs applied. The main tendency is a smaller number of requirements for SMEs than big companies. Arguably, this point is considered as an advantage for the increasing number of SMEs in recent years by some researchers (Hansen et al. [undated]), in which the micro-small size is still prevailing with over 50% of the total number of SMEs (Tran et al. [2008]).



Source: Owned contribution

Figure 3.6: Linkage between enterprises and authorities in submitting financial reports

3.1.3.3. Local governments playing preliminary controller in accounting practice

Normally, the central government often wants to use the accounting regulations as an adjunct of the national financial policy (Nobes and Parker [2000]), while professional accountants and managers wish to supply accounting information based on the principles of the market. As the spontaneous solidarity of Vietnamese community, the government plays as an original body of most accounting decrees or policies, which practitioners have to follow as an enforcement mechanism. In Figure 3.6, most of Vietnamese enterprises compulsorily provide their financial reports to local governments' agencies. This seems to create some conflict in the domestic market, where those agencies often get the taxation through tax accounting while the enterprises want to follow the accounting principles in several different ways. Consequently, this causes Vietnamese book-keepers to focus on the compliance with tax regulations rather than accounting regulations (Nguyen et al. [2012]). As a result, the quality of financial statements published by Vietnamese enterprises is directly affected.

Moreover, local government officers are familiar with and good at taxation or bookkeeping rather than accounting (Chu [2004], Nguyen [2013]). In the purpose of tax payment, it has created the pressure for enterprises making the satisfied administrative procedures and ignored the function of accounting in making business decision. That is also

the reason one enterprise needs to prepare more than one accounting book system which is mentioned in the next section.

3.1.3.4. Asymmetric relationship with historical principle and inconsistency of regulation system

Even though the Law of Accounting 2015 allowed the fair value principle for accounting to work as mentioned in prior sections, Vietnam continues to apply the historical cost as a basic principle of accounting to assess the asset valuation of enterprises. It seems to become the greatest matter for Vietnam to harmonize on the IASs or IFRSs (Vu and Le [2011]) because the investors or shareholders may receive unfair information to make decisions, while the enterprises supply the financial information by publishing the financial statement in historical price. Moreover, the content of Law of Accounting 2015 basically relied on the Law 2003 with appropriate changes to adapt to the economic transition and separate from Law of Enterprise or Law of Income Taxation, but the current system of accounting regulations still lacks consistency among regulations. For instance, the inconsistency in regulations on recognition of assets and inventory in case of deposition by foreign monetary, or the time of recognition of revenue in case of using products bought outside of entity for the purpose of sale-off have been between the law and under law (Nghiem and Doan [2015]); the unclear contents are between standards and regulations under standards in measurement and recognition of reducing investment capital of parent company in subsidiaries (Nguyen [2015]); the unsuitable points of regulations under standards for accounting on inter-transaction of fix-assets in economic groups have been existing (Le [2015]).

Furthermore, according to Tran [2014], the current accounting regulations fixing one system standard for all types of enterprises in Vietnam have led to disadvantages of their application to practical cases, because such practice can create the situation when one regulation is suitable for listed companies but unsuitable for non-listed companies or SMEs. Notably, the existing Vietnamese accounting system is still not adopted in full with international system, therefore many aspects of accounting are also absent in the current regulation system, such as the non-current assets held for sale and discontinued operations, financial instrument and so on.

3.1.3.5. Limited role of accounting professional associations in accounting system

Although the accountancy profession has grown quickly during the last two decades with various services, such as accounting, auditing, insurance, taxation and financial consultancy, the number as well as quality of services has been limited, not able to meet the requirements of international economic integration (VACPA [2012]). Moreover, a profession is generally involved in the acquisition and application of a sophisticated level of technical knowledge and competence in deciding on when, where and how such knowledge should be used as well as related to provision of a service to clients or a special form of an occupational organization (Nguyen [2013], p.10) while most members of VAA and VACPA are not self-regulated (ibid). Arguably, Vietnamese accountants have no sense to be the participants of their associations because they have not yet found it useful and necessary to join these groups.

For over 7 years in operation, up to June, 2012, VACPA had more than 1.400 members nationwide who are Vietnamese CPAs and most of them are working in the auditing firms. This association issued over 2.500 VNCPA's certificates during 2005-2012, in which the international qualification reached 700 auditors (VACPA [2012], p. 12). As establishments operating in principles of volunteer, independence, equality and mutual benefits, Vietnamese associations have the function of fostering, managing and reviewing accountants and auditors as well as conducting inspection and review of compliance with laws and accounting, auditing and service quality. However, both the entry requirements and regulation process are supervised by the MOF only. Consequently, the power of these associations is still limited to make them more academically as well as better operational.

3.2. CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING FOR CONSOLIDATED

3.2.1. International Consolidated Financial Statements viewpoints

3.2.1.1. International Financial Reporting Standards on Consolidated Accounting

In the book by Walker [1978], the background of using consolidated statements is to provide the document as the "better" presentation of position and performance of holding company rather than one-line statement of "investment or dividend-based income calculation (p.110). According to Blonimaert [1996], it is agreed that the CFSs of entity groups are the best means to disclose the financial position and performance of this business (p.383). Supporting this opinion, Sunder and Yamaji [1999] claimed that the CFSs were like the primary financial statements to protect the interests of investors and others by helping them make better economic decision (p.56). Following the research by Oguri [2002], the first CFSs as a present type were developed at the beginning 20th with the prototype of CFSs adopted in the US railway company, then the accretion of consolidation by New York Stock Exchange in 1919. Much later in 1947, the CFSs were practiced in the United Kingdom and the Netherlands. Following these countries were Germany and France in 1965 and 1985 respectively, then they spread to many other countries in Europe including Belgium, Spain, Italy and Australia. Their great development only started in the 1990s (Nobes and Parker [2000], p. 4-5&317).

Notably, at the beginning stages of development, the CFSs were statements to present the accurate assets and liabilities of a group of affiliated companies (including holding company and its subsidiaries) after eliminating intercompany transaction (Newlove [1926], p6). The ideas about the functions of the CFS's still conflict each other in the techniques of the preparation of the statements. In some viewpoints, the CFSs depict the financial position and performance of holding companies or amplify the financial statements of holding companies. Whereas some others hold ideas the CFSs supplement the balance sheets of holding companies or subsidiaries to facilitate assessments of the ability of those firms to meet their debts. Particularly, many people supported the CFSs implement the financial statements of holding companies by describing the position and performance of "economic entities" (Walker [1978a], p.268-269). The consolidated balance sheet was required in regard to the

excessive profits tax (by the Government) and requirements by banks and stockholders with the main techniques of preparing, including adjustment, analysis (controlling and non-controlling interests), elimination and accrual sum of respective items. According to Newlove [1926], the cost value and actual value were mentioned as the key methods in preparing CFSs, but the legal status for consolidated statement was still absent (at least in the US) (Newlove [1926], p.6). Similar to this point, Walker [1978a] remarked:

[In the years before 1940] In short, the literature on consolidated statements was messy (p.268)

In contrast, in the 1940s-1960s when the theory of combination was being argued quite strongly, the fundamental promulgation of rules in the form and content of consolidated Statements were clearly described. The security market, the financial press and the accounting profession emphasized more on the CFSs than the previous period (Walker [1978a], p 386-388). The consolidated statements were debated as a corollary of major premise in the interests of investors and creditors (Moonitz [1942], p237; Walker [1978a], p.344). The proprietary and entity theories were mentioned like two main approaches for preparing of CFSs (Gardini and Grossi [2014], p.315). The purchase and pooling methods were debated as key accounting methods for business combination (Walker [1978a], p.355). In which, the CFSs in proprietary theory stress on providing information to the proprietors on the part of parent company, while the CFSs by entity approach are presented in the viewpoint of the whole group as a single entity. It means that in the proprietary approach, the non-control interest is not disclosed in CFSs, while there is no distinction between control and non-control interests in entity theory. Moreover, the intercompany transactions are adjusted in partially elimination by the proportional method in the proprietary theory, whereas they are eliminated in full under acquisition method of full consolidation in the entity approach. (Gardini and Grossi [2014], p323). Although, at that time, the controversies about the aim and disclosing rules for the preparations of CFSs still existed, the CFSs had been accepted as a vehicle for corporate reporting that described a “group” of companies as a single entity (Walker [1978a], p386). Additionally, the equity method was accepted in accounting for inter-corporate investment as the major change in the context of CFS (ibid, p.388).

In 1966, in the efforts to standardize accounting practice, the professional associations in the UK, Canada and the US established the Accountants’ International Study Group. This group contributed to setting the preliminary contents of CFSs (Zimmermann and Werner [2013], p.20-21; Walker [1978a],p.348). In 1973, International Accounting Standard Committee (IASC) was founded with the great ambition of developing one reporting system for international level, and then the international collaboration among accountants started to grow (Zimmermann and Werner [2013]). Shortly afterwards, in 1976, the Committee published the International Accounting Standards (IAS) No.3 “Consolidated Financial Statements”. The basis of this document is to supply better information to the shareholders of parent company and other users. However, it has not been based on a thorough consensus on the purpose of consolidated statements and still accommodated conflicts among its members (Walker [1978a], p. 350). After that a series of IAS version were issued and revised to improve the regulations in CFSs. The early publication in 1983 was IAS 22 “Accounting for

Business Combinations” and IAS 27 “Consolidated financial statements and accounting for investments in subsidiaries was promulgated to supersede IAS 3 in 1989. Notably, after 10 years of applying, in 1993, IAS 22 was amended under a new title “Business Combination” and once again amended in 1998.

The international accounting harmonization was rising strongly when the IASB was founded in 2001 to replace the IASC to issue the IFRS since 2004. Consequently, the IAS 27 was amended in 2003 with the new name “Consolidated financial statements and Separate Financial Statements” and was replaced by IFRS 10 “Consolidated financial statements” in 2011, while the IAS 22 (revised 1998) was superseded by IFRS 3 “Business Combination” in 2004 (amended 2008). Along with the development, the theory of combination and accounting method for consolidation has fulfilled context, even though they are continuously critiqued in some details. For instance, the parent company and parent company extension theories have been discussed as the two variations in international accounting practice of consolidated theory. From perspective of accounting technique, these theories are more similar to entity theory rather than proprietary (Gardini and Grossi [2014], p.317), or in other words, the parent company concept falls somewhere between the entity and proprietary approach (IASB [2006]) (details of different points between these theories are presented in Annex 2). Moreover, the recent controversy about the advantages of accounting approach for CFSs preparation between the rule-based and principle-based approaches has risen (Nobes [2004]; Nisbett and Sheikh [2007]; Ferdy van Beest [2009]; Collins, Pasewark, and Riley [2012]).

According to the current standards, IFRS 10 and IFRS 3, the CFSs are prepared for an entity (the parent) that controls one or more other entities (subsidiaries) in which the purchase method is required to account for all inter-transactions. Therefore, the assets, liabilities and contingent liability of the acquiree need to be recognized by the acquirer at their fair value at the acquisition date. The goodwill is also recognized and tested for impairment (IFRS 3 [2008]). Moreover, the investor is stressed as the major user of consolidated statements but investment entities are not accepted to consolidated accounting (IFRS 10 [2011], par 31).

3.2.1.2. International perspective of research on Consolidated Financial Statements

The first research to be reviewed is the article by Dickinson in 1906 entitled “Note on some problems relating to the accounts of holding companies” in Journal of Accountancy. According to Newlove [1949], Dickinson’s study is similar to the fundamental researches on consolidated statement wherein the form of consolidated balance sheet was introduced for the first time. Nevertheless, according to Walker [1978a] before this article, Dickinson did present two others, also related to the consolidated reporting: one was in September 1904 named “the Profit of a corporation” at the International Congress of Accountant in St. Louis; and the other was in October 1905, published in The Accountant entitled “Some special points in corporation accounting”. It was noted that all his three papers expressed the side of accounting practices and strongly referred to the “misleading character” of recognizing the investment in subsidiaries by the holding company. In his opinion, it should adopt the consolidated statements as the positive solution for disclosure of financial situation of whole

group of companies, especially in case of a large proportion of shares and ownership of a controlling interest (Walker [1978a], p. 148-151).

Proceeding Dickinson's researches, there were also other studies related to CFSs (at least in the US) but developed slowly, until 1917-1918 when they were required by the income tax law, even though they still did not concentrate on the references (Newlove [1949]). In fact, the topic of CFSs really flourished in the 1920s. One type was the book "Consolidated balance sheets" by Newlove in 1926. In this book, the underpinning details of accounting techniques for preparing consolidated balance sheet were interpreted as the elimination entries for investment, debt between the subsidiary and holding companies; adjustment entries for surplus, goodwill, minority interest or cost; calculation of cost value, profits or receivable, etc. The success of his book was presentation of accounting methods including both the "cost value" and the "actual value" to prove clearly the differences between them in supplying accounting information of holding company. The book was very useful for practical accounting because no reference before that was mentioned or presented in a specific way. In 1949, Newlove continuously developed this topic by publishing the book "Consolidated Statements: including mergers and consolidation" wherein he provides the history of article and book about the consolidated accounting and also interpreted the techniques of preparing consolidated statements in a more logical structure.

Going to the mid 1930s and early 1940s, the research on CFSs in intermediate and advanced books as well as articles, working papers of training for CPA and students were continuously published, whereas the principles and procedures of consolidated accounting were explored deeply. The article by Moonitz in 1942 on the Accounting Review (Vol. 17, No. 3) was a significant item, in which he proposed the outline of consolidated theory following the entity approach to consolidated statements. His paper showed the contradictions between the conventional accounting form and companies' performance, and the conflicts between the concept of economic entity and legal entity to conclude the approach from entity to prepare the CFSs as the advantage mechanism. This was upgraded to the formal theory by himself in 1951 with "The Entity Theory of Consolidated Statement". From the same aspect of consolidated principles, Robson [1946] and Childs [1949] also contributed to improvement with books "Consolidated accounts, principles and procedure" and "Consolidated Financial Statements: Principles and Procedures", respectively. However, the consolidated accounting theory only developed strongly starting in 1950s, with the significant researches concentrating to formulate the theoretical framework for consolidated accounting such as "Accounting Theory and The Large Corporation" by Suojanen [1954]; "Enterprise Theory and Corporate balance sheet" by Suojanen [1958]; "Consolidated and other group accounts holding companies and their subsidiaries: principles and procedures" by Robson and Duncan [1969].

It was a more attractive theme after 1973 when the IASC (International Accounting Standard Committee) was founded. One of the early working contribution to this sector is the research by Walker [1978a, 1978b]. He supplied a full manuscript to scholars and a research on CFSs through the interpretation of reasonable functions and process of developing CFSs. He also presented in details the background of regulations for consolidated reporting.

Although his book only mentioned two cases of CFSs in the US and the UK, the main whole theoretical framework of CFSs was reviewed.

In the period of 1980- 2000, the theory of consolidated accounting continued to be studied extensively on multi elements of CFSs. For instance, the concepts, issues and techniques by Taylor [1987]; the preparation by Blonimaert [1996], Oguri [2002]; the disclosure by Kitchen [1973], Walker and Mack [1998]; the innovation or adoption by Bircher [1988], Edwards and Richard [1991]; adjustment by Day and Sparos [1996], Pan et al. [2014]; national case study by Whittered [1987]; Lowe [1990]; Heald and Georgious[2000]; Kanamori [2005]. It was noted, in recent two decades, the harmonization or convergence of CFSs has become a so booming topic (Baltariu and Cîrstea, [2012]; Muller [2014]; Cîrstea and Baltariu. [2014]) that the considerations about creating the national standards following the international system (IFRS) have been strongly debated (Baker and Barbu[2007]), even most of them merely concentrated on theoretical system rather than practitioners.

Generally, from the viewpoint of business companies, we have not found many first - hand researches about CFSs (at least at the time of this study). As mentioned in previous paragraphs, the researches of theoretical framework were explored as early as in the 1920s, but the first evaluation of CFS preparation was not conducted as the academic reports until 1980s. Typically, the studies (articles) were undertaken by Yoshio [1978] in the US; Whittered [1986, 1988]in Australia; Bircher and Paul [1988] in Great Britain; Mora. and Rees [1998] in Spain; Walker and Mack [1998] extended the research by Whittered [1987] in Australia. In recent years, the researches by Srinivasan and Narasimhan [2008] concentrated on the case of India companies through an analysis of CFSs between Parent-only and whole group; Müller [2011, 2014] studied the quality of CFS by European countries; and so on. Generally, most researches used primary data through the stock markets or the publications of CFSs by companies, a limited number of studies use the direct approach by business entity. Similarly, this situation has also occurred in Vietnam. Generally, there are not so many studies on CFSs in the approach of direct enterprise aspects.

3.2.2. Accounting context for Consolidation and Consolidated Financial Statements in Vietnam

3.2.2.1. Accounting Standards and current regulations on Consolidated Accounting

Although the economic revolution started in mid 1980s and the restructure of State enterprises was conducted in the 1990s, the term “Consolidated Financial Statement” in Vietnam seems not present in domestic market. In that time, in order to get the information of financial situation of a corporation, the government required that the State corporation supplied financial information following the partial regulation of specific industries or general financial statements. Notably, most of indicators in general financial statements were calculated simply from the respective criteria of the separate financial reports of subsidiary company, even no elimination entries of goodwill, inter-transaction (Doan et al. [2004], p.71).

Until 2003, when the government enacted a decree about guideline for disclosure information in stock market, CFSs had not been mentioned in Vietnam. It became the formal report system after the third series of accounting standards was promulgated at the end of 2003, which includes the direct accounting standards relevant to the CFSs: VAS 25 (Vietnamese Accounting Standard

No.25) - Consolidated Financial Statements and Accounting for Investment in Subsidiaries. In the same tendency with other VASs, built basing on IASs, the VAS 25 was also designed following IAS 27 (1989) respectively. In 2005, nearly two years after issuing VAS 25, the relevant guidelines for implementation were published by Circular of guidance for implementation of the VAS (system of third series) amended in 2007. In the same year, 2005, on the publication of the next four VASs, the VAS 11 “Business Combination” was issued. Especially, on 12 December 2014, the MOF promulgated new Circulars “Guideline for Preparation and Presentation of Consolidated Financial Statements” to replace the previous regulations under standards about the CFSs. It is noted that this is the first Vietnamese regulation of CFSs separated from other aspects of accounting sector. It was directly applied to the economic groups as well as State corporations with the full valuation at present. Although the main accounting measurements and treatments for consolidation seem to be not new, even not fruitful and inconsistent compared with other regulations (Le [2015], Nguyen [2015], Tran [2015]), this Circular has significantly helped to clarify many accounting consolidated regulations in Vietnam at present.

Following the current regulation system, the CFSs are prepared mainly following entity theory of combination, while several specific areas still accept theory of parent company (such as accounting for the intra-group transactions) as presented in VAS 25 below:

In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single enterprise, (par.12)

The purchase method is a current regulation in accounting for business combination in Vietnam while the historical principle is still applied to recognition and measurement of major business transactions. There are only few practical cases of acceptance in the fair value (Law on Accounting 2015, article 28). The goodwill and non-controlling interests require to be recognized immediately at the acquisition date, and the amortization method is used to represent the manner in which sources embodying economic benefits from goodwill can be recovered.

3.2.2.2. Prior research on Vietnamese Consolidated Financial Statements

At the international level, we did not find any research on the CFSs in Vietnam (at least at the time of this study) by foreign researchers. We only explored some of very few researches about Vietnamese accounting (Phan et al.[2014], p. 148) by Vietnamese studies on Vietnamese accounting regulations (Aleonard [1997];Chu [2004]; Micheline and Nguyen [2007]; Bui [2011]; Nguyen et al. [2012]; Nguyen [2013]); reformed accounting system in Vietnam (Nguyen and Eddie [1995];Nguyen and Pham [1997];Yang and Nguyen [2003]; Nguyen and Richard[2011]); international convergence of Vietnamese accounting standards (Sarikas et al. [2009]; Nguyen and Guangming[2012]; Pham [2012]) or reception of IFRS for Vietnam (Phan [2010, 2014]); adoption of Western management accounting practice in Vietnam (Doan [2012]); IFRSs effects on banks in Vietnam (Pham[2012]); Voluntary disclosure of financial statements of listed firms (Vu [2012]).

Fortunately, at the national level, we found significant researches on the CFSs. The first relating to Vietnamese accounting standards issued in 2003 named Consolidated Financial

Statements and Accounting for Investments in Subsidiaries (VAS 25), was a project of a lecturer group at the Academy of Finance in 2004 to develop the accounting system for groups of company model. After that was the research by Ngo et. al. [2005] presenting the CFSs as a part of content on the textbook about the implementation of VAS 25. Around that time, most of researches in consolidated accounting were conducted in training programs held at the academic institution or university as the graduate thesis or post-graduate researches or working paper. For example, one author [2006] researched the CFSs of Vietnam Airline Corporation as the case study for her master thesis; Tran [2007] also reported, in her master thesis, the current situation and gave recommendation for preparation and presentation of the CFSs in Vietnamese enterprises through the evaluation of the existing VASs. In the last years of the 2000s, the situation of CFS studies was improved by the academic articles, namely Dang [2009] who published his research on Accounting Review related to the inter-transaction as the guideline for CFS preparation in Vietnam; Chuc [2009] who supplied the book entries of accounting for income-tax in process of consolidation; Nguyen C. P [2009] who focused on the accounting method for consolidation and specific explanation for presentation of CFSs; and Nguyen P. G [2009] who published the textbook providing the guideline and basic book entries of consolidated accounting. Notably these studies focused on the specific technique or accounting entries (as the guideline of regulation implementation) rather than explored new points for improvement.

On the contrary, in early years of the 2010s, the CFS attracted quite strongly the academic researchers nationwide. The early research by Mai [2010] supplied the detailed obstacles as well as drawbacks of VAS on the CFSs, and respective accounting regulations for implementation. Her research focused on the consistency of different regulation levels for consolidated accounting and found gaps existing between them as the negative points of the accounting system. Following that, in 2011, the study by Doan analysed in detail a typical case study about preparation of the CFSs by Hoang Ha group for her doctoral program. This research provided the whole system of accounting at private groups in CFS preparation. Her study was successful as to reflect the negative side as well as the positive of business characteristics affecting the accounting organization in consolidated purpose. In another one by Nguyen [2013], the relationship between the information of the CFS and the understanding of users was explored. His research provided the typical points of the CFSs in getting financial position of entity and mentioned the prerequisite knowledge required of users about the consolidated accounting as one of recommendations for improvement.

Similar to Nguyen's [2013], the research by Nguyen and Nguyen [2013] also mentioned the benefits to users in relation with the presentation of the CFSs by Vietnamese economic groups. But it impressed the investors of listed companies rather than the users in general. Their research conclusion provided the specific information to confront the inconsistency of number on the financial reports (including the CFSs) of listed companies. This has been assumed as unclear financial information.

Recently, Pham [2014] presented her article in Vietnamese Accounting and Auditing Review related to the differences between the IFRS and the VAS for the CFS. Her paper reflected the elements of the current regulations in Vietnamese consolidated accounting in

accounting method, measurements and recognition on consolidation as disadvantages for international harmonization. The conclusions of her study contributed to a few of exiting literature about consolidated accounting in Vietnam. However, the main contents of her research were supplied based on the side of standards of accounting, while the whole system of accounting regulation still was not revealed. Obviously, Tran [2014] described an almost full picture of the accounting system on consolidated sector in her doctoral dissertation when she researched directly the convergence of VAS with the IFRS for the CFSs in Vietnam. Her study overviewed the detailed criterion of convergence on measurements and gave the conclusions of the convergence level between the two systems respectively, through analysis of different types of the regulations as well as the fluctuation of practitioners at listed companies. The research results also contributed to making clear the current position of consolidated accounting regulations in Vietnam, especially the influence of stock market on requirements of the CFSs. Nevertheless, her sources of research data were main secondary which was collected through the Internet database or public data of stock market.

During the recent decade, beside the researches who focused on convergence or harmonization between the VAS and the IFRS, many other researches on accounting technique, measurement or recognition of consolidation have been continued in Vietnam. For instance, Le and Phi [2014] researched specific entry technique of the investment in joint-stock or association company when preparing the CFSs. Their conclusions have been much useful for practitioners, while the system of regulation is still in lack of appropriate points; or the research by Nguyen [2015] was on a specific situation of Vinacomin group in presentation and preparation of the CFSs as her doctoral dissertation. Her research provided in detail the accounting organization for business activities between holding company and subsidiaries in group as well as the business features of group effect on preparing the CFSs.

Notably, along with national economic improvement, there are more and more academic studies about the Vietnamese consolidated accounting in multiple different aspects. Some of them explored the specific consolidated accounting regulations which affect directly or indirectly presentation of the CFSs, while others focused largely on the consistence or convergence or harmonization of the VASs with the IFRSs for the CFSs with the higher academy information. Nevertheless, it is not difficult to realize that the empirical researches on Vietnamese consolidated accounting are still limited, especially in the field of economic groups. While the regulation system still reveals the significant inconsistency (Pham [2014]) and the renew version of VAS has not yet come, the studies on the side of practitioners are necessary to improve the current situation beside other elements. This is also the main reason why interviews of economic groups were done for this study.

3.2.3. Harmonization and Convergence of Accounting Standards in Vietnam

3.2.3.1. International tendency of accounting harmonization and adoption IFRSs

According to Backer and Barbu [2007], during the last 40 years, international financial accounting standard harmonization was the goal of a lot of academic researchers in the world. From 1965 to 2004 there were at least over 200 research articles about the international accounting harmonization (p. 272-273) and the figure will be bigger in the future if the desired

goal is still not achieved. A direct reason, which has contributed to this trend, is the rising demands for comparability and transparency in financial reports to control the international business activities, and another reason is the greater participation of multi-national companies all over the world. The underpinning causes of these phenomena come from the tendency of globalization nowadays. Obviously, the rapid integration of international economy leads to an increasing formal harmonization of accounting across the world. The proponents of harmonization contend that a mandatory setting standard across countries is a reasonable approach in improving comparability among international financial statements (Zarzeki [1996], p.18; Nobes and Parker [2000]). Wherein, the convergence and adoption of IFRS have been discussed as part in the researches on international accounting harmonization.

Table 3.3: Relationship among convergence, harmonization and adoption

Level of harmonization	Adoption case	Relationship area		Convergence degree
		VASs	IASs/IFRS	
Full-harmonization	Full adoption	likely become one system of standard		Full convergence
Multi-level of harmonization (including minimum harmonization)	Partial adoption	A lot of the same contents (not all) between two systems		Non-full or partial convergence
		Partial same or similar contents between two systems		
Co-existence standards	Non adoption	Separate system-national standards	Separate system-International standards	Non convergence

Source: Owned contribution

One point in the harmonization progress on accounting sector should be clarified, i.e. the convergence does not have the same meaning as adoption. Both adoption and convergence refer to applying different standards, policies or regulations for one objective. However, adoption puts emphasis on how to apply rather than how to set up the content of this standard or policy for objective area, while convergence is often attached to where the contents of standard can fit or acclimatize one in the applied area. Following Zimmermann and Weiner [2013], adoption designates the use of international standards (or another one) instead of national standards (or national rule), whereas convergence depicts the successive alignment of international standard (another one) and national standard. This means that a national accounting standard remains in force but the national standard is aligned with international one in an either unilateral or a reciprocal way (Zimmermann et al. [2013], pp. 28-29). For example, in the case of Vietnam, the adoption of in Vietnam implies to create a similar one nationally, while the convergence with IASs focuses on considering which point of IASs should be put in the Vietnamese system to fit the domestic market. Notably, it is difficult to work out exactly distinctive meanings between convergence and adoption because the full adoption also means the full convergence as well as the full harmonization. In other words, the levels of adoption or harmonization go beyond the convergence degree, and their relationship is summarized in Table 3.3.

In detail, the harmonization was close to “standardization” or “uniformity” (a single standards or rule to all situations) rather than reconciliation or accompany (bringing together) of different points of views (Alsharairi and Al-Abdullah [2009]). However, following the time, these concepts sound more practical and logical, and the harmonization was often

defined as the process of easing the accounting differences to the extent of standardization (Bran (Stan) et al.[2011], p.54), or a process of increasing the compatibility of accounting practices by setting limits on how much they can differ. The formal (or de jure) and material (or de facto) harmonization are the two main kinds in most of the researches on accounting (Mijoč and Starčević [2013], p.127), in which the formal one implies to similarities and diversities in rules and regulations among different countries, clusters or groups, while the material type refers to the practical views by different enterprises (Fritz and Lämmle [2003]). Normally, the formal harmonization will lead to material, whereas the material harmonization also might take place without being furthered by formal one at the same time (Cañibano and Mora [2000]).

Extending these options, the accounting harmonization has been discovered in various theme including uniformity, conceptual framework, comparative studies, accounting directives, environmental factor and now is the accounting harmonization among industrialized countries applying IAS/IFRS ((Backer and Barbu[2007], p.292). Typically, there are a number of study conclusions stating that the accounting harmonization also means harmonization of financial reports, or setting limits to the difference among financial reports of different companies of either the difference or same nation (Van der Tas [1988]; Fritz and Lämmle [2003]). Supporting this option, this study developed that accounting harmonization closes to harmonizing financial statements by economic groups. Therefore, accounting harmonization following the IFRSs with a focus on the CFSs, has also been explored to reflect the current situation in Vietnam in the next section.

3.2.3.2. From harmonization to convergence with IFRS on Consolidated Accounting

In order to enhance international accounting integration, as the purpose of the government (MOF, [2013a, 2013b]), harmonization of Vietnamese accounting system took place immediately after moving to the market oriented development in late 1980s (see Figure 3.7).

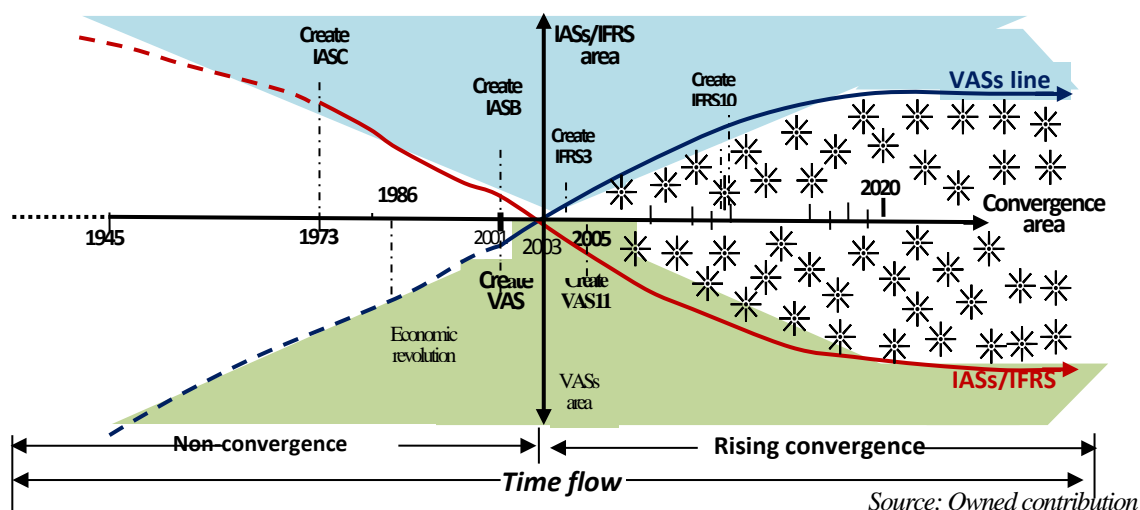


Figure 3.7: Accounting harmonization process

This process has been continued since that time up to now in Vietnam, wherein the system of accounting regulation has developed from the *indirect policies* (in the 1990s) to the *direct policies* (in 1997); from the situation *without harmonization standards* (in 1997) to the

case of setting the IASs being *harmonization standards* (in the 2000s), from the harmonization process by *non-convergence* with the IASs (in 2001) to having the *significant convergence* with the IASs in the CFSs. Obviously, the degree of convergence between the VASs and the IASs has been rising following the existing accounting reformations in Vietnam. Unfortunately, since 2005 the IASs have undergone many changes while the reformation of VASs in CFS has not yet been conducted since 2003 except for the relative guidance for implementation. In 2014, a new reformation was issued by MOF as an accounting circular, which is also the regulation under standards on the CFSs. Although this renew covers significant context as the updated and reformative prior regulation respectively (Nguyen [2015]), the main accounting measurements and treatments for accounting consolidation still remain intact.

Applying gradually the IASs (published before the 2000s) in building the current VASs, the sandwich of non-convergence and convergence areas between two systems has existed. The non-convergence seems stronger after the IASs has been converted to IFRS. Beside the converging contents on objective, accounting method, reporting date and uniform accounting policy, requirement, disclosure and recognition or measurement respectively are setting, the key points of non-convergence in business combination and CFS between the VAS and the IAS have been found as bellows:

(1) *The measurement and recognizing goodwill and non-controlling on CFSs*: In accordance with IAS/IFRS, the non-controlling interest measurement in the acquiree includes not only relevant amount at its full fair value but also at appropriate share of acquiree's identifiable net assets, while the recognizing goodwill relates to either 100% of the business or the percentage interest acquired. In fact, the VAS required separately non-controlling interest and the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities.

(2) *The accounting treatment*: The IFRS only accepts the acquisition accounting, and requires recording the assets acquired and liabilities assumed on the acquirer's books at their respective fair value, and it also permits the allowed alternative treatment. In contrast, the existing VASs have regulated the benchmark treatment as unique measurement for the respective areas, particular in accounting for non-controlling interest (Pham [2014]).

(3). *The measurement principle of standards*: Under the current IFRS, the acquirer recognizes assets acquired and liabilities assumed at the acquisition-date fair value, and the CFSs supply the financial information that enable users to evaluate the nature and financial effects of acquisition. On the contrary, the fair value principle in the VASs is still limited, even not acceptable in some areas of identifiable investee.

In detail, the non-convergences of VAS on consolidated accounting are showed as bellows:

Table 3.4: Non-convergence areas in consolidated accounting between VAS and IFRS

Criteria	Non-convergence area	
	IFRS 3(revised 2008), IFRS 10 (2012)	VAS 25(2003), VAS 11 (2005)
Objective and scope	Improve the relevance, reliability and comparability of information on the financial statements in a business combination Establish principles and requirements for how acquirer	To prescribe the accounting policies and procedures in relation to business combinations
Acquisition method	Requires recognizing and measuring the identifiable assets acquired, liabilities assumed, non-controlling interest in the acquire and goodwill or gain from a bargain purchase	Require measuring the cost of business combination and allocating this cost , at the acquisition date, to the assets acquired and liabilities and contingent liabilities assumed.
Measurement	The investment in each subsidiary is measured at fair value	Using the cost method to carrying amount of the investment
Consolidation Procedure	Mention to combine or eliminate the cash flow of the parent and its subsidiaries, respectively	No mention to combine cash flow of the parent and its subsidiaries
Potential voting rights	Regulate for the potential voting or other derivative containing potential voting rights exist the rate of profit or loss and changes in equity allocated to the parent and non-controlling interest in CFSS	Present on the regulation under accounting standards

Chapter 4: DEVELOPMENT OF ECONOMIC GROUPS

4.1. ECONOMIC GROUPS IN VIETNAM

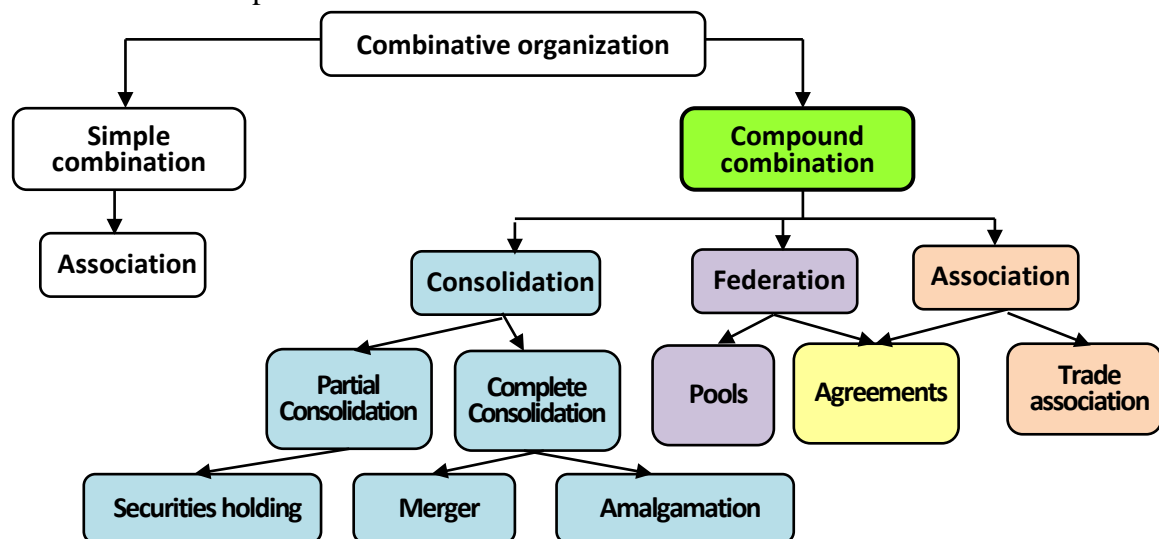
4.1.1. A quick tour on literature on economic group development

4.1.1.1 Business combination and economic groups

Since the competitive forces are always changing in the business environment, forming new companies from the existing ones is an effective solution for companies to adjust or deal with the negative situations of these forces (Herring [2003], p.3). That is the key motivation of increasing demand for business combination. Therefore, this section concentrates to clarify: What is the main model of business combination in Vietnam? How are the characteristics of this model?, and What is its tendency for developing in the coming time?

a. Combination and types of business combination

Let's start with the "business" term. Generally, this term is often used to explain as human activity directed towards producing or acquiring wealth through buying or selling goods (Haney [1913, 2003], p.8). Wherein, the entrepreneurial ability is beyond more or less independent complex of business resources through the market. Naturally, the growth of market as well as the limited resources would be reasons to form larger business organization. Notably, the larger organizations would necessarily be less simple and operated more indirectly (ibid). This would be the combination of existing simple associations into large compound organizations. The term "combination" is properly used as the most general and colorless word to mean any sort of union of persons including two kinds: simple combinations and compound combinations.



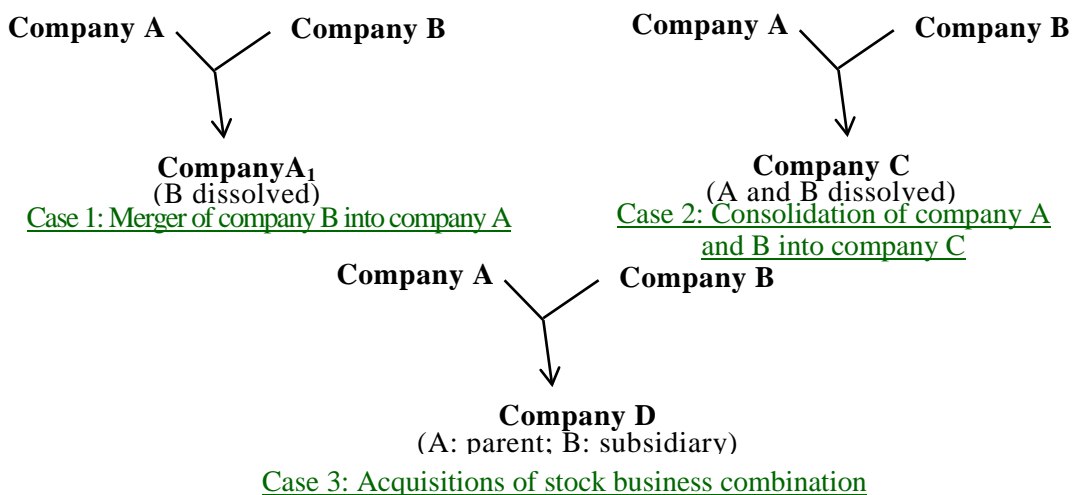
Source: Review based on Haney [1913, 2003] p. 73-74

Figure 4.1: Models of combinative organization

In a simple type, the term "association" is mentioned as a model of combination to indicate different unions of individual or natural people as in partnership, while the

compound combination has separated into three levels: “*federation*”, “*association*” and “*consolidation*”. The *federation* is organization which remains separately and retain considerable autonomy: mostly simple “agreements” and pools, while the *association* is mentioned as the loosest agreements directly among individual members of different associations: trade “association”; or some simple “agreements”. Unlikely, *consolidation* is a combination form that the members may remain nominally separation, and business direction is integrated. Under the consolidation, the partial and complete consolidations are key options. The *security holding* is presented that belongs to partial consolidation. It implies the direction of business organizations consolidated through the stock ownership, with separate existence formally maintained. The complete consolidation is divided into: *merger* - similar securities holding with the member of one business organization absorbed by another; and *amalgamation* - similar securities holding with the member of two or more organizations coalesce to form a new organization as the partial consolidation (Haney [1913, 2003]).

Generally, the main relationship among the different combination organizations is illustrated in Figure 4.1. Notably, the word “association” is often used to imply personal relations linked in fellowship rather than in trading or business firm, whereas both words “federation” and “consolidation” can apply in business life. Among them, the best usage in business is the term “consolidation” while the “federation” is popular in political sectors (ibid, p.73-74). The term “business combination” implies a reference to the simple business event of one business combining with other (Sapienza [1964], p.50). In other words, a business combination happens when two or more entities come under a common ownership (Herring [2003], p.1). From these views, the types of business combination are found mostly in the structure of under partial consolidation (normal under the holding company) and complete consolidation (under the merger or amalgamation). They can be modified basically in Figure 4.2.



Source: Review based on Herring [2003], p5,6

Figure 4.2: Types of business combination

To put it simpler, the form of business combination can be described as one of three cases in Figure 4.2. The cases 1 and 2 illustrate forms of partial consolidated method, while the complete one is expressed by case 3. In case 1, one or more companies are merged into an existing company or into a new company to facilitate the combination. It means one in which

of companies the assets and liabilities of one or more companies are combined into a single company. Case 2 is similar to case 1, but the new company is often formed from the merger of two or more companies. In the last case, through the acquisition of stock, one company acquires more than 50% of the outstanding voting common stock of another company, but both companies remain separate entities (Herring [2003], p.5-6). The acquirer is usually called the parent company, while the acquiree is named the subsidiary company.

b. Performance of business combination in economic groups

In fact, the typical performance of business combination is popular in groups of enterprises/companies or among economic entities (called economic groups herein after) that business combinations are undertaken for the legitimate business reasons in one or more nations. In a nation, they are usually observed in the emerging companies that include a group of companies and is separated into one or more different levels. Each level has one company which plays as the holding company or parent company to facilitate the combination, and other companies play as subsidiaries. However, at the global level, the business combination is usually performed as the multi-national enterprises that include groups of companies in the different countries. The multi-national enterprises also have the core features of business combination at national level, but they often operate in larger market and business size.

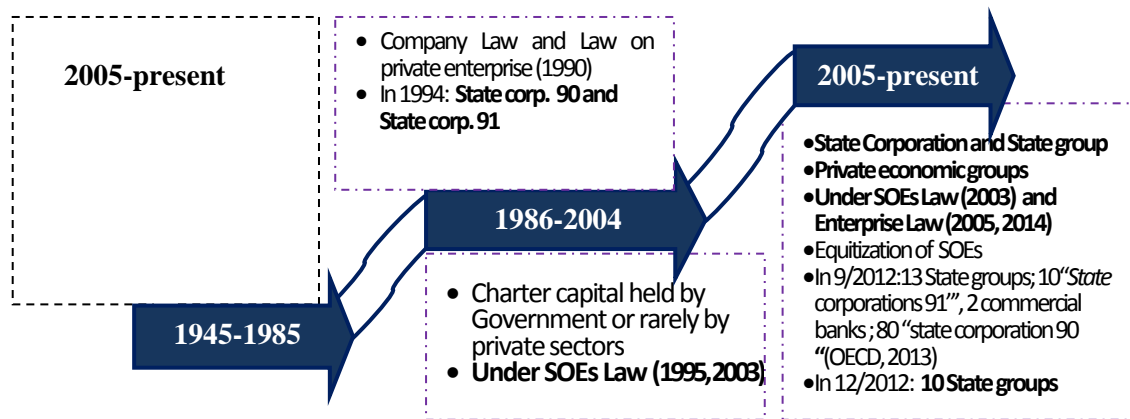
Along with the increasing international integration, there have been more and more economic groups under multinational enterprises. The date of the first establishment of a multinational enterprise is not found in any literatures, whereas the time of the earliest multinational enterprise in the United Kingdom, Gallerani Company that had a branch in London was mentioned in the early 14th century in the book by Nobes and Parker [2000]. In their book, they provided that since the late 16th century onwards, Gallerani Company kept expanding as the charter land and trading companies to Dutch and French East India Company. In the United States the mergers also occurred in 1850s, but the business combination had not been great formation until 1870s when the general corporation laws were promulgated. According to Haney [1913, 2003], the US Shipbuilding Company and Bethlehem Steel Company were an effective trade combination during that time. But, only after 1890-1900s the US business combination developed strongly with the famous case of the Standards Oil Company as well as the American Tobacco Company under the holding company or complete consolidation (Haney [1993, 2003], p.113-116).

The modern structure of multinational enterprises was also found in the period 1870 - 1914 in Europe (Nobes and Parker [2000], p. 8). After that, the business combination model has grown in different countries all over the world, such as the model of “Consortium”, “Conglomerate”, “Cartel”, “Trust”, “Alliance”, “Syndicate” “Group” in Germany, France and other countries in Europe, “Zaibatsu” or “Keiretsus” in Japan; “Chaelbo” in Korea, “Jituan Gongsi” in China, and so on. Up to now, many of them continue developing as the strong groups on the international market. Unfortunately, in Vietnam, the economic groups still lack reputation in the global market. It is noted that their establishment and development are mainly under government’s interaction. In order to look at this point in detail, next section presents a short review about economic groups in Vietnam.

4.1.1.2. Historical development of economic groups in Vietnam

Although both kinds of partial and complete consolidations occur in business combination in Vietnam, most of them are based on conglomerate structure rather than others (Ngo et al [2005]). This section discusses the brief history of establishment of business combination to reveal a map on development of economic groups in Vietnam.

Following the chronological development, the study divides the economic groups' improvement in Vietnam into the three stages in Figure 4.3 as follows:



Source: Owned contribution

Figure 4.3: Development of Vietnamese economic groups

a. Period of 1945-1985

Early years of the first stage, after becoming an independent nation in 1945 and knocking out American colonists in 1954, Vietnam chose SOEs as the essential entity of the domestic market. These enterprises became the root of the current State economic groups in Vietnam. At that time, they operated in the form of cooperatives and enterprises union. Under the mechanism of central control, each union ran business on several aspects of one specific industry including two levels: a high level as the organizations which included different departments working as the general controlling; a low level as independent State-owned firms or State owned companies that did business directly. Generally, the business decision making was concentrated at the top level, while the direct managers did not receive enough powers to do business activities by themselves (Doan et. al [2004]).

In fact, the economic groups' operation at time, 1945-1985, was quite weak. The business combination under the association model was more than consolidation, while the private groups were not permitted by legislation. The term "economic group" was still far from thinking of most investors in Vietnam in that period, at least as the name of business entity in regulation.

b. Period of 1986-2004

Until 1986 when the economic reformation, "Doi moi" started in Vietnam, the private sector had not shared the decision-making power in the market. The SOEs' restructure was conducted following the market economic strategy under the socialist orientation. Starting with the Company Law and the Law of Private Enterprises issued in 1990, there were significant

changes in domestic market. Especially, in the March 1994, the government promulgated Decision No 90/TTg to reform SOEs and No 91/TTg to establish the pilot business groups, the State corporations were founded in Vietnam. Under Decision No 90/TTg, the “State corporation 90” was formed with at least five board members and book equity of VND 500 billion (typical situation with 100 billion). Unlikely, the “State corporation 91” needs to have at least seven board members and book equity of VND 1,000 billion as compulsories of No. 91/TTg. Comparing to the independent SOEs, the State corporations were subject to higher governance standards and closer with the aim of forming business conglomerates known as the current economic group model in Vietnam (Kim et al. [2010], p.3).

In 1995, the Law of State enterprise was enacted on 20th April as the common legal regulation applied to all SOEs. One year later, the mechanism of State corporations was declared on Decision dated 28th August 1996 by Ministry of Finance. This decision is a detailed regulation to encourage SOEs development. Its new point is that more power of decision making was moved to the direct managers than in the first period. Typically, at this time, the stock market also started its early operation in Vietnam. The first step was the establishment of Security Exchange Commission in 1996. Then the progress of equitization began accelerating, particularly among the SOEs.

During five years (1992-1996), only five SOEs were equitized, but in 1998 this indicator reached up to 30 SOEs (ibid, p.5-6). From 1999 to 2000, the SOE’s equitization continued in Vietnam, yet, the number of SOEs with 100% State ownership reduced, from more than 12,000 in 1996 to 6,000 in 2000 (OECD [2013]). In 2000, the Security Exchange Commission issued the regulations of member, listing, disclosure and securities trading as the important regulation for the SOEs’ equitization. After that there was a number of SOEs listed on the stock exchange. Although most of the listed former SOEs were of small and medium size (Kim et al. [2010]), this tendency contributed to development of the domestic market and the increasing demand for business combination in Vietnam.

In 2003, the new Law of State enterprises (on 26th November) was promulgated to replace the Law of State enterprises 1995. Many decrees were published to continuously improve the equitization program (Decree 44 (1998), Decree 64 (2002), Decree 187 (2004), etc.), the movement of economic reformation became stronger. The achievement in SOE’s equitization contributed to changes in legal framework of many aspects, which leads to the primary success of economic development in market orientation. However, it still seemed to be far from the expectation, and the international integration in Vietnamese regulation systems was limited during that time. The State corporations’ structure (including state corporations 90 and 91) did not have enough differences between before and after equitization to create big changes in the economy.

c. Period of 2005-present

Up to 2005, with regards to ownership and economic sector, the Enterprise Law was approved and amended in 2009 to create a new legal framework for all enterprises. This legal permitted the SOEs diversified into State companies, joint stock companies, limited liability companies, economic groups and state corporations. Additionally, in the same year 2005, the State Capital Investment Corporation (SCIC) was established to help the SOE in equitization as

an important step to improve the government's ownership in economy (OECD [2013]; Kim et al. [2010]), and then the business combination has become really a booming tendency in the domestic market. In the Governmental Decree dated 5th November 2009 about the pilot establishment of State economic groups, the State corporations' reformation was conducted continuously and more explicitly in Vietnam. Typically, the big-size State enterprises model was built in strategically important sectors in economy, namely insurance, post and telecommunications, electricity, petroleum, coal and minerals, oil and natural gas, textile and garment, rubber, etc. The transferring tendency from general State corporation to State economic group has increased. The economic group structure is operated mostly under the parent-subsidary companies, while the general State corporation is designed an independent enterprise. The group itself does not have a legal identification, and therefore does not register under the Law of Enterprise, whereas the one general State corporation must be formed by SOE Law 2003 and partly under the Law of Enterprise (2005, revised 2013).

By the end of 2012, Vietnam had 13 State economic groups, 10 State corporations 91, 2 commercial banks fully owned by the government (to sum up 25 State economic groups and State corporations), and over 80 independent State corporations mainly converted from State corporation 90 (OECD [2013], p.12). Among 13 State economic groups, twelve have been under the control of the Prime Minister and one (BaoViet-group) has been under control of the Ministry of Finance. Most of them (except for BaoViet group) have been held by the State as the dominating share of capital (at least 51 percent capital in parent companies) (World Bank and Donor working group, 2012, p 47). However, at the end of 2013, three State economic groups had to transfer to holding company or corporation model because of their inefficiency in practical business operation. They are HUB group, VNIC group, Vinashin group (detailed in Annex 5). The plan limiting the number of State economic groups (less than 8 groups) has been debated recently in mass media (Nguyen and Nguyen [2013], p.45)

For private sector, although there are not any direct regulations that the private economic groups have or have not been allowed to be established in Vietnam, in fact, many private enterprises have operated in the domestic market such as Vinagroup, Hoa Phat group, FPT group, Vincom group, Kinh Do, Trung Nguyen, and so on. Most of them are organized as the merger or conglomerate including the parent and subsidiary companies. They are operated under the Law of Enterprise (2005, replaced 2014) and focus on the specific industries that are not monitors of the economy. Compared to the State economic groups, the private groups do not have much support from the government, while the State economic groups have been provided with the privileged access and autonomy to enable them to compete with foreign firms and others. They are designed as a tool for macroeconomic adjustment to perform the government's social functions (World Bank and Donor working group, 2011, p 36), while the absence of respective supports from the government for the private sector has existed. During 2005-present, there have been many different regulations as the guideline for implementation in economic groups, even though they mainly focus on the State groups (such as: Decree No. 111 on 26 June 2007 about organization, operation the State corporation and the conversation of independent corporation to the parent-subsidary companies; Decree No 101 in 2009 about pilot establishment of State economic group; Decision No. 929 in July 2012 about SOE restructuring puts the focus on restructuring of State-owned economic groups and State-owned corporations in period 2011-2015; Decree No. 69 in

July 2014 replace Decree No 101 in 2009; etc.). With big reformation in legislation for doing business in the recent years, especially Law of Enterprises in 2014 (replaced 2005), Law of Investment in 2014 (replaced 2005), the economic groups' development in Vietnam has been more explicit and academic than in previous periods.

Overall, the business combination form in Vietnam started in the 1990s, but the mechanism of group following the parent-subsidary has been functional for only the last decade. At the moment, there are both private and State economic groups in Vietnam, whereas the State group's contribution to GDP is still dominant in domestic market (OECD, 2013, p 11). The economic group's structure encompasses simple (one way) and complex (two ways) consolidations. In which the simple is a popular structure with two levels (one parent and one or more subsidiaries), while the complex consolidated model has often performed in more than three levels (one parent, one or more subsidiaries and one or more grand-subidiaries) (Tran [2014, p.92).

4.1.2. Current and prospective strategy for development of economic groups

4.1.2.1 Characteristics

For a long time as a colony in the past and a developing country for the time being, Vietnamese economic groups have embedded typical characteristics in forming motivation and developing perspective. This section focuses on some of their emerging features, i.e.:

The first: Establishment based on the interaction of government rather than the market demand

This is much different from the cases in other countries (compares with the US, the UK and Germany), Vietnamese economic groups, especially in the State sector, have been formed mainly by reforming or transferring from the general corporation (State corporation 90 and corporation 91) rather than based on the market demand. They are often through the direct government interaction (Decision of the Prime Minister) instead of the market development or increasing competition. Consequently, the business management in economic groups has been controlled by the administrative procedure rather than its actual requirements. It is popular that the subsidiaries' operations are under control or absolute care of the parent/holding company. For example, in the inter-transaction of investment, the investment movement often occurs from the subsidiary with extra capital, to another subsidiary in lack of capital for business operation, under decision of holding company rather than the real demand for investment among themselves (Nguyen [2014]). Moreover, the relationship among capital, finance and market is loose, while the connection between experts, researchers and business managers among the subsidiaries has also been inappropriate (ibid, p.25).

The second: No legal status but must to prepare the CFSs

According to the current Law of Enterprises 2014, an economic group has no legal status and does not need to register business under this law. Its parent company, nevertheless, has to prepare and present the CFSs for the entire group. For this, the parent company plays as a presenter of the whole group to disclose their CFSs, while the CFS's quality depends directly on the separate financial reports or financial information from the subsidiary companies. Unfortunately, many of them do still not manage these reports well. Thus, the financial information on their CFSs is often in lack of the credence, fullness for users to make

decisions (Pham [2014]). Moreover, in some cases of State economic groups, the parent companies do not focus on running business in the same line with their subsidiaries, whereas they are the big investors with strong power to interact deeply on their subsidiaries' operation by the internal specific policies (Truong [2008]). Therefore, the business combination model is still far from the complete consolidation, and the consolidated financial statement in Vietnam has not yet in full development.

The third: Private groups have been gradually but lack of driving legislation from government

Along with the economic development, more and more the private groups have contributed significantly to improvement of the economy nowadays in Vietnam (CIEM [undated]). Especially, the investment ratio of private sector increased from 22.9% in 2000 to 33.9% in 2009 (Nguyen [2010], p.6). In 2012, its manufacturing value reached about 50% of GDP of nation. One of the causes of these results is the legal reformation for business environment in practice during the last decades. However, as mentioned in the previous section, the formal legal regulations to drive these groups have been limited as presented by CIEM [undated]:

[...]during last time [before 2008] the model of private economic group seems to be still not accepted, many of them have to operate under the Vietnamese name that is not business consolidation, for example “Công ty cổ phần tập đoàn”, “công trách nhiệm hữu hạn tập đoàn”, etc. (p.6).

In fact, the private groups operate mainly under Law of Enterprise (amended 2014). There has been no specific regulation, including under law and standards respectively, formally issued for direct control of private groups until now. This means the private economy has been still confusing with common private enterprise in legal system. This seems unfair, while the State economic groups have been taken by many regulations as mentioned in the previous section. Paradoxically, a lot of major private groups have created their reputation (at least in domestic market), such as Vinamilk group, FPT group, Vincom group, etc.

The fourth: A limit development in stock exchanges

After moving to market orientation in 1986, the first Vietnam stock market opened in 2000 in Ho Chi Minh city (HOSE). Then the second market appeared in Hanoi capital (HNX) in 2005. The total number of the listed companies at that time in both markets was over 30 and increased to 193 in early 2007 and reached over 580 by mid-2010 (Truong [2013]). By the end of 2015, there were around 700 listed companies in the both HOSE and HNX (cophieu.68). Nonetheless, most of the listed companies are small-sized joint stock companies, majority of them were from former SOEs (Truong [2013]).

According to Tran [2014], there were only 140 in 650 listed companies of her survey in 2011 under economic groups (including parent and subsidiary), while the main ones were under single entity (only parent or subsidiary company). Particularly, many of them have the subsidiaries formed in different methods of consolidation: equity, acquisition or merger.

Table 4.1: Listed companies following characteristics of consolidation and business types before listed in stock market

Characteristics of Consolidation (parent/subsidiary/group and method of combination)	Business type before listing on stock market ^[#]			Total ^[#]
	SOEs	Non-SOEs	New enterprise	
1. Non-consolidated company (joint-stock company)	52	24	36	112
2. Consolidated company				
2.1. Subsidiary company ^[*]	204	13	37	254
2.2. Parent/holding company ^[**]	69	42	33	144
2.3. Group of company ^[***] (including parent/holding and subsidiary company)	118	10	12	140
Total ^[#]	443	89	118	650

Note^[#]. data on 31/12/2011

^[*]: listed company has been under parent company but has not any subsidiaries

^[**]: listed company has got one or more subsidiary companies but is not controlled by other entity (no parent company)

^[***]: listed company has been under group of entities (have got parent and subsidiaries)

Source: Translated from Tran [2014](Annex 28)

Notably, most listed companies must submit their financial statements (including the CFSs) under strict requirements of stock market and current Law of Enterprises. Unfortunately, some of the parent companies did not supply (Tran [2014]), while some others (more than non-supplying) provided their CFSs without one or more separate financial reports from their subsidiaries. For this matter, Tran [2014] presented different reasons such as: the temporary power for control; or newly formed subsidiary; or the subsidiary that does not submit its financial statements; or very few business activities in combination; and so on. It is noted that there is no interpretation or explanation from these companies to account for their regulation breakup.

The fifth: Still weak governance and few achievements, especially in State groups

The modern system in business governance including information system for management and report system for business governance following international standards has not been yet popular in Vietnam (Pham [2014], Nguyen [2014]). The governance model that complies with corporate governance rules or between Chief Executive Officer (CEO) and Chief Financial Officer (CFO) is not so much applied to Vietnamese State economic groups (Nguyen [2014], p.27). Especially, there is much confusion in terms of power of owners, manager/director, governor and controller in these groups (Pham [2014], p.14). It is often a case that a manager can be a member not only in the board of directors but also the CEO, while the power of a CEO in making decisions in these groups depends largely on the government (Nguyen and Nguyen [2013], p.44). This has influenced directly business achievement during the last decade as put in the presentation by Nguyen [2014]

Despite of some big economic groups at the top level of Vietnamese business ranking but none of them on list of top 500 enterprises of Forbers ranking. [...]. The business results of Vietnamese State economic groups have been low. Many subsidiaries have operated ineffectively [...](p.26).

In order to interpret this situation, according to MAG [2014] there are two main reasons: one is a great ratio of the State sector in economy, another is the governance structure with multi-levels and the lack of straightforward operating manner (p.112). For the governance structure, in fact, many managers or directors in the State groups do business with the attitudes of avoiding their legal responsibilities from the business loss (Nguyen and Nguyen [2013], p.46). In other words, they still lack skills and abilities for business management, or such economic groups still have weak mechanism of internal governance as Kim et al [2010] presented:

[...] this process (economic group development) is dominated by the bureaucrats in Vietnam. [...]. Also, no rules exists disqualifying board members that directly or indirectly have business relationship with the company they serve. Vietnam also introduced performance-based pay and target-completion pay for its SOE managers. But, the pays are structured in a way that may distort the incentives of managers. [...]. Also, pay is not based on long-term performance, but solely based on prior year's performance. This may induce managers to make myopic business decisions. (p. 10-11).

4.1.2.2. Prospective development of economic groups

The first: Setting key State groups as leaders of economic development

Although there has been no formal paper, up to now, about the number of State groups in national developing propose, the tendency of reducing the current number (from 10 big groups to 5 or 7 state groups) that do business in the key sectors of the economy has been mentioned at many national conferences or meetings about restructuring of SOEs since 2012 (Nguyen and Nguyen [2013], p.45; Pham [2014]). Following this strategy, the government plans to keep limited number of State economic groups on macro-economic stabilization and infrastructure maintenance for development. To achieve this goal, the State owned economic groups are designed to focus on assigned main lines of business (such as: electricity, insurance, telecoms, petrol, gas, and so on) rather than diversification into multi-industries.

Notably, in the government plan, these key State groups can develop under the diversification of owners but it is necessary that the State controls them (State holds more than 50% equity) and they should become the leaders of the economy (Pham [2014]). The other groups which are also established by contribution from the State or non-State play only the role as supporting industries in the economy.

The second: Enhance efficiency of non-State economic groups and improve the divesting capital of government in economy

Starting in 1992 and developing more rapidly in the mid-2000s, the privatization program officially known as the equitization program is a part of the SOE reform program in Vietnam (Kim et al.[2012], p.5). Along with this program, in the non-core business areas or non-key sector of economy, the government plans to create various economic group entities. This encourages the business areas, where private enterprises already exist and can be operated without any market failure. Recently, in great efforts to do simultaneously renovation and preservation of SOEs, the government gradually divests capital from these enterprises.

The divesting capital movement takes place in two levels (Pham [2014], p.4). The first arises at the government that has divested State capital in the most non-key sectors of economy. For example, the government is monopoly (controlling 100% equity) in the enterprise on macroeconomic stabilization (such as: political, security, infrastructure industries), and also can hold less than 100% equity of business (even less 50%) on the specific sector of industries (such as: mineral processing; insurance; environment protection, etc.). The second occurs at economic groups, in which State groups reduce their investment outside their main line business. For example, a State economic group that is assigned main lines of business on electricity will divest their capital outside electrical sector.

The third: Gradually adopting international standards on economic groups' governance

The current national strategy (announced in 2012) is to develop economic groups following the international standards of governance structure (ibid; Nguyen [2014]), which means to continue improving mechanisms and issuing regulations on representatives and supervisors of State economic groups. Accordingly, the regulations have been revised to empower management and supervision agencies with sufficient ability for improving supervision efficiency. Generally, the governance structure is based on the appropriate integration of CEO and CFO. The CEO concentrates on creating and doing the business plan for development while the CFO does the tasks of controlling the financial budget and business results.

Under current regulations for SOEs group (issued 2014), a group structure can be only extended to up to three levels including the highest level being the parent company. The parent company must have a charter capital of VND 10,000 billion (about US\$ 480 million) of the group. At least 50% of the subsidiaries in the SOE group must be operated within its core business, and the parent company must control at least 60% of the capital invested to all subsidiaries of the group (Article 4 &9, Circular No. 69 about SOE Group and SOE Corporation, 2014).

4.2. DEVELOPMENT OF ECONOMIC GROUPS AND CONSOLIDATED ACCOUNTING PRACTICE IN SOME OTHER COUNTRIES

According to Pacter [2014], up to 1 July 2014, there have been 130 countries adopting IFRS, and approximately 95% (124/130) making a public commitment to IFRS as the single set of global accounting standards. Most countries (81% or 105/130 countries) demand all or most of the public companies (listed companies and financial institutions) use IFRS, and only 14 nations (11%) allow for IFRS instead; three jurisdictions (2%) ask that IFRS is applied to only financial institution; two countries (1%) are in the process of adoption in full and seven countries (5%) use national or regional General Accepted Accounting Principles (GAAP) for this kind of companies (Pacter [2014], pp. 13, 29). These figures reflect the global tendency in accounting convergence with IFRS in different ways. It depends on the conditions of each nation, and the scene of convergence or accounting development is selected. As a developing country, Vietnam needs to consider these practice developments as useful experiences in order to integrate successfully into international accounting. Thus, this section provides the lessons from some other countries related to accounting for groups.

4.2.1. International tendency in converging to IFRS

There are three main current scenarios of converging to IFRS: (1) *convergence by applying direct IFRS* (full or near-full convergence); (2) *convergence by moving local GAAP towards IFRS* (partial convergence) and; (3) *convergence by alignment with IFRS in reciprocal way*.

Generally, *the first scenario* occurs mainly in the countries where the capital market has grown and the “true and fair view” concept is accepted as general standard for financial reporting (Zimmermann and Werner [2013]). The CFSs are prepared and presented absolutely (or most of the main contents) following the IFRS. Some of them have adopted full IFRS issued by the IASB, or they have replaced a full national standard with IFRS (Canada, Israel and South Africa are typical examples of such a scenario). Some others use IFRS inland after they have amended their national accounting regulations so as to be familiar with IFRS. In these countries, although their changes following IFRS do not pass seamlessly into the national law, these changes are incorporated once in a wide range of referential norms (ibid, [2013], p.30). At the time of study, the national standard contents are no longer applied or aligned with IFRS in most of the regulations. Some countries in EU that are good examples in this scenario are Germany, France, and the United Kingdom.

The second scenario happens when a local standard is improved to be close with IFRS in an either unilateral and a mutual way, instead of applying or adopting directly. Normally, the members support the advantages of following IFRS, but they have separate characteristics of a capital market. Some of them do not want to share or reduce their control power in capital market, especially in domestic market, while others do not have enough ability to apply directly to the IFRS because of influencing tradition or economic structure. Under the pressure from the international organizations in which these countries integrated, they choose carefully the way of gradually moving to IFRS to face the lowest risks for their domestic market. Consequently, the national standards are applied as the main regulations but the contents of them have changed following IFRS, even having significant distinctions between the existing national standards and IFRS. For the CFS sector, a number of countries in this scenario permit IFRS for their public companies, while the local standards are also applied to other companies. Examples of this group include Japan, China, Iceland, India, Paraguay, Singapore, and the like.

The last scenario of convergence is that both national and international standards are accepted in a country. Differences from two previous scenarios, in this scenario the local standards have not been changed in order to adopt or apply to the IFRS. Relationship between IFRS and national standards is in a reciprocal way. This likes the cooperation of equals between them. The regulatory implementation permits the registration one or two standards, depending on each company’s choice without any intervention from others. The United States is a famous example in this scenario. Being one of the biggest capital markets, the US has a significant role in the quest for global accounting convergence. While the US standards (US GAAP) are applied to most of their listed companies, the non-US companies also accept to use IFRS for financial reporting presentation in the US market.

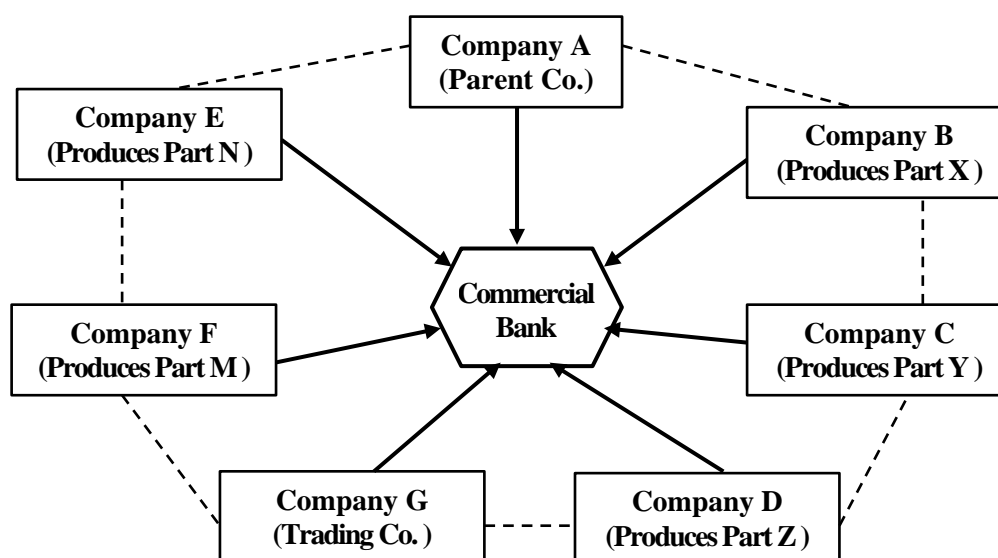
In order to collect specific lessons for Vietnam, the study presents in details three different cases that have similar characteristics in tradition, political as well as economic structure. They are:

4.2.2. Practice in Japan

Similar to Vietnam, Japanese economy includes a large group of small and medium sized enterprises (SMEs). In this case, the consolidated accounting seems to be not necessary for this group and the demand for business combination also does not have any effect on them, thus the CFS development or the international accounting integration is not simple. However, Japan creates good reputation in economic development all over the world. Therefore, the Japanese accounting convergence in practice is a great lesson for Vietnam.

4.2.2.1. Structure and characteristic of economic groups

According to Sunder and Yamaji [1999], the labor and productive internalization are two major incentives to form the economic groups in Japan (p.66). Before World War II, most economic groups were founded under the tight relationship of “zaibatsu” that their hierarchical structures were controlled mainly by a few families (p.63). Their relationships linked together through majority shareholding (Choi and Hiramatsu [1987]). After the war, the ex-zaibatsu and *keiretsu* were founded as the dominated growth by the economic groups, while the *zaibatsu* were broken up by the Intensive Economic Power Exclusion Act (Sunder and Yamaji [1999], p.62). Basically, these groups were formed in sharing a raw material, technology equipment or supplying markets. They were not legal but formed groups upon depending on a bank, intercompany loans, mutual shareholdings and business inter-transactions (Lowe [1990]). It must be noted that the existing role of main or city banks, as the core entities, in the groups creates one typical characteristic of Japanese model to contribute to converting Japan into one of the largest economies in the world.



Source: Review based on Lowe [1990], p.5-7

Figure 4.4: A common form of Japanese economic groups

A common type of Japanese economics is described in Figure 4.4 including the parent company (at the top) assembling a number of subsidiary companies through mutual stockholding around a large commercial bank. Each subsidiary has been also a huge parent corporation (sub-parent company) with numerous another subsidiaries (grand-subsidiary) and affiliated companies

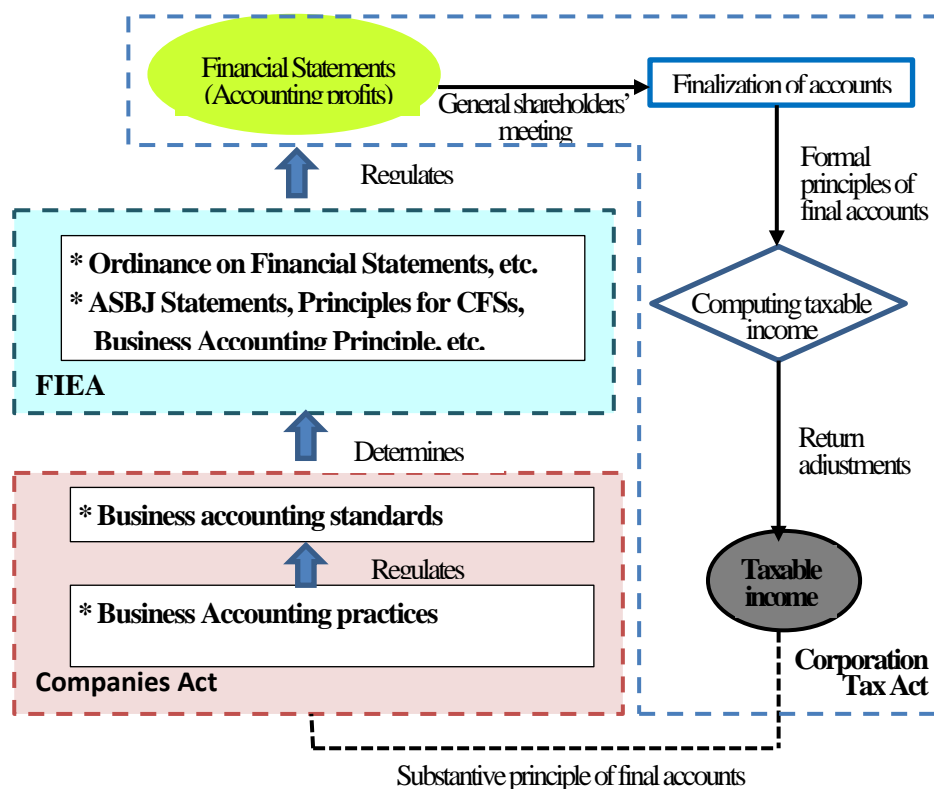
Under parent company's controlling, the group operates following the long-term transactional relations (Sunder and Yamaji [1999], p. 66), while its members are the independent firms in their own oligopolistic industries. The vital feature in the maintenance of Japanese group style is group consciousness with a strong orientation towards interdependence (Lowe [1990], pp.5-8). In which the group consciousness is manifested similarly to the individual tendency in Japanese society to perceive by themselves but in terms of group. The control power depends on direct or indirect majority share ownership and the presence of a holding company or a dominant parent company.

4.2.2.2. Development of accounting for groups

Primary accounting regulation in Japan was found in public regulations through the coordinated existence of the Securities and Exchange Law and the Commercial Code (Oguri and Hara [1990], p.39). The first Commercial Codes were issued in 1890 and 1899, based on a Franco-German model (Nobes and Parker [2000], p.253). Traditionally, the principle objective of financial reporting has been to calculate taxable income (Zimmermann and Werner [2013], p.89). In the company groups' controlling, called *zaibatsu* (after that *ex-zaibatsu* or *keiretsu*) such as Mitsui, Mitsubishi and Sumitomo, the Japanese business environment created the active motions for economic development. Shortly after the Second World War, the Securities and Exchange Law was enacted. Generally, these laws were based on the Securities Act and the Securities and Exchange Act were published in the USA in 1933 and 1934 respectively (Choi and Hiramatsu [1987], p.69). According to Zimmermann and Werner [2013], Japanese model for national accounting governance was a "triangular legal system" of Commercial Code, Securities and Exchange Law and Taxation Law.

In 1948, the Law of Certified Public Accountants was established. One year later, the Japanese Institute of Certified Public Accountants (JICPA) was founded in 1949. In the same year, the Financial Accounting Standards for Business Enterprises were also issued (Oguri and Hara [1990], p. 41; Nobes and Parker [2000], p.256). The Business Accounting Deliberation Council (BADC) representing business interests, was formed in 1952. In the mid 1960s, Japan introduced the CFSs in the formal discussions to fight against fraud and swindle on financial statements. In 1976, Japanese Ministry of Finance issued an ordinance requiring preparation of CFSs (Sunder and Yamaji [1999], pp. 55-57). Under the Commercial Code, the JICPA issued recommendation on accounting matters as well as a specimen set of financial statements, while Ministry of Finance published the Business Accounting Principles. Beside these two laws, all enterprises must operate under the Tax Law. Respectively with three major laws, there are three legal landscapes of accounting in Japan. They are the Financial Instruments and Exchange Act (FIEA), the Companies Act and the Corporation Tax Act. The FIEA applies mainly to companies that are publicly traded, while both of the Company Act and the Corporation Tax Act are required to all companies. Following these

regulations, any company listed publicly on the Stock exchange must prepare two financial statements: one for shareholders in requirement of the Commercial Code; another for filing in requirement of Securities and Exchange Law. Only enterprises subject to FIEA must prepare the CFSs (Kawasaki and Sakamoto [2014]). In order to illustrate these regulations in consolidated accounting, the study presents Figure 4.5.



Source: Review based on Kawasaki and Sakamoto [2014]

Figure 4.5: Accounting regulation system for economic groups (large companies) in Japan

Although the Japanese CFSs have been required by Securities and Exchange Law since 1978, they had not become full consolidated reports mandatory until 1984 (Herrmann et al. [2001], p. 1117). Initially, the Ministry of Finance did not strictly enforce the CFS (Sunder and Yamaji [1999], p. 60) until the 1990s, and the CFSs only began to serve its active informational function after the financial system was transformed. Then the standards-setting institutions and the material content of accounting standards in Japan have moved closer towards international regulations (Zimmermann and Werner [2013], p. 90).

The first changes occurred when the BADC revised a number of crucial accounting standards in 1997. The main competence in accounting regulation shifted from Company Law to securities legislation and the standard-setting body-the Accounting Stand Board of Japan (ASBJ) that also apply to companies prepared under the Commercial Code. In 2001, the Financial Accounting Standards Foundation (FASF) was established as the core accounting for listed companies, while the ASBJ produces information-oriented accounting standards as a private body (ibid, p. 92). In 2005, the Japanese accounting harmonization with IFRS has been improved when the ASBJ started to make more attractive to international investors to Japanese exchange market.

The enterprises that follow FIEA accounting rules are required to prepare the CFS in accordance with Japanese Generally Accepted Accounting Standards (J-GAAP) or IFRS. In contrast, the companies under the Company Act and the Corporation Tax Act are only required J-GAAP. In case these companies are classified as the large companies, they are required to follow the guideline of ASBJ or the General Accounting for SMEs. In August 2007, the ASBJ and IASB signed together “Tokyo Agreement” as the treaty on the convergence between Japanese accounting standards and IFRS. Although Japanese accounting standards are still applied mainly to all enterprises in domestic market, the IFRS is also accepted for appropriate areas. In 2008, Japanese GAAP was considered as equivalent to IFRS by the European Union (ibid, p.93). Since March 31, 2010, Japan has allowed voluntary application of IFRS as the endeavor with the expansion to IFRS in domestic market. However, the number of Japanese companies adapting to IFRS does not change except for the listed companies.

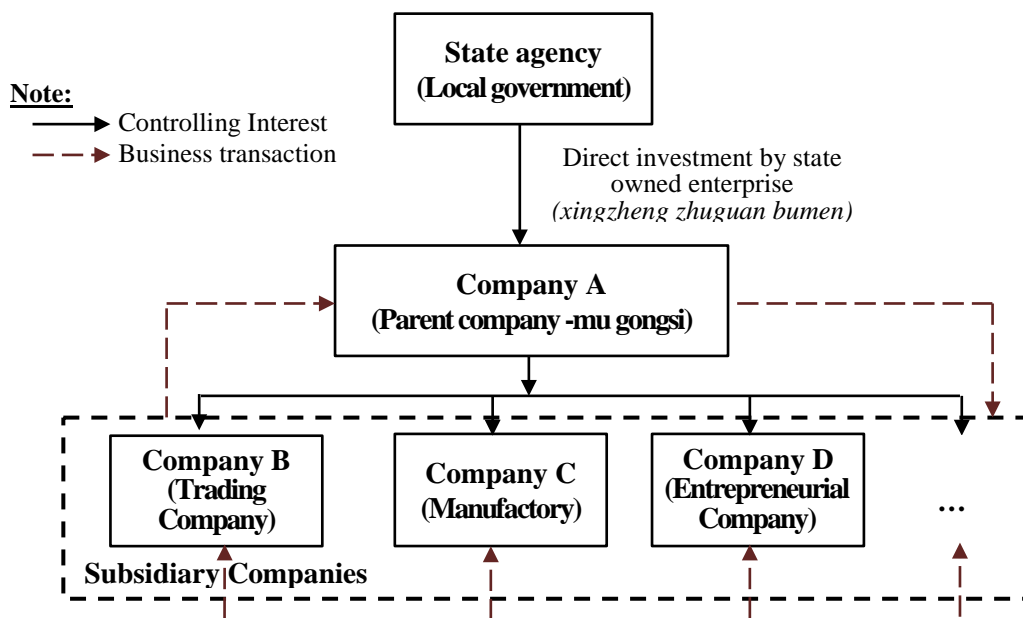
4.2.3. Practice in China

As a neighboring nation of Vietnam, the experience of Chinese accounting development has been significant o Vietnam because of similar points in the mechanism of politics (lead by Communist Party), tradition and culture.

4.2.3.1. Structure and characteristic of economic groups

Along with Chinese economic development, its enterprise improvement or business combination has increased strongly (Baker et al. [2010], p.8). At the time, economic renovation, the financial system reorganization and comprehensive enterprise restructuring occurred in the 1990s. According to Biondi and Zhang [2007], at present, most of the economic group forms in China occur by business combinations and business restructuring under common control (p. 717). Particularly, the entity group is also established by governing decisions of controlling parties (ibid, p. 718) or the business combinations are not to take over but merger instead (Baker et al. [2009], p.12). A common type of business combination in the State owned groups in China is illustrated in Figure 4.6.

Generally, a group (as economic group) is structured including a mother company affiliated with two or more than two legal persons (subsidiaries) or other organizations. In which the mother company (parent company) is the entity which carries out the ultimate control over the combining enterprises before and after the combination (Baker et al. [2009], p.8). Notably, the enterprises of a group have often demonstrated the same viewpoint or position when voting on the invested entities’ productive and operational activities (Baker et al. [2010], p. 111). The relationship among members in group is defined involving flows and linkages of resources from different shareholders and governance structure by existing agreements of individual and collective goals. In other words, the group operates based on its economic substance and not by legal status (Biondi and Zhang [2007], p. 708). The controlling power depends on methods of combination that is pooling (merger) or purchase (acquisition) (Baker et al. [2009], p. 7-9).



Source: Review based on Baker et al [2010], Baker et al [2009], Biondi and Zhang [2007]

Figure 4.6: Common form of State owned economic groups in China

Currently, the Chinese economic group is formed among business entities of both private and State-owner, but the State-owned entities still dominate in significant sectors of the economy such as petroleum, telecommunication, and automobile. Typically, some large State-owned groups have enhancing power of competition from the government (Biondi and Zhang [2007], p. 715). It is noted that the Chinese State-owned groups have significant characteristics different from groups in other countries as Backer et al. [2010] presented:

State owned enterprises in China are often controlled by a State agency (xingzheng zhuguan bumen), colloquially known as a “mother company” (mu gongsi). Each state-owned entity typically owes a subsidiary’s duty of loyalty to a number of administrative units [...]. The mother company may list its most profitable subsidiaries in the capital market, while continuing to be the controlling shareholder. Other less profitable subsidiaries may continue to be fully owned by the mother company (p. 111).

Ironically, many Chinese State corporations are not listed in stock markets, while some others are listed companies but their shares are also not circulating in great numbers. To interpret this situation, Eccher and Healy [2000] assumed that the decision on listing in exchange market of SOEs in China depends strongly on a political factor, that is the government has the effort to balance the interests of different ministries and geographic regions. Moreover, these State groups also have difficulty in enforcing standards for listed companies, while Chinese government has tended to retain a majority ownership and an interest in limiting release (p.5-28).

4.2.3.2. Development of Accounting for groups

Similar to many other socialist countries, Chinese accounting system was also affected by Soviet accounting model. Following the Cultural Revolution (1966-1976), China reformed its economy moving from planning to market-oriented economic system. According to Ding and

Su [2008], the Chinese accounting system attempted to do international practice beginning in 1979 when the joint ventures with foreign investment were accepted (p. 475). However, the accounting regulations had not launched officially until 1985 when the securities market had started operation in the domestic region. The first regulation on securities in China was founded in 1984 by the Shanghai Municipal Government, but it only became a significant innovation around the 1990s after the establishment of the Shanghai Stock Exchange (SHSE) in 1990; the Shenzhen Stock Exchange (SZSE) in 1991 and the Chinese Securities Regulatory Commission (CSRC) in 1992 (Peng et al. [2008]). Later this year, the Ministry of Finance of China issued the Accounting System for Selected Shareholding Companies in May 1992 (Haw et al. [2000], p. 111). In November 1992, the first conceptual accounting Standard framework for Business Enterprises was founded. Two years later, the first exposure draft of detail accounting standard for payables was issued in February 1994. These regulations imposed the basic rules and did set the conceptual framework for domestic market, but they were applied mainly to Chinese State enterprises and based on Russian – style fund accounting system (Bao and Chow[1999], p. 88). During 1994-1996, the next groups of exposure detail standards drafts were published, wherein the standard on Consolidated Financial Statements and Business Combination were issued in 1995 and after 1995 respectively. Then the formal system of Chinese accounting standards became effective for implementation since 1997. Notably, the accounting system of China in this period was largely rule-based accounting regime which was commonly difficult for diverse companies to produce consolidated accounting in full (Lee et al. [2013], p. 9)

In Chinese accounting regulation system, the Accounting Law was enacted by National People' Congress. The first Accounting Law was found in 1985 and revised in 1993 and 1999. The Accounting Regulatory Department of Ministry of Finance has responded to set and issue all the accounting standards, while the Chinese Institute of Certified Public Accountants (CICPA) was formed in 1987 that controlled by MOF has qualified to engage in the auditing of joint stock companies. Under the Accounting Law, the accounting standards are applied to business enterprises, whereas the listed companies must disclose their accounting information under not only these standards but also the regulation of the CSRC. Moreover, the foreign invested enterprises need to prepare more than one financial statements: one following the Chinese accounting system and the other based on the IASs/IFRS (Bao and Chow [1999], p. 86). In 2001, the MOF implemented a comprehensive Accounting System for Business Enterprises (ASBEs) that replaced the Chinese Accounting Standards 1998. Especially, this system was built in further toward convergence with the IASs (Peng et al. [2008]; Pacter and Yuen [2001]). All enterprises including State-owned enterprises and foreign invested enterprises are required to apply ASBEs.

It is noted that the Chinese accounting regulations were closely aligned to Tax Law and the taxation system. All enterprises are required to prepare the financial statements that need to be audited to calculate the annual income tax. The Tax Law and relevant regulations are designed jointly by State Administration of Tax and the MOF (Deloitte [2014]). According to Haw et al. [2000], the Chinese accounting regulations have restricted the accounts receivable rate prescribed by many specific government policies (only limited percentage (3%) of

outstanding accounting receivable for foreign investment). It seems that they were designed specifically to serve the government or banks, but not for the primary user or purpose of financial statements (Nobes and Parker [2000], p. 309). Furthermore, they imposed a detail chart of accounts as well as rules of financial reporting. Consequently, most listed companies fulfill only the minimum disclosure requirements mandated by CSRC and seldom provide earnings forecasts or voluntary information. The investors have little information available to predict earning and especially no warning of bad news before it is officially released. One discovery by Haw et al. [2000] is that we can find good news of firms earlier than bad news on the annual financial statements of listed companies published on stock markets. Furthermore, the accounting earnings prepared under the Chinese accounting standards are useful for firm to valuate across different reportings of large groups (Haw et al. [2000], pp. 109,125,127).

In February 2006, the new system of Chinese Accounting standards was promulgated and started effectively in January 2007. Generally, the existing Chinese accounting standards have been set still not to fit with the IASs/IFRS (Ding and Su [2008], p. 475) but to have significant converging modifications with IFRSs (ranging from 77 - 98%) (Eccher and Healy [2000], p. 27).

In December, 2007, the Chinese Accounting Standards were identified as equivalent to Hong Kong financial reporting standards. Since December 2010, Hong Kong Stock Exchange has accepted the listed companies which use Chinese Accounting Standards to prepare and present their financial reports. The Chinese Accounting Standards are now compulsory for all entities such as State-owned companies, private companies or public companies (Deloitte [2012], p. 29), but even the required level is different between them. For instance, the current Chinese accounting system has two major issues: The first issue is that related party entities are required IFRS to present financial situation, but it does not include most of the SOEs in China, while Chinese SOEs operate no differently from other companies. The second issue is a difference of the reversal of impairments for tangible long-term assets.

As for the CFSs, all the Chinese companies whose securities are traded in the public market are required to apply the ASBEs, wherein the historical cost has been used to record the business transactions among entities in business combinations. The fair value has been also introduced in the ASBEs but the regulators in China are very reluctant to follow, because it is so hard to determine the price in fair value in the unsophisticated market of China (Ding and Su[2008], p. 476). Notably, the current accounting standards can utilize two accounting methods for different forms of business combination respectively. One is the pooling of interests for business combination under common control. Another is the purchase method applied to the entities not under common control. Moreover, the treatment of goodwill is not required to recognize for the case of entities under common control but it is compulsory to recognize in case of groups not under common control. In which the goodwill is recognized as asset without amortization, but the further test for impairment losses is conducted (Baker et al. [2009], p.12; Biondi and Zhang [2007], p.710).

Although there are still significant variety distinctions between Chinese accounting standards and the IAS/IFRS in the contents, this system was issued with substantial

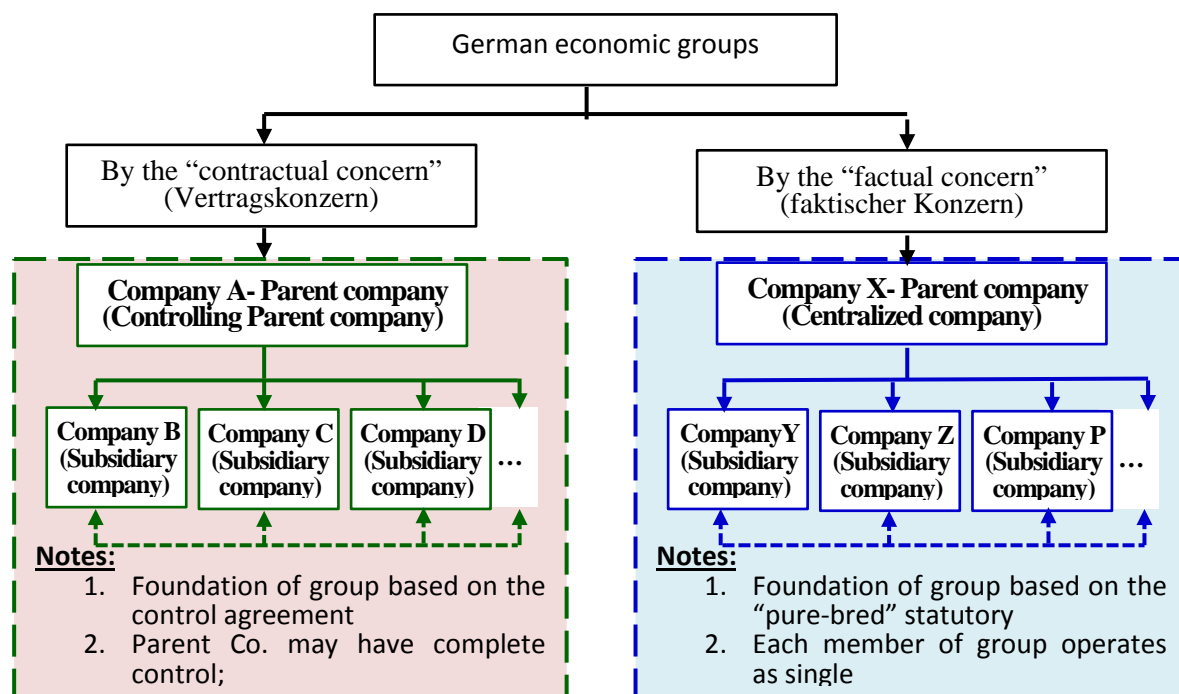
convergence with IFRS. The government intervention through the changes in accounting standards in China has contributed significantly to improve the flow of financial statements information to equity investors (Lee et al. [2013] p. 19). Beside the domination of State's role in Chinese economy, China is a country that successfully adjusts and bridges the gap between the national accounting standards and the IASs.

4.2.4. Practice in Germany

As one special situation with feature of accounting strongly interconnecting with taxation (Zimmermann et al. [2010]), Germany has developed successfully the accounting standards following the IFRS, while it is still known as one of big economies in the world. With the similar typical characteristics of the tax influence in financial accounting development, the success of Germany puts forward good lessons to Vietnam. Germany could make the consistence between taxation and accounting policies as well as the capital market which plays an important role to create the key shifting to align successfully with IFRS.

4.2.4.1. Form and characteristics of economic groups

Normally, the economic groups listed on the stock market must obey in the German Stock Corporation Act, while significant groups operate under German Law of corporation groups. In keeping any framework of statutory regulations among members of group, the German judiciary has been intervened by German Federal Supreme Court (Reich-Graefe, 2005)].



Source: Review based on Reich-Graefe [2005]

Figure 4.7: Form of economic groups in Germany

More than 40 years ago (in 1965), the Stock Corporation Act of Germany was enacted directly by the German Federal Government including two specific forms of corporation groups (ibid, p.788). One is the “contractual concern” (Vertragskonzern), and another is the “factual concern” (faktischer Konzern). Both of them form a group with the parent company

and a number of subsidiary companies as presented in Figure 4.7. The differences between them are in their mechanism of foundation.

By the contractual concern, the economic group (or corporation group) may be controlled completely by the controlling parent company. Although the contractual corporation group is based on a voluntary and contractual arrangement, business activities of the subsidiaries are influenced much by the parent company. All members of groups must consist the interests of the entire group, while the parent does not render the subsidiary insolvency. In other words, the subsidiary's legal existence is protected strictly by statute.

On the contrary, the economic group under the factual concern has absence of a control agreement, instead of a "pure-bred" statutory creation. In which the majority ownership of a particular corporation by another company occurred, while the uniform and centralized management structure is applied to most members of group. Each subsidiary operates as a single entity, and the parent companies is considered as the centralize entity. Notably, in the factual concern type, the interconnected companies are often highlighted with the multitude of parental interferences.

4.2.4.2. Development of Accounting for business combination

In the early twentieth century, under the central planning economy, German accounting activities focused exclusively on the reports' preparing requirements by the bureaucracy. As consequence, accounting system was to serve as a useful tool in the planning administration (Young [1999], p. 161). At that time, the tax legislation became a relevant source of accounting rules in Germany. The financial reports' purpose traditionally supplied basic information for calculating income tax (Zimmermann and Werner, [2013], p. 68). The first national institution namely Institution of Auditors (IDW) was established in 1930. In 1961, the Chamber of Public Accountants (WPK) was founded as an organization under public laws (following regulation under the public Accountant Act -WPO). The WPK played the role of admission, oversight, quality control and auditing standard development. The German Commercial Code by the Federal Ministry of Justice was set as accounting rules for company and group accounts. However, the consolidated accounts were dispensable in this system. According to Nobes and Parker (2000), the consolidated accounts was only introduced in Germany in 1965, and supported as the significant system after the 1990s when the listed company began to express their concerns (Zimmermann et al. [2010], p. 5; Zimmermann and Werner, [2013], p. 69).

In December 1985, the Accounting Directive Act was implemented in Germany. Shortly after that, the Directive versions of various financial institution were issued such as Bank Accounting Directive Law in 1990; the Insurance version in 1994. The Commercial Code presented the regulations for most accounting, auditing and disclosure principles of consolidation. Additionally, Stock Corporation Law and Private Company Law are applied as requirement of Code to follow the extra financial statements. In 1998, the Corporate Sector Supervision and Transparency Act as well as the amendment of Commercial Law were passed to accredit a private standard-setting institution, and this organization was created as the German Accounting Standards Committee (GASC) in the same year. Then the members

of German Accounting Standards Board (GASB) were selected to develop recommendation for group accounting and advise the Ministry of Justice in accounting legislation proposal and international standardization bodies. Although the membership of GASB was fully determined by the private sector, its standards must be approved by the State.

From the tax provision, the tax accounts were required as accounting principles by Commercial Code and based on the commercial balance sheet. The taxable income is also determined by the tax law. Hence, the accounting principle development has been close to the taxation. Since 2000, improving capital market transparency and prompting legal framework for investor have been performed following the Financial Market Promotion Acts. Then both the Tax Law and Accounting system have been changed significantly. This leads to more extensive differences between financial and tax accounts (Nobes and Parker [2000], p. 235). All the listed companies are required preparing the CFSs, hence the German Code also required the standards of formats to be used for the CFSs, while the tax-based valuations can be retained in the consolidated accounts. The techniques of consolidation have been provided in commercial legislation in Germany, including full consolidation, proportional consolidation and the equity method for associated enterprises. The measurement and recognizing any goodwill or negative goodwill are also explained as the key requirement of consolidated accounting in the law. Especially, the Accounting Law Modernization Act (BilMoG) of 2009 has greatly aligned German accounting laws with IFRS (Zimmermann et al. [2010], p. 5). It is explicit that the standard of CFS has applied full the IFRS for all group accounting.

Although many alternatives remain, Germany has achieved standardization of accounting principles. The legal provision takes precedence over the true and fair view. The independent concepts between commercial and tax accounts have been defined. The consolidated techniques of CFS preparation following the IASs are accepted by German laws (Nobes and Parker [2000], p. 245).

Table 4.2: Characteristics of legislation for consolidated accounting in Japan, China and Germany

Japan				China				Germany			
Legislation Sys.	Type of enterprise	Key content	Financial statements (FS)	Legislation Sys.	Type of enterprise	Key content	Financial statements	Legislation Sys.	Type of enterprise	Key content	Financial statements
Financial Instrument and Exchange Act	-Listed Co. - Large Co.	-Ordinance on FS -Accounting Principles for CFSs - Financial Statements (Accounting Standard Board of Japan- ASBJ)	- Voluntary application of IFRS -Generally J-GAAP	Accounting Law (by National People Congress)	All Co.	Legislation on accountant and accountability	-CFSs (also under CSRC) - Generally, China-GAAP	Stock Company Act	-Listed Co.	Statutory of corporate group	Adoption of IFRS
Company Act (under Commercial Code)	All Co. (focus on SMEs)	Accounting standards (setting by ASBJ)	-Generally J-GAAP	Accounting system for Business Enterprise (by State Council and MOF)	All Co.	Conceptual framework, accounting standards and general principle	- Generally, China-GAAP	Accounting Law Modernization Act (since 2009) Under Commercial Code (issued by Federal Ministry of Justice)	All Co (including state and private sector)	Accounting principle, standards (by German Accounting Standards Board), disclosures FS	Adoption of IFRS
				Accounting regulation under standards (by MOF)	Separate following industries of Co.	Accounting regulation for different industries	- Generally, China-GAAP				
Corporation Tax Act	All Co.	Accounting for taxation	-Generally J-GAAP	Tax Law (by State Administration of Tax and MOF)	All Co.	Accounting for taxation	- Generally, China-GAAP	Tax Law (EU-Council)	All Co (including full consolidation, proportional or quota consolidation)	Accounting for taxation	-EU-GAAP

(Source: Review based on Kawasaki and Sakamoto [2014]; Baker et al. [2009]; Biondi and Zhang [2007]; Deloitte [2014]; Peng et al [2008]; Zimmermann et al. [2010], Reich-Graefe [2005]; Nobes and Parker [2000])

Chapter 5: CURRENT SITUATION OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BY ECONOMIC GROUPS IN VIETNAM

In order to present the full story of contexts and circumstances of Vietnamese CFSs, this chapter concentrates to supply the real-world situation of CFS preparation by economic groups. Through the preliminarily data and from the views of economic groups and accounting professional sector, the contemporary conditions of practical side in CFS preparation in Vietnam are explored.

5.1. DATA BACKGROUND

By the main ways of “snowballing” and research questionnaires, the study collected successfully information from 74 respondents, who come from different positions including State offices (relate to accounting policies), economic groups, accounting institutes or university, accounting and auditing services. Generally, they are divided into two key groups: one is economic group (such as the chief accountants, managers or accounting staffs represent for views inside economic group); and another is outside economic group (encompassing the auditors, researcher, consultants, lecturers, or accounting professors. who have worked outside of economic group but had lots of experiences on the CFSs in Vietnam)

5.1.1. Overview of target economic groups

As mentioned above, the economic group is one of two interview groups of this study. It has 15 economic groups in total (list on the Annex 6). In which there are three in tenth current big State groups, one foreign corporation and eleven private groups and State corporations. The brief observations of this sample are showed on Table 5.1.

Table 5.1: Ownership, business or industrial area and market of target economic groups

Criterion	Observation		Criterion	Observation	
	Quantity	Percent		Quantity	Percent
1. Ownership			4. Market		
-Foreign organization	1	6.7	-Input: #Domestic	6	40.0
-State organization	9	60.0	# import	0	0
-Private organization	3	20.0	# both	9	60.0
-Others ⁽¹⁾	2	13.3	-Output: #Domestic	5	33.3
<i>Total</i>	15	100	# export	1	6.7
2. Group model			# both	9	60.0
-Parent-subsidiary	6	40.0	5. Industrial area		
-Corporation (holding Co.)	9	60.0	-Telecom	1	6.7
<i>Total</i>	15		-Oil and gas	1	6.7
3. Business area			-Petroleum	1	6.7
-Service	2	13.3	-Coal and Mineral	1	6.7
-Manufacture and Trade/Commerce	4	26.7	-Textile	2	13.3
-Commerce and Service	3	20.0	-Building	2	13.3
-Manufacture, Commerce and Service	6	40.0	-Transportation	1	6.7
<i>Total</i>	15	100	-Others ⁽²⁾	6	40.0

Note: (1): Joint stock Co. after finishing the equitization from the state company; (2). Financial service; IT- software; food, security, etc.

Source: Owned survey (2014-2015)

Most of the interviews were conducted in the parent or holding company, wherein 20% groups do business on commerce and services, 26.7% on manufacture and trade, 40% on

manufacture, trade and service, 13.3% groups on only services. The groups' industries were various, including telecoms, transportation, gas and oil, textile, infrastructure, building, investment of property, etc.

Normally, the parent subsidiary model (economic group) seems to be more professional governance and equity than holding subsidiary (corporation style). In the study's survey, it is popular one economic group (with parent-subsidiary relation) has been able to cover with one or more corporations as the subsidiaries. Under these corporations, there are also other direct or indirect subsidiaries (these corporations are called the sub-parent companies in this study). For instance: PetroVietnam group have Petrovietnam Oil Corporation (PV Oil) and Petrovietnam Power Corporation (PV Power) as the separate subsidiaries. Under the PV Oil, there is a significant number of Joint Stock Companies and two different subsidiaries with controlling 100% power (they are Laos PV OIL-Laos Oil and Gas Petroleum Company Ltd. and PV OIL Singapore -Singapore International Oil Trade Company Ltd.). Under the parent or holding company's control, the subsidiaries are often the joint stock or limited entities. They can operate as similar or different industries with their parent or other subsidiaries in group.

Table 5.2: Parent and subsidiary company of groups listed in stock market

Criterion	Observation		Criterion	Observation	
	Quantity	Percent		Quantity	Percent
1. Parent Co or holding Co as listed company			2. Subsidiary as listed company		
-Listed company	4	26.7	-Yes	13	86.7
-Non-listed company	11	73.3	-No	2	13.3
<i>Total</i>	15	100	<i>Total</i>	15	100

Source: Owned survey (2014-2015)

It is noted that most of the parent companies in State groups (at least in sample) were not listed companies, but they had the sub-parent or subsidiary companies as the listed companies. For example, Petrol-Vietnam (PVN) is one of the top tenth current big State economic groups operating in oil and gas, the parent company of PVN (entity was surveyed) has not been listed on the stock market, while at least two of its subsidiaries (Petrolvietnam Gas Joint Stock Corporation - PV Gas and Petrovietnam Fertilizer and Chemicals Joint Stock Corporation - PVFCCo) are listed companies. In the sample, the number of groups that has subsidiary company listed on security market reaches up to over 86.7% (Table 5.2).

As for group's structure, Table 5.3 shows most of economic groups have over 10 subsidiary companies, as many as 67 (Petrolimex group) and as few as 1, respectively. Generally, these subsidiaries are mainly located in domestic market, whereas few of them have been set in foreign nations. For example: Mobifone group has 4 subsidiaries in Hong Kong, USA, Singapore, Czech; Petrolimex group has 2 subsidiaries in Singapore and Laos; Vinacomin group has 3 subsidiaries in Laos (2 subsidiaries), Cambodia (1 subsidiary).

Among the economic groups in survey, most of them have prepared CFS by themselves but one of them did not prepare and another did through academic service to make the CFSs. The situation of non-making CFSs was in the foreign enterprise that has run business in Vietnam as the role of sub-parent company rather than parent company. In fact, this company only used its financial reports for tax accounting purpose and submitted them to its parent company outside Vietnam.

Table 5.3: Characteristics of economic groups in CFS preparation

Criterion	Observation		Criterion	Observation	
	Quantity	Percent (in total)		Quantity	Percent (in total)
1. Volume of subsidiary			4. Organize the separate group for making CFSs		
- Only 1	1	6.7	- Yes	10	66.7
- From 4-5	1	6.7	- No	4	26.6
- From 5-10	4	26.6	- No information	1	6.7
- Over 10	9	60.0			
<i>Total</i>	15	100	<i>Total</i>	15	100
2. Kind of FS for whole group			5. Prepare CFSs by		
-CFSs	14	93.3	-Self-preparation	14	93.3
-Other ⁽³⁾	1	6.7	-Hire the academic service	1	6.7
<i>Total</i>	15		<i>Total</i>	15	100
3. When does our group prepare CFSs			6. Number of staffs works for making CFSs⁽⁴⁾		
a. The date of acquisition	2	13.3	- Only 1	3	20.0
b. The fiscal year or monthly	11	73.4	- Two staffs	6	40.0
c. Both of (a)&(b)	2	13.3	- Three staffs	1	6.7
			- No information	5	33.3
<i>Total</i>	15	100	<i>Total</i>	15	100

Note: (3): case of foreign organization, wherein their FSs are prepared in purpose for local accounting tax rather than CFSs, the CFSs of whole group are prepared by their parent Co in foreign country.

(4): case of economic group (parent company) organizes separately a department for making CFSs.

Source: Owned survey (2014-2015)

Notably, there were more than 73% groups in sample preparing their CFSs at the end of a fiscal year or monthly, while there was only over 13% respectively at the date of acquisition. And the same rate (over 13%) was at both time of fiscal year or monthly and date of acquisition. Moreover, among the group of preparing CFSs in sample, there were only ten groups that organized separate accounting staffs' group for making CFS purpose. In which most of them designed two staffs in this group among many others in the same accounting department of whole group.

5.1.2. Overview of targets outside economic group

In the pre-intending research plan, the interview group outside economic group is defined including the auditors, lecturers or trainers, researchers, creditors, and professional consultants. In fact, from pre-survey, the study found another namely the policy makers who also have well knowledge about the CFS in Vietnam, especially in regulative insurance. Consequently, with the random collection, by the end of 2015 the survey had collected 59 interviewees in total, encompassing 31 auditors, 16 lecturers or trainers and 12 others (creditor, consultant and policy maker). All of them are working in Vietnam but in different positions at different offices. The primary data of this group is showed in Table 5.4 as bellows:

Table 5.4: Occupation and working experience of interviewees (outside economic group)

	Observation			Observation	
	Frequency (person)	Percent (in total)		Frequency (person)	Percent (in total)
1. Occupation (working position)			2. Experience		
Auditor	31	52.5	Under 1 year	1	1.7
Researcher	2	3.4	From 1 ->2 years	2	3.4

Lecturer or trainers	16	27.1	From 2 ->5 years	9	15.3
Creditor	2	3.4	From 5 ->10 years	24	40.7
Consultant	5	8.5	From 10-15 years	10	16.9
Policy maker	3	5.1	Over 15 years	13	22.0
Total	59	100.0	Total	59	100.0
3. Worked as auditor of CFSs			2. Working area relatedly to CFSs		
Not yet	34	57.6	Auditing	28	47.5
Only one	1	1.7	Research & training	13	22.0
From 2->5 times	14	23.7	Consultant	5	8.4
From 5->10 times	5	8.5	Creditor of banking	2	3.4
From 10-20 times	4	6.8	Auditing & consultant	2	3.4
Over 20 times	1	1.7	Research-training & consultant	2	3.4
Total	59	100.0	Auditing, researcher-trainer & consultant	4	6.8
			Officer (for making policy)	3	5.1
			Total	59	100.0

Source: Owned survey (2014-2015)

For the working experience, the interviewee has the longest service of 35 years, while the lowest was under 1 year. It is popular with 40% respondents having experience from 5 to 10 years equivalent to 24 interviewees in total sample. In which 25/59 interviews have ever worked as auditors of CFSs (as the illustration on Table 5.4 and 5.5). In that, most of them (14/25 auditors) have ever audited from 2 to 5 times and one of them has experienced over 20 times.

Table 5.5: Working experience and CPA ownership duration (outside economic group)

Occupation	Year						Total
	under 1	1 ->2	2 ->5	5 ->10	10-15	over 15	
1. Working experience							
Auditor	1	0	6	17	6	1	31
Researcher	0	0	0	1	0	1	2
Lecturer	0	1	2	5	1	7	16
Creditor	0	1	1	0	0	0	2
Consultant	0	0	0	1	3	1	5
Policy maker	0	0	0	0	0	3	3
Total	1	2	9	24	10	13	59
2. The length of having certified public accountant (CPA)							
Auditor	5	4	10	8	2	0	29
Researcher	0	0	0	2	0	0	2
Lecturer	0	0	1	0	0	0	1
Creditor	0	0	0	0	0	0	0
Consultant	0	0	0	2	0	0	2
Policy maker	0	0	0	0	3	0	3
Total	5	4	11	12	5	0	37

Source: Owned survey (2014-2015)

Moreover, some interviewees worked at not only one contemporary but also several positions relevant to CFSs. For example, one lecturer can work as a researcher as well as consultant instead of working only as a trainer. Additionally, not only the auditors but also significant researchers, trainers or consultants got the certified public accountant (CPA). Although their CPAs were only domestic power in major the total number of this was up to 62.7 % (37/59) reflecting their academic knowledge in well. In fact, in sample, there were

nearly 46% (or 17/37) answerers, who got CPA for over 5 years, especially 5 of them for over 10 years.

5.2. PRIMARY DATA

5.2.1. View by economic groups

5.2.1.1. Most disadvantages of CFS preparation as current legal framework and staffs' knowledge/skills

For the direct question: What are the obstacles to CFS preparation?, the study collected interesting answers from group inside economic as illustrated in Table 5.6.

Table 5.6: Obstacles to CFS preparation (views of target economic groups)

Obstacles	Observation	
	Quantity	Percent ⁽⁶⁾
1. Legal framework	9	60.0
2. Staffs' knowledge and skill	9	60.0
3. Accounting technique	0	0
4. Internal management policies	5	33.3
5. Characteristic of business and industrial area	8	53.3
6. Others ⁽⁵⁾	6	40

Note: (5). characteristic of financial mechanism for business area by direct management Ministry, view of manager, etc.

(6): calculated bas on observation of multi-choice question in total number of sample inside economic group

Source: Owned survey (2014-2015)

From Table 5.6, it is found that the inconsistency of current accounting legislation and staffs' knowledge shortcoming are the two biggest disadvantages of Vietnamese economic groups in CFS preparation with the same rate (60%). Especially, many answerers (40%) claimed to face others obstacles such as the mechanism of financial management, and the managers' knowledge.

5.2.1.2. Most accounting staffs as poor basic specific knowledge on consolidated accounting

In Table 5.3, the data illustrates many groups in the sample (66,7%) preparing the CFSs by themselves but Table 5.6 shows that their knowledge and skill of accounting staffs have been a big current obstacle to CFS preparation. It is noted that most of their accounting staffs (80%) have ever been trained in consolidated accounting. Nevertheless, their training courses lasted a short time as updating new regulations or annual CPA program. Additionally, among the staffs taking part in these courses, there were only few accountants (normally 2-3 persons) who are on duty in CFS preparation. Notably, their trainers were mostly auditors or consultants from Vietnamese independent associations or professional accountancy. There were few, even no cases in the sample when the trainers came from foreign organizations (Table 5.7).

Moreover, the number of accountants who have the CPA was small in the sample, the study only found one group with the staff getting temporary foreign and domestic certification (Mobifone group) and three others with VNCPA, while the rate of groups that did not have any CPA reached to over 70%. This is one of the reasons to explain for all the groups in the sample having chosen the national system instead of foreign, even the current regulation encouraged the listed companies following the IFRSs (circular No 210/2009/TT-BTC date 6/11/2009). In fact, from the views inside economic group, the phenomenon of accounting staffs who

misunderstood respective accounting technique for CFS preparation was still popular, for example: misunderstanding between the pooling and the purchase method; or the cost and equity method; or subtotal, elimination, adjustment in full and not in full.

Table 5.7: Knowledge of accountants/staffs on consolidated accounting (views of target economic groups)

Criterion	Observation		Criterion	Observation	
	Quantity (Co.)	Percent (in total)		Quantity (Co.)	Percent (in total)
1. Knowledge of consolidated accounting			3. Type of training		
- Training	12	80.0	- Update the new regulations	9	75.0
- No training	3	20.0	- Training for CPA	1	8.3
<i>total</i>	15	100.0	- Others ⁽⁷⁾	2	16.7
2. The certified Public Accountant (CPA)			4. People/ organization play the trainer		
- Non	11	73.3	a. Independent association of professional accountancy	5	33.3
- CPA	4	26.7	b. VAA	1	6.7
+VNCPA	3		c. Academic institution of MOF	1	6.7
+Foreign CPA	0		d. Foreign consultant/association	0	0
+Both	1		e. All above answers (a-> d)	3	20.0
			f. other ⁽⁸⁾	2	13.3

Note: (7).special courses that group invited directly consultant or auditors or officers to train (length of course: 2-3 days)

(8): the trainers were Vietnamese and foreign persons (followed the developing strategy of group's plan)

Source: Owned survey (2014-2015)

5.2.1.3. Weak business governance in consolidated accounting

The primary data on Table 5.7 and 5.8 shows most groups in sample set up the internal accounting policies for consolidated accounting, whereas all of them adapted the existing regulations under national accounting standards focusing on the bookkeeping technique rather than the accounting. Over 93% groups of sample regulated in the form of accounting documents and specific accounting methods (for inventory, fix-assets,...) and nearly 87% in detailed accounting information. Additionally, less than a half of groups in total had internal accounting policies formed by consulting academic services (auditing and accounting or information technology service). In these groups the accounting software for CFS preparation was quite perfect, whereas some others did not have any separate policies instead of applying directly full current regulations to accounting works.

Table 5.8: Internal regulations for consolidated accounting in Vietnamese groups

Criterion	Observation	
	Quantity	Percent (in total)
1. Documents for building the internal regulations		
-Current legal for accounting	7	46.7
-Characteristics of business	1	6.7
-Both	7	46.7
2. Main content of internal regulation⁽⁹⁾		
-Accounting documents	14	93.3
-Time-line for submit	13	86.7
-Accounting method	14	93.3
-Specific information for accounting	13	86.7
-Internal transaction	12	80.0
-Associated and jointly control investment	11	73.3
- Measurement and recognition of NCI	11	73.3

3. Author of setting the internal regulations		
-Internal auditing and accounting department	7	46.7
-Internal control department	1	6.7
-Management board of group	4	26.7
-Both of previous answers	1	6.7
-Others (NGO project, academic service, etc...)	2	13.3
4. Kind of legal framework		
-Vietnamese accounting system (VAS)	15	100.0
-IASs/IFRSs	0	0.0

Note: (9): multi-choice question, the proportion was calculated base on the observation in total number of sample

Source: Own survey (2014-2015)

Under the current Vietnamese accounting regulation, both parent company and sub-parent company must present the CFS for whole group respectively, however, the survey found that the CFS's position was quite different between them. Some of them organized separately accounting department for business combination, while many of them (Table 5.3) (much in corporation style) designed one system for both purposes of consolidated and non-consolidated accounting.

5.2.2. View by targets outside economic group

5.2.2.1. Most current disadvantages of CFS preparation in accounting staffs' skill

From the views outside economic group, the accounting staffs' skill in consolidated accounting has been the biggest current obstacle in economic groups. Although the primary data on Table 5.9 shows almost elements of preparing the CFSs by economic groups are evaluated as the obstacles for developing, there was nearly 100% (58/59 interviewees-biggest portion) who agreed that the staff's skill about making CFSs was the problem.

Table 5.9: Obstacles to CFS preparation (views of outside economic group)

	Observation	
	Frequency (person)	Percent (in total sample of group outside = 59)
1. Internal regulation	48	81.4
2. Current accounting legal framework	47	79.7
3. Accounting technique	52	88.1
4. Skill of staff in making CFSs	58	98.3
5. Knowledge of manager	39	66.1
6. Infrastructures and tools	45	76.3

Source: Owned survey (2014-2015)

Quite different from the views of inside economic group (between Table 5.6 and Table 5.9), from the views of accounting professional, the current accounting legislation is only one of current disadvantages in CFS preparation by economic groups after the accounting technique and internal regulation obstacles. It is noted that there are nearly 20% arguments in legal framework by the views outside economic group than inside economic groups. Both of inside and outside views agreed that the manager's knowledge was also a negative point of economic groups in Vietnam. Especially, in the views outside economic group, the ration of manager's poor knowledge was equal to nearly two thirds of the rate of accounting staffs respectively, while the modernization of business infrastructure of economic group was also one significant influence on CFS preparation with more than 76% in sample.

5.2.2.2. Accounting staffs' skills at poor level in consolidated accounting

Regarding to the biggest obstacle, accounting staff's low skill, 82.5% interviewees commented as the reason of poor knowledge, while 70.2% and 57.9% as "accounting staffs cannot identify the entries" and "their ability to synthesize was not well for consolidated accounting" respectively. These numbers reflect the causes of not only staff's knowledge but also the academic technique for consolidated accounting.

Table 5.10: Evaluation about accounting technique and staffs' skill and knowledge by targets outside economic group

	Observation			Observation	
	Frequency	Percent (*)		Frequency	Percent(*)
1. Lacking of accounting staff's skill^(a)			3. Matter of accounting technique^(b)		
a).Poor knowledge about CFSs	47	82.5	(1).Only simple entries for inter-transaction	35	67.3
b).Can't identify entries	33	57.9	(2).Lack of adjustment for goodwill	33	63.5
c).Ability to synthesize not well	40	70.2	(3).Lack of adjustment for profit by internal selling or buying	31	59.6
2. Level of accounting staff's knowledge^(c)			(4). Lack of adjustment for access the current value of investment	36	69.2
(1). Empty the specific knowledge	5	8.5	(5). Lack of adjustment for the inter-transaction of dividends	26	50.0
(2). Low level	42	71.2			
(3). Good	12	20.3			

Note: (*) calculation bases on total accepted answers (excepted answers in "no information" or "miss answer"); ^(a): 57 total of accepted answers; ^(b) 52 total of accepted answers; ^(c): 59 total of accepted answers

Source: Owned survey (2014-2015)

Basically, most interviewees evaluated that the accounting staffs had low level of knowledge, and the consolidated accounting techniques of them were still simple or in lack of academic entries for accounting on goodwill, profit, recognition of the current value as well as inter-transaction related to dividends. In fact, there were 88.1% agreements outside economic group for accounting techniques reason (Table 5.9).

5.2.2.3. Inadequate accounting regulation system for CFSs at present

On the side of legal framework, most interviewees in the sample thought that the current regulation system had still not covered the practical business combination situations, while the unique VAS was also a cause of the inadequate points in Vietnamese accounting system

Table 5.11: Details of current legal framework

	Non full ^(a)		Not matching ^(a)		Un-clear ^(a)		Inconsistency ^(a)	
	Frequency	Percent (*)	Frequency	Percent(*)	Frequency	Percent(*)	Frequency	Percent (*)
Accounting law	24	57.1	20	47.6	17	40.5	23	54.8
Accounting standard	25	56.8	24	57.1	16	38.1	5	11.9
Accounting policy	23	54.8	14	33.3	22	52.4	3	7.1
Accounting circular	29	67.4	9	20.9	19	44.2	8	18.6
Current legal frameworks^(b)								
					Frequency		Percent (*)	
No multi-choice without VAS					21		43.8	
Lacks of guidance for implementation					23		47.9	
Still not cover the practical situations					36		75.0	

Note: (*) calculation bases on total accepted answers (excepting answers as "no information" or "miss answer"); ^(a): 42 total of accepted answers; ^(b): 47 total of accepted answers;

Source: Owned survey (2014-2015)

The detailed limitation of accounting regulation system has been provided in Table 5.11. They included the fullness, matching, clearness and consistency. In which, accounting law had some matters in fullness and consistency rather than two others, while the disadvantages of VAS were located mainly in matching and fullness aspects. Both accounting policy and circular were inappropriate in clearness point, while the fullness was also not a good feature of most levels in legal system for consolidated accounting.

5.2.2.4. Managers' knowledge and internal governance at low level

The primary data illustrates the managers' knowledge about their CFSs was limited by most of the respondents. Table 5.12 shows that many business managers or directors thought their business could run well without the CFSs, or their business activities did not need to use the compliable financial reports as the CFSs. In their views, this also contributes to significant asymmetric points of internal regulation in Vietnamese economic groups.

In later part of Table 5.12, the data of economic groups with no internal regulations in the CFS preparation is less than that of economic groups with internal regulations. But these regulations are often intricate or inappropriate among their subsidiaries. The cases of regulation with not credence function between subsidiaries in accounting operation of group were 18.6%. Moreover, the contents of existing internal regulations need to be identified for adjustment or elimination or subtotal to recognize and disclosure on the CFSs was still not displayed well in most samples.

Table 5.12: Shortcomings of managers' knowledge and internal governance

	Observation			Observation	
	Frequency (person)	Percent (*)		Frequency (person)	Percent (*)
1. Manager's knowledge^(a)			2. Matter of internal governance^(b)		
a).Running business well without CFSs	5	12.8	(1). No internal regulation	2	4.2
b.) Don't necessary apply CFS	10	25.6	(2). Inappropriate regulation	5	10.4
c). Both (a) & (b)	24	61.5	(3). Inappropriate relation among subsidiaries	10	20.8
3. Detail of inappropriate internal regulation^(c)			(4). Both 1&2	1	2.1
(1). No unified regulation	4	9.1	(5). Both 2&3	20	41.7
(2). Inappropriate content	5	11.4	(6). Both 1&3	3	6.3
(3). Both 1&2	2	4.5	(7). all 1->3	7	14.6
(4). 2&3	1	2.3	4. Applying infrastructure for making CFSs^(d)		
(5). 1&3	10	22.7	1).Poor and drawback facility	2	4.4
(6). all 1-3	22	50.0	2).Inappropriate software	15	33.3
			3). Both (1)& (2)	28	62.2

Note: (*)calculation bases on the total accepted answers (excepted answers in "no information" or "miss answer");

^(a): 39 total of answers; ^(b): 48 total of answers; ^(c): 32 total of answers; ^(d): 44 total of answers;

Source: Owned survey (2014-2015)

Typically, some interviewees mentioned that the knowledge level of both manager and accounting staffs at the limited level had been the paternity of the disadvantage of internal regulation in current economic groups in Vietnam. This was also reflected during the time of survey, the study received significant declining answers with the same reason of empty knowledge in CFSs or consolidated accounting. It is noted that some of them are auditors or accounting lectures or accountants as shown in Table 5.10

Furthermore, the data in Table 5.12 also shows that both the poor or backward facilities and limited informatics technology system applied to accounting operations were other reasons for the current asymmetric case in CFS preparation in Vietnam.

5.3. CURRENT SITUATION OF CFS PREPARATION

5.3.1. Purpose and demand of economic groups

5.3.1.1 Key motivation by legislation

Tables 5.13 provides information about the main motivation for CFSs to be prepared and submitted by target groups. Preparing CFSs as a must-to-do task is the strongest motivation, while the demands (in single) of investors and managers seem to be ignored. It is noted that most interviewees agree that both of a compulsory job and demands of investors and managers are the main reasons for CFS preparation done by economic groups.

Table 5.13: Motivation of CFS preparation by Vietnamese groups

Criterion	Observation	
	Quantity (Co.)	Percent (in total)
-Compulsory (by law)	14	18.9
-Demand of investors	0	0
-Demand of managers	0	0
-Compulsory and demand of investor	7	9.5
-Demand of investors and manager	2	2.7
-Both of compulsory and investor and manager's demand	51	68.9
<i>Total</i>	74	100.0

Source: Owned survey (2014-2015)

5.3.1.2. Demand risingly from government requirement rather than investors, especially in State groups

Unlike the primary data in Table 5.13, Table 5.14 shows that the investors and manager boards were two in three agents which hold the biggest portion in submitting CFSs by economic groups. Their rates reached over 86.5% and 79.7% respectively. However, their submissions demonstrate a great pattern towards the local organizations such as taxation, statistic, auditing or Ministry of Finance rather than only investors or managers. The details are presented in Table 5.14.

Table 5.14: CFSs' received Authorities

Organizations	Yes		No		Total	
	Quantity (answers)	% in total	Quantity (answers)	% in total	Quantity (answers)	% in total
1. Tax office	28	37.8	46	62.2	74	100
2. Security office	56	75.7	18	24.3	74	100
3. Statistic office	23	31.1	51	68.9	74	100
4. Authority office	11	14.9	63	85.1	74	100
5. Manager Board	59	79.7	15	20.3	74	100
6. Creditors or banking	33	44.6	41	55.4	74	100
7. Investors/shareholders	64	86.5	10	13.5	74	100
8. Auditing Office	34	45.9	40	54.1	74	100
9. Financial institution (So tai chinh)	19	25.7	55	74.3	74	100
10. Ministry of finance	23	31.1	51	68.9	74	100
11. Ministry of managing directly	20	27.0	54	73.0	74	100

Source: Owned survey (2014-2015)

Notably, the private sector normally needs to submit their CFSs to the security market, manager boards and investors or shareholders, but the State sector must send their CFSs to not only these three organizations but also MOF and other local government offices. For instance: in the case of Vietnam Airline Corporation (VN Airlines), under the subordination of MOF and Ministry of Transport (MOT), wherein MOF has supported directly financial fund, while MOT has supported in running business or implementation, VN Airlines must submit their CFSs to both of these ministries compulsorily; Similar to VN Airlines, under the Ministry of Trade and Industry, Hanoi Construction Corporation-JSC (HANCORP) needs to submit the CFSs

As an explanation for this difference between private and State groups, many respondents agreed that the interaction of the government into State groups by subsidized capital was the main cause. Especially, some other interviewees mentioned that most Vietnamese private groups did not have enough business sources to create any reputation or great power in the capital market, while the current key and big economic groups belonged to the government. Additionally, many interviewees complained that a lot of Vietnamese economic groups registered running business in the parent-subsidiary model, but their business activities were so simple or without combination. With these characteristics, the State economic groups are the tendency of sending their financial reports to get the purpose of administrative procedure rather than satisfying investors's requirements. In other words, the demand for CFS preparations in Vietnam comes from the government's interation rather than investors' or managers's requirements at least at the time of this research.

5.3.1.3. Significant number of non-CFS preparation by economic groups

To the question "Have got any economic groups under business combination don't prepare the CFSs in Vietnam?", the survey collected 54.1 % answers "yes" correlated to 40/74 supports in non-preparing CFSs to reflect their entire group's financial position. The primary data in Table 5.15 shows this situation in detail.

Table 5.15: Kinds of financial statements for entire group and reasons for not making CFSs

	Yes		No	No	Total of answers(Quantity)
	Quantity	Percent(in total of answers)	(Quantity)	information (Quantity)	
1. Kind of financial statements					
- CFSs	34	45,9	40	0	74
- Other (non-consolidated financial statements)	40	54,1	34	0	74
2. Reasons of non-making CFSs					
- Needs more specific knowledge in accounting	32	80.0	6	2	40
- Not any compulsory regulation	9	22.5	29	2	40
- Group lacks of the academic staffs	28	70.0	10	2	40
- The inconsistence of legal frameworks for CFSs	3	7.5	35	2	40
- Limit knowledge of managers	17	42.5	21	2	40

Source: Owned survey (2014-2015)

Following the interviewees' explanations in sample, there were some reasons for this existing situation. One of them is that the CFSs need to be more specific than other kinds with 80% in 40 answers "yes", while another is the economic groups in lack of academic staffs with 70% respectively. Moreover, the limited knowledge of managers is also a key reason with 42.5%

contributing to their choice of CFSs or not CFSs to present the financial position for the whole group.

5.3.2. Accounting measurement and recognition for investment, goodwill and NCI

5.3.2.1. Purchase method for business consolidation in regulations but quite different implementation in economic groups

The data in Table 5.16 shows that the purchase and equity methods are main accounting methods for investment in subsidiary and in the associates or jointly control entities on the date of acquisition and CFS preparation respectively in Vietnam. These are also methods in the requirements of current regulations for consolidated accounting. However, among the groups or interviewees of sample there were significant different answers (not follow regulations). For instance, in accounting for investment in subsidiary entities, the study still encounters the answers in the pooling method, while it seems unacceptable in VAS; the cost method is applied to investment accounting in associates or jointly control entities, while the VAS requires only the equity method for this option. Moreover, the misunderstanding with contents or when using recognitions in elimination or adjustment respectively are numerous in the sample. Additionally, the number of answers in “No information/No answer” for detailed consolidated accounting techniques has also been significant. This existing data reflects that the asymmetric knowledge of interviewees in consolidated aspects is not adequate at least in the current situation of Vietnam. It also explains for the phenomenon of groups that did not prepare their CFSs by themselves as mentioned in previous sections.

Table 5.16: Accounting techniques for investment

Accounting technique	observation	
	Quantity	Percent
1. Accounting method for investment in subsidiary entities, on the date of acquisition		
-The pooling method	3	4.1
-The purchase method	71	95.9
<i>Total</i>	74	100.0
2. Accounting method for investment in the associates or jointly control entities, on the date of preparing the CFSs		
-The cost method	3	4.1
-The equity method	67	90.5
-Others (depends on specific investment)	1	1.4
-No information	3	4.1
<i>Total</i>	74	100.0
3. On the date of preparing the CFSs, the treat for received earning and profit from the investment in the association and joint stock entities		
-Subtotal entries	36	48.6
-Elimination in full	1	1.4
-Subtotal, elimination and adjustment	32	43.2
-No information	5	6.8
<i>Total</i>	74	100.0

Source: Owned survey (2014-2015)

5.3.2.2. A quite difference among economic groups in accounting for goodwill

The accounting technique for goodwill presented in Table 5.17 reveals the differences among interviewees of sample. It seems nearly equal in the numbers of accounting for goodwill with the NCI or without NCI, while the percentage in “amortization of historical

cost” as accounting method for goodwill after the date of acquisition is the highest with 81% answers (correlating to 60/70 interviewees).

Table 5.17: Accounting techniques for goodwill

Accounting technique	Observation	
	Quantity	Percent (in total of sample)
1. How account for goodwill		
- Don't include the goodwill of NCI	37	50.0
- Include the goodwill of NCI	35	47.3
- No information	2	2.7
Total	74	100.0
2. Accounting methods for goodwill		
-Amortization of historical cost	60	81.1
- Impairment loss	4	5.4
-Others (depends on specific goodwill)	1	1.4
-No information	9	12.2
Total	74	100.0
3. Contents disclosing for goodwill		
-Long term investment	30	40.5
-Long-term assets	36	48.6
-Operating expense	2	2.7
-Others (depends on specific goodwill)	1	1.4
-No information	5	6.8
Total	74	100.0
4. Contents disclosing for bargain on purchase		
-Long term investment	0	0
-Long-term assets	0	0
-Operating expense	40	54.1
-Income	2	2.7
-Others (depends on specific goodwill)	7	9.5
-No information	25	33.8
Total	74	100.0

Source: Owned survey (2014-2015)

There are 89.1% of the samples who support that economic groups have presented their goodwill on their CFSs at the date of acquisition as the long time investment or long term assets, whereas none of them has recorded their bargain on purchase as long term investment or assets. Major tendency of accounting for bargain on purchase is the operating expense (54.1%), while a low rate (2.7%) accounts for the income. Typically, the percentage of interviewees who have considered both operating expense and income reaches 9.5%, while the percentage of “no information” stands significantly at 33.8%.

5.3.2.3. Both methods of net value and fair value for non-controlling interest (NCI)

As for non-controlling interest accounting, the primary data in Table 5.18 shows the benchmark method at the time of research was major answers with the rate of over 67%, while the allowance method was only 10.8%. It is noted that the recognition of NCI following the net value of assets of the acquire was 42/74 answers approximately 56.8% in sample, whereas there was also nearly one – third of the interviewees who agreed the NCI was recognized following the fair value of assets of the acquiree .

Table 5.18: Accounting techniques for NCI

Accounting technique	Observation	
	Quantity	Percent (*)
1. How account for NCI		
-Following the net value of assets of the acquiree	42	56.8
-Following the fair value of assets of the acquiree	24	32.4
-Others(depends on specific NCI)	1	1.4
-No information	7	9.5
<i>Total</i>	74	100.0
2. Accounting methods for NCI		
- Benchmark method	50	67.6
-Allowance method	8	10.8
-No information	16	21.6
<i>Total</i>	74	100.0
3. Disclosing NCI on the CFSs		
- Equity	3	4.1
-Separating criteria under equity of parent entity	53	71.6
-Separating criteria between liability and equity	11	14.9
-No information	7	9.5
<i>Total</i>	74	100.0

Source: Owned survey (2014-2015)

In Table 5.18, 71.6% (of the samples) presented their NCI on their CFSs as the separate criteria in the equity of the parent entity, while nearly 15% disclosed the NCI as a separate criterion between the liability and equity on the CFS. Moreover, the case of NCI was recognized as part of equity (not separate into single criteria) at 4.1% beside 9.5% of the answers in “no information”.

5.3.3. Business governance for consolidated accounting

5.3.3.1. Main working out internal regulations for CFS preparation

Concerning internal regulations, most interviewees (over 95%) agree that it is necessary to set the internal regulation for CFS preparation. In fact, both views from the inside and outside economic groups claim that this is one of current obstacles of economic groups (at least at the time of research) with over 50% interviewees who have agreed as presented in Table 5.19. In which, the inappropriate regulation for CFS preparation was a common comment in the sample.

Table 5.19: Views in working out internal regulations

	Observation	
	Quantity	Percent(*)
1. Working out internal regulations as needful point		
- No	3	4.1
- Yes	71	95.9
<i>Total</i>	74	100.0
2. Current obstacles to internal regulation		
-Yes	38	51.4
-No	28	37.8
-No information	8	10.8
<i>Total</i>	74	100.0
3. Shortcomings of existed internal regulations		
(1). No internal regulations	2	2.7
(2). Inappropriate regulations	16	21.6
(3).Inappropriate relationship among subsidiary companies	14	18.9

(4). 1&2	1	1.4
(5). 2&3	25	33.8
(6). 1&3	5	6.8
(7). all 1-3	10	13.5
(8). No information	1	1.4
Total	74	100.0

Note: (*) calculation bases on total accepted answers (excepting answers in “no information”)

Source: Owned survey (2014-2015)

Table 5.20 shows that the internal regulation has not yet been created well. The relationship among subsidiary entities is also a main disadvantage beside the regulation with inappropriate points. Moreover, the rate of answers in all disadvantaged areas reached 13.5% as another emerging drawback of internal regulations in economic groups.

Table 5.20: Inappropriate points in internal regulations

	Observation	
	Quantity	Percent (in total)
(1). Function of subsidiary company is not clear	1	1.4
(2). No regulation in the form to collect information for CFSs	4	5.4
(3). Inappropriate points in specific	6	8.1
(4). 1&2	2	2.7
(5). 2&3	1	1.4
(6). 1&3	13	17.6
(7). All 1-3	23	31.0
(8). Other (non-fullness)	1	1.4
(9). No information	23	31.0
Total	74	100

Source: Owned survey (2014-2015)

Seeking detailed points of economic group’s internal regulation, the study did a survey following several options as illustrated in Table 5.20. Wherein more than 31% answers claim that the internal regulations are not clearly functional among subsidiary companies, no unifying regulation in formats and significant inconsistency among specific regulations. There was 17.6% interviewees who agreed on the inappropriate points in both functions of subsidiary and specific regulation, while only 1.4% of sample commented on non-fullness system.

Table 5.21: Contents of internal regulations for consolidated accounting

Contents of regulations	Yes for all entities		Yes for separate subsidiary		No		Total	
	Quantity	Percent	Quantity	Percent	Quantity	Percent	Quantity	Percent
Format accounting document	62	83.8	6	8.1	6	8.1	74	100
Timeline of submit	54	73.0	14	18.9	6	8.1	74	100
Specific information for accounting	61	82.4	6	8.1	7	9.5	74	100

Source: Owned survey (2014-2015)

The data of Table 5.21 provides the differences in forming internal regulations of economic group. Beside the group in non-setting internal regulations for CFS preparation, there were two types of setting: one was applied to all entities of group (including parent and subsidiary entities); another was particular setting depending on subsidiary’s case.

In the sample, the type for all entities is major wherein the contents of regulation is over 83% in format, 73% in timeline and 82,4% in specific information. The detail of specific

information has related to the accounting methods in implementation for inventory, fixed assets, or other internal transactions (such as sell products, investment, loan, etc.). In “setting regulation separate subsidiary” answers, many interviewees explain that the economic group should depend on the activities of business combination among entities in group to form the appropriate internal governance. Moreover, these answers also suggest the economic groups should base on the respective existing legislations to add the specific points in creating regulation, instead of forming a new system. However, in the option of “setting regulation for all entities”, most answers argued that the cause of lacking unification in internal regulation was managers and accounting staffs with poor knowledge in CFS preparation.

5.3.3.2. Training course as main approach to improve human resource for CFS preparation

As mentioned in Section 5.2, the accounting staffs and managers’ skill and academic knowledge about consolidated accounting is at low level. This has impacted directly on the accounting treatments for CFS preparation. In fact, more than half the number of interviewees in answers have used simple or lacked academic accounting entries to treat inter-transactions. Typically, the recognitions of inter-transaction in selling or buying, or investment and goodwill are still big current asymmetric points in the views of most interviewees.

Table 5.22: Accounting adjustments and recognitions for business combination

Accounting treatment	Yes		No		No information		Total	
	Quantity	Percent (in total)	Quantity	Percent (in total)	Quantity	Percent (in total)	Quantity	Percent (in total)
1. Only simple subtotal and elimination entries for inter-transaction	45	60.8	22	29.7	7	9.5	74	100
2. Lack of adjustment entries for goodwill	42	56.8	25	33.7	7	9.5	74	100
3. Lack of adjustment entries for profit of inter-transaction of selling or buying	39	52.7	28	37.8	7	9.5	74	100
4. Lack of adjustment entries for accessing the current value of investment capital	45	60.8	22	29.7	7	9.5	74	100
5. Lack of adjustment entries for the inter-transaction of dividends	35	47.3	32	43.2	7	9.5	74	100

Source: Owned survey (2014-2015)

With regard to the requirements of specific knowledge in consolidated accounting, the training, a focus on academic knowledge for accounting staffs, is considered. Most of the answers (63.5%) state it should be compulsory for all accounting staffs to update specific knowledge respectively.

Table 5.23: Training courses and approach to improve academic knowledge on CFSs

	Observation	
	Quantity	Percent (in total sample)
1. Type of training course were organized		
- Update the new regulations	61	82.4
- Update information for CPA	5	6.8
- Others (by accounting or auditing consultants)	5	6.8
- No information	3	4.1
2. Type of level should be upgraded		
- Specific course (updated information)	39	52.7
- Short training course	12	16.2
- Specific training program (long term)	1	1.4
- Specific training & Short course	16	21.6

- Short course & Specific training program	1	1.4
- All of previous answers	5	6.8
3. The way should be applied for upgrading		
- Requirement option	17	23.0
- Compulsory option	47	63.5
- Both Requirement & Compulsory options	7	9.5
- No information	3	4.1

Source: Owned survey (2014-2015)

Table 5.23 shows about 90% interviewees in the sample agreed that accounting staffs have ever been trained in updating the new regulations (82%) and specific information in CPA's program (6.8%), while training by consultants from the independent service is at the small rate (only 6.8%). It is noted that there is a few economic groups that have ever organized the course directly related to improving their accounting staffs' knowledge in consolidated accounting, while many of them have sent their staffs to apply the consolidated training course under the pressure of local government's requirement rather than doing it voluntarily.

5.3.3.3. Differences in current legislative system for implementation

Table 5.24 shows the obstacle to CFS preparation in the views of all samples. Beside the staffs' knowledge and skill, the current accounting legal framework is one of two current biggest disadvantages of Vietnamese economic groups. With 56/74 answers' consideration (correlate 75.7%), the system of consolidated accounting regulations still lacks the appropriate regulations, there are significant comments relating to the guidance's contents (for regulations under standard) or VAS's promulgation.

Table 5.24: Obstacles of CFS preparation (views of whole sample)

	Observation	
	Quantity	Percent (in sample total)
1. Internal regulation	54	73.0
2. Accounting technique	52	70.3
3. Knowledge and skill of accounting staff	67	90.5
4. Knowledge of manager about CFSs	48	64.9
5. Current accounting legal framework	56	75.7
6. Characteristic of business and industrial area	53	71.6

Source: Owned survey (2014-2015)

Moreover, the study also discloses the disadvantage of current legal system in the Accounting Law. At the time of survey the Law of Accounting (2005) had not been yet revised. All the comments of interviewees at that time, 2014 and 2015, concentrated on this Law instead of its new version (issued in 12/2015). It is noted that many current regulations under law have not yet been renewed at the time of this report, the inconsistent points among different levels of system still have existed.

Table 5.25: Inappropriate aspects of regulation system

	Observation	
	Quantity	Percent
1. Accounting law	0	0
2. VAS	9	12.1
3. Guidance for implementation	12	16.2

4. Accounting law & VAS	9	12.1
5. Accounting law & guidance for implementation	5	6.8
6. VAS and guidance for implementation	5	6.8
7. All 1-3	7	9.5
8. No information	27	36.5
Total	74	100

Source: Owned survey (2014-2015)

Typically, some interviewees outside economic group claimed the staffs' poor specific knowledge in economic groups is an important cause of existing differences in legal implementation. In their views, the accounting staffs do not have enough skills and knowledge to understand and apply the current regulations (including accounting standards and under accounting standards) rather than the existing inappropriate points of current legal system. Although the primary data was limited in order to investigate this comment, the data in Table 5.25 illustrated the limited information of interviewees who are considered as the people with good knowledge of the CFSs in Vietnam with 36.8% answers in "no information". Additionally, this disadvantage, accounting staff's knowledge and skill, also reflected in data in Table 5.16-18 in Section 5.3.2. Between economic groups, for one same business activity (goodwill or NCI), it was measured and recognized different ways, even in one economic group the goodwill recognition was presented in both methods: amortization of historical cost and impairment loss. This also implies that one point of regulation has been implemented following different understanding by different practitioners in Vietnamese economic groups.

Chapter 6: EXAMINATION OF FACTORS INFLUENCING CFS PREPARATION BY ECONOMIC GROUPS IN VIETNAM

This chapter focuses on the data analysis to identify the factors influencing CFS preparation in Vietnamese by economic groups. Before identifying factors, it is necessary to qualify relative data resources or documents. This means a number of tests to satisfy the assumptions of analysis models need to be conducted. These tests are presented in the first half of this chapter. The second part presents the relationship among the factors by evaluating their coefficient correlation in specific statistic tests of SPSS.

6.1. IDENTIFYING THE FACTORS

6.1.1. Hypothesis and Tests for normality, reliability and validity of data

As mentioned in Chapter 1, three key research questions were issued to reach the research objectives. For each of these questions, the hypotheses were assumed to answer. This section develops the hypothesis proposal and data analysis approach.

6.1.1.1. Hypothesis and survey connection

Hypothesis 1 (H1): *All CFSs of economic groups are prepared based on current accounting principles, standards and methods in right ways*

It is no doubt that the principles (or standards or regulations) of any aspects (law, strategy, action plan and so on) are often promulgated in order to create the balance and belief among their relevant actors. In the case of business accounting, from the document analysis, the trust of users depends directly on accounting regulation system (including law, standards and regulations under standards). Therefore, with the purpose of answering the first question (Q1: Why have many economic groups in Vietnam supplied the CFSs with the lack of trust from the users/investors?) relevant to the trust of users for CFSs, this hypothesis is designed to investigate the current accounting measurement and recognition for three emerging aspects of consolidated accounting: the goodwill, NCI and investments.

Table 6.1: Survey contents in testing hypothesis 1

Main purpose of hypothesis (answering research question)	Questionnaire or survey contents
<p>Hypothesis 1 (H1): <i>All CFSs of economic groups are prepared based on current accounting principles, standards and methods in right ways</i></p> <p>Q1: <i>Why have many economic group in Vietnam supplied the CFSs with lack of trust from the users/investors?</i></p>	<p>1. General information: Which entries does your company apply to prepare the CFSs?</p> <p>2. Measurement and recognition for investments (including subsidiary and associates or jointly control entities)</p> <ul style="list-style-type: none"> - On the date of acquisition, which measure is applied to access the valued investment? - On the date of preparing CFSs, what method is applied to access the valuation of investment? - On the date of preparing CFSs, what entry is applied to account the valued investment? - On the date of preparing CFSs, How treat the received earnings and profit of investment?

3. Measurement and recognition for goodwill
- How account the goodwill on the date of acquisition?
- Which is the content for disclosing the goodwill on the CFSs
- Which financial reports is the goodwill disclosure?
- How account the goodwill after the date of acquisition?
4. Measurement and recognition for NCI
- How is the NCI accounted on the date of acquisition?
- How should account the NCI on the date of preparing CFSs
- How disclosure the non-controlling interest on CFSs
5. Others
- Have got any divest transaction in the group? And How account these divestments?
- Have got other inter-group transactions? How account?

Hypothesis 2 (H2): *The CFSs by economic groups are supplied in order to serve the demand of investor rather than others*

Basically, the CFSs are financial reports to present or perform the information about financial position of a group of entities as style of single entity (IASCF [2004], IFRS 10 [2011], Zimmermann and Werner [2013]). For this function, the CFSs mainly supply information to protect the interests of not only the internal but also external investors of group, especially focusing on the investors (acquirers or stockholders) outside manager board. As one stage in a cycle of accountability, the annual financial statements report the information that starts by the budget process and ends with the tabling in reports to parliament (Mack et al. [2004]). In this context, the CFSs provide great usefulness for any users in effectively collecting economic group's financial information to fit their natural business purpose.

Table 6.2: Survey contents in testing hypothesis 2

Main purpose of hypothesis (answering research question)	Questionnaire or survey contents
Hypothesis 2 (H2): <i>The CFSs by economic groups are supplied in order to serve the demand of investor rather than others</i>	1. What are the main reasons your organization of preparing the CFS
Q1: <i>Why have many economic group in Vietnam supplied the CFSs with lack of trust from the users/investors?</i>	2. Whom or What organization does your company need to submit CFSs?

Obviously, however, it is quite an opposite meaning between the theory and practical aspects related to the CFS's purpose in Vietnam. There are a lot of comments that Vietnamese economic groups have not yet met requirements of investors (Hai Bang [2013]; Nguyen and Nguyen [2013]). Moreover, many others claim it is so difficult for investors to access the information on the financial reports by Vietnamese enterprises (Vu [2007]). In the same situation of financial statements in general, the CFSs are also facing the situation of not powerful for investors. In other side, there are also few investors, who use the CFS's information to make decision by the CFSs, or it is the very low trust from investors for CFSs in Vietnam (Tran [2014], p 128). It is noted that this contrastive phenomenon has occurred not to all investors, but there are more than two concerns about this pattern, which means having the reasonable for studying to test the trust of CFSs. This is also the cause of issuing

H2 to answer Q1. In which, the purpose of CFSs has been examined through the organizations that economic groups have submitted or their motivation to prepare the CFSs.

Hypothesis 3 (H3): *Most accounting staffs in economic groups have good knowledge of consolidated accounting.*

From the literature reviews, the study has found the asymmetric information between inside and outside equity investors in many previous researches. Moreover, a significant argument is the inadequate gap between users and suppliers of CFSs as urgent point in many practical cases. For example: the distance between users' understanding and using information on the CFSs to make business decision (Nguyen [2013]); the number of inadequate points in transparent financial information for CFS preparation by economic groups; or the negative information (through CFSs) in the Stock market by listed companies (Nguyen and Nguyen [2013]). It is noted that many others have also commented the inconsistency of existing accounting regulation system as a major cause of these current negative conditions in Vietnam (Vu [2007], Mai [2010], Pham [2014]).

In order to attest these conclusions of previous researchers, Question Two was issued: *What are the causes of negative situation or obstacles of Vietnamese economic groups in preparing the CFSs?* According to this question, there are two hypotheses assuming H3 and H4, in which H3 concentrates on examination of accounting staff's knowledge. Through the views of both inside and outside interviewed groups, the accounting staffs; the knowledge has been evaluated following the specific points as illustrated in Table 6.3.

Table 6.3: Survey contents in testing hypothesis 3

Main purpose of hypothesis (answering research question)	Questionnaire or survey contents
<p>Hypothesis 3 (H3): <i>Most accounting staffs in economic groups have good knowledge of consolidated accounting</i></p> <p>Q2: <i>What are the causes of negative situation or obstacles of Vietnamese economic groups in preparing the CFSs?</i></p>	<ol style="list-style-type: none"> 1. What are the obstacles of enterprises about preparing the CFSs? 2. In your view, which level is accountant's knowledge about CFSs in the Vietnam economic group or corporation? 3. Economic group have organized the specific group for making CFSs? How many staffs are in this group? 4. How many accounting staff is CPA in the group? 5. Have got any specific training course or program for accountant in order to prepare CFSs? <ul style="list-style-type: none"> - Which kind of training courses were organized?: - Who or which organization plays the trainer?

Hypothesis 4 (H4): *The current system of VAS on CFSs is fairly fruitful in the case of economic group, at least at the present*

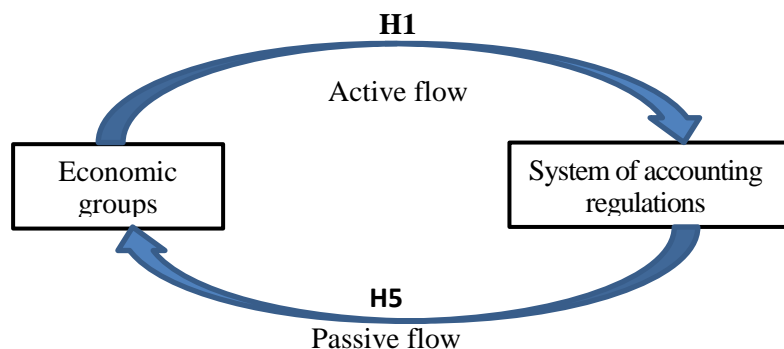
The H4 was issued to focus on examining the consistence of consolidated accounting regulation system. The illustrative criteria include both direct and indirect contents following the views of interviewees. The details of these criteria are displayed in Table 6.4.

Table 6.4: Survey contents in testing hypothesis 4

Main purpose of hypothesis (answering research question)	Questionnaire or survey contents
<p>Hypothesis 3 (H3): <i>The current system of VAS on CFSs is fairly fruitful in the case of economic group, at least at the present</i></p> <p>Q2: <i>What are the causes of negative situation or obstacles of Vietnamese economic groups in preparing the CFSs?</i></p>	<ol style="list-style-type: none"> 1. What are the obstacles of enterprises about preparing the CFSs? 2. In your view, the Vietnamese accounting regulation system is appropriate system forenterprises, isn't it? 3. In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system? 4. Do you think the current Vietnamese regulation for CFSs need to renew?

Hypothesis 5 (H5): *Do most of Vietnamese economic groups prepare their CFSs by themselves in absolute harmony with VAS and the current legal framework*

This hypothesis was issued in order to answer the third research question: *How do the Vietnamese economic groups comply with VAS and legal framework to prepare the CFSs?*. It is noted that H5 concentrates on testing the economic group's ability in complying with the existing regulation system. It is assumed that the economic groups absolutely understand and possess enough resources to apply the current regulation system, but the system of regulation may be not consistent for application. This is a quite opposite observation with H1. Because H1 is used to observe that the assumption of accounting regulations is quite perfect, but the economic groups do not have good conditions to apply or they comply in different purposes to get the shortcoming results. In this case, the economic group could do well under the current regulation system but they haven't done, even broken the law to reach their targets in active ways. In contrast, H5 assumes that the conditions of economic group are perfect. The economic groups absolutely want to comply with all regulations, but the existing accounting regulations are not easy to apply. In other words, H1 (presented in Figure 6.1) is assumed in the active case while H5 is in the passive case of economic group.



Source: Owned contribution

Figure 6.1: Survey area of implementation by economic groups for CFS preparation

In the active cases (active flow), the economic groups apply the existing accounting regulations to their CFSs preparation to fit their conditions, and they do not take the consistence of regulations into so much consideration. Paradoxically, in the passive cases, the economic groups are available to do their best to comply with the regulation but the drawback or inconsistency of regulation causes them misunderstandings. This means H5 is designed to attest the matching of accounting regulations rather than the conditions of economic groups. The key contents for test H5 are showed in Table 6.5.

Table 6.5: Survey contents in testing hypothesis 5

Main purpose of hypothesis (answering research question)	Questionnaire or survey contents
Hypothesis 5 (H5): <i>Do most of Vietnamese economic groups prepare their CFSs by themselves in absolute harmony with VAS and the current legal framework</i>	1. Economic group prepares CFSs by yourself or hiring the academic service?
Q3: <i>How do the Vietnamese economic groups comply with VAS and legal framework to prepare the CFSs?</i>	2. What legal framework does your company applies for preparing CFSs? - Why does not chose Vietnamese accounting regulation for preparing CFSs?
	3. What document does your company use to prepare CFSs?
	4. What specific financial report includes into your system of CFSs

6.1.1.2. Tests for normality, reliability and validity of data

As explained in the preceding paragraphs of this chapter, to proscribe the exaggerative cases or serious asymmetric information of sample, and avoid giving the inappropriate conclusions in research, it is necessary to do a number of tests for normality, reliability and validity of primary data. In this study, these tests are explored by relationship of interviewees' occupation, knowledge, experience and their answers. Table 6.6 provides the basic information of total sample for these tests.

Table 6.6: Overview of total samples

Observation			Observation		
	Frequency (person)	Percent (in total)		Frequency (person)	Percent
1. Occupation (working position)			2. Working area relatedly to CFSs		
Auditor	31	41.9	Accountant	13	17.6
Researcher	2	2.7	Accounting professor	2	2.7
Lecturer	16	21.6	Accounting professor and consultant	2	2.7
Creditor	2	2.7	Auditing	28	37.8
Consultant	5	6.8	Auditing & consultant	2	2.7
Policy maker	3	4.1	Auditor, Research-trainer and consultant	2	2.7
Chief accountant	4	5.4	Consultant	3	4.1
Accounting staff	9	12.2	Leader of executive board	2	2.7
Leader of executive board	2	2.7	Officer (for making policy)	3	4.1
Total	74	100.0	Research-training	13	17.6
3. Working Experience			4. Holding CPA		
Under 1 year	1	1.4	Research-training and accounting professor	1	1.4
From 1 ->2 years	2	2.7	Research-training and consultant	1	1.4
From 2 ->5 years	9	12.2	Research-trainer, consultant and accounting professor	2	2.7
From 5 ->10 years	26	35.1	Total	74	100.0
From 10-15 years	11	14.9	4. Holding CPA		
Over 15 years	25	33.8	No	37	50.0
Total	74	100.0	Yes	37	50.0
5. Working as auditor of CFSs			6. CPA ownership duration		
Not yet	49	66.2	Under 1 year	5	6.8
Only one	1	1.4	From 1 ->2 years	4	5.4
From 2->5 times	14	18.9	From 2 ->5 years	11	14.9
From 5->10 times	5	6.8	From 5 ->10 years	12	16.2
From 10-20 times	4	5.4	From 10-15 years	5	6.8
Over 20 times	1	1.4	Not yet	37	50.0
Total	74	100.0	Total	74	100.0

Source: Owned survey (2014-2015)

6.1.1.2.1. Tests for normality and validity

In fact, the interviewees in this research come from different occupations and positions, therefore, the serious asymmetric case of total sample could be available. This is a reason for testing their basic information, including their occupation, experience and knowledge about the CFSs. Following this designation, the experience of interviewee about CFSs was investigated through their years for working, time of being an auditor, length of holding certified public accountants (CPA), while their knowledge was measured through not only their CPA but also their answer about CFSs and consolidated accounting techniques.

Table 6.7: Tests' contents for normality and validity

Purpose and contents	Variable		Name of tests in SPSS
	Independent	Dependent	
1.Occupation and interviewees' knowledge			Chi-square; Somers's d; Kendall's tau-b or Gamma; Homogeneity of Variances; ANOVA; Post hoc Test and Kruskal-Wallis Test
Job and having CPA	Occupation	Having CPA	
Job and knowledge on accounting for goodwill or non-controlling interest	Occupation	Answer of accounting for goodwill or non-controlling interest	
2.Experience and interviewees' knowledge			
Experience and knowledge about CFSs	Experience (years/time)	Answer of characteristics of CFSs	
CPA ownership duration and knowledge on CFSs	CPA ownership duration	Answer of knowledge on CFSs	
Number of being auditor of CFSs and knowledge on CFSs/ accounting techniques	Number of being auditor of CFSs	Answer of knowledge on CFSs and accounting for consolidation	

Firstly, the relationship between job and respective knowledge criterion was tested. Wherein the answers' occupation was defined as the independent variable, others were observed as the dependent variables. Secondly, the correlation between their experience and others respectively was attested, in which the experience was an independent factor, and others were the dependent ones. The mean tests for these correlations were conducted following the pair of variables such as: job and having CPA; job and accounting for goodwill or non-controlling interest; experience in working and knowledge about CFSs or accounting technique; length of holding CPA and knowledge about CFSs or accounting technique; the number of being CFS auditor and knowledge about CFSs or accounting technique.

Basically, the Chi-square test was done at first. Then depending on valuation of Sig in Chi-square test, the study did or did not carry out extra tests of Kendall's tau-b or Gamma. For instance, the research examined the correlation between occupation and having CPA. The results of these tests are showed in Tables 6.8 to 6.11.

Table 6.8: Descriptive statistics of relationship between occupation and having CPA

Occupation	having Certified Public Accountants (CPA)		Total
	No	Yes	
Auditor	2	29	31
Researcher	0	2	2
Lecturer	15	1	16
Creditor	2	0	2
Consultant	3	2	5
Officer (Policy maker)	0	3	3

Chief accountant	4	0	4
Accounting staff	9	0	9
Leader of executive board	2	0	2
Total	37	37	74

Table 6.9: Chi-Square Tests of relationship between occupation and having CPA

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.966^a	8	.000
Likelihood Ratio	73.543	8	.000
Linear-by-Linear Association	25.773	1	.000
N of Valid Cases	74		

a. 14 cells (77.8%) have expected count less than 5. The minimum expected count is 1.00.

Most of Sig. (2-sided) in Table 6.9., lower than 0.05 (mean $\alpha = 95\%$), shows that the relationship between the job and having or not having CPA was able to occur in the sample. However, the information at the end of Table 6.9 with “77.8% (>20%) count less than 5” provides the mean test with Sig value in the table is not convincing. Therefore, the study had to do Somer’s d, Kendall's tau-b or Gamma tests to reinvestigate into their relation.

Table 6.10: Directional Measures of relationship between occupation and having CPA

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.	
Ordinal by Ordinal	Somers' d	Symmetric	-.624	.067	-10.154	.000
		Job-Dependent	-.782	.077	-10.154	.000
		Having CPA- Dependent	-.520	.062	-10.154	.000

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Table 6.11: Symmetric Measures of relationship between occupation and having CPA

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Kendall's tau-b	-.637	.068	-10.154	.000
	Kendall's tau-c	-.782	.077	-10.154	.000
	Gamma	-.829	.072	-10.154	.000
N of Valid Cases		74			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

With the data from Tables 6.10 and 6.11 about most Sig value of Somer’s d, Kendall's tau-b or tau-c; Gamma at 0.000 (the mean α nearly = 100%), the study absolutely has evidence to provide “there are the influence of job on the getting CPA of interviewee”. In other words, the interviewees did or didn’t have the CPA depending on their occupation and Table 6.8 shows that the auditors normally hold the CPA rather than others.

Applying the similar tests to other pair of variables, the research found that there were influences of occupation to the answers’ knowledge about accounting recognition and measurement for goodwill and non-controlling interest on the date of acquisition, whereas there was no effect between job and understanding about CFSs as well as other accounting techniques such as: the characteristics of CFSs; the differences between CFSs and other statements; the recognition, measurement and disclosure goodwill or non-controlling interest

on the date of CFS preparation. Notably, similar tendencies of these results were also found on working experience respectively, but quite different following CPA ownership duration. The study also found that there were no differences in doing auditor of interviewees influencing to their answers about the recognition, measurement or disclosure of goodwill, but they had occurred quietly in accounting for non-controlling interest on the date of acquisition between the interviewees holding CPA and not CPA.

To create more proofs for primary data, the study continued applying other strong tests to get expectation, especially in the case of unclear relationship among variables of features. In fact, after testing of Chi-square, Somer's d, Kendall's tau-b or Gamma, the study added Homogeneity and ANOVA tests for these cases. For instance, the test's results for relationship between job and understanding about identifying parent company is showed as bellows in Tables 6.12 to 6.15

Table 6.12: Descriptives

In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Auditor	31	2.0323	1.01600	.18248	1.6596	2.4049	1.00	3.00
Researcher	2	2.0000	1.41421	1.00000	-10.7062	14.7062	1.00	3.00
Lecturer	16	2.5000	.89443	.22361	2.0234	2.9766	1.00	3.00
Creditor	2	2.0000	1.41421	1.00000	-10.7062	14.7062	1.00	3.00
Consultant	5	2.6000	.89443	.40000	1.4894	3.7106	1.00	3.00
Policy maker	3	1.6667	.57735	.33333	.2324	3.1009	1.00	2.00
Chief accountant	4	1.0000	.00000	.00000	1.0000	1.0000	1.00	1.00
Accounting staff	9	2.0000	1.00000	.33333	1.2313	2.7687	1.00	3.00
Leader of executive board	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
Total	74	2.0811	.97583	.11344	1.8550	2.3072	1.00	3.00

Table 6.13: Test of Homogeneity of Variances

In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?

Levene Statistic	df1	df2	Sig.
7.455	8	65	.000

Table 6.14: ANOVA

In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.179	8	1.272	1.394	.216
Within Groups	59.334	65	.913		
Total	69.514	73			

The data in Table 6.14 presents the results of ANOVA test with some different contents from the Chi-square and Somer's d, Kendall's tau-b or Gamma test. At the sig of ANOVA test equal 0.216, it can be believed that there is no difference in identifying the parent company between the interviewees in different jobs. This also occurred when the study examined Dunnett t-tests by one job as a control (auditor) to compare all other groups with mean test $\alpha = 95\%$ (Table 6.15). However, the test of Homogeneity of Variances with the Sig is 0.005 (< 0.05) presents that the variance of occupation in sample is not equal. It means the result of ANOVA test has no meaning for any conclusion.

Table 6.15: Post Hoc Tests

Multiple Comparisons

Dependent Variable: how to identify the parent company? Dunnett t (2-sided)

(I) What is your job	(J) What is your job	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Researcher	auditor	-.03226	.69704	1.000	-1.9893	1.9248
Lecturer	auditor	.46774	.29411	.603	-.3580	1.2935
Creditor	auditor	-.03226	.69704	1.000	-1.9893	1.9248
Consultant	auditor	.56774	.46045	.846	-.7251	1.8605
Policy maker	auditor	-.36559	.57769	.997	-1.9876	1.2564
Chief accountant	auditor	-1.03226	.50760	.299	-2.4574	.3929
Accounting staff	auditor	-.03226	.36176	1.000	-1.0480	.9835
Leader of executive board	auditor	-.53226	.69704	.989	-2.4893	1.4248

a. Dunnett t-tests treat one group as a control, and compare all other groups against it.

To find a better evidence in this case (the sig of ANOVA test is higher than sig value of mean test), the Kruskal-Wallis test was applied as the stronger test. The results of this test are provided in Tables 6.16 and 6.17.

Table 6.16: Ranks of Interviewee's Job

	What is your job	N	Mean Rank
In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?	Auditor	31	36.63
	Researcher	2	36.00
	Lecturer	16	45.75
	Creditor	2	36.00
	Consultant	5	47.70
	Policy maker	3	28.50
	Chief accountant	4	16.50
	Accounting staff	9	35.83
	Leader of executive board	2	25.50
	Total	74	

Table 6.17: Test Statistics^{a,b}

	In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?
Chi-Square	10.930
df	8
Asymp. Sig.	.206

a. Kruskal Wallis Test

b. Grouping Variable: What is your job

Table 6.17 shows the Sig of Kruskal-Wallis Test is 0.206 (> 0.05). This means the answers of interviewees on identifying parent company is not dependent on their occupations. This differs from the Chi-square and ANOVA test when the study cannot find a suitable sig valuation for similar conclusion. It is noted that the volume of sample (74 samples) contributed strongly to the limitation of these tests. In an other expression, the variance tests of non-parameter for this study are more suitable than parameter tests.

With the same tests for other variables and conjunction of the results of all attests, the study explores that there are differences among interviewees in the job, experience and their

knowledge of consolidated accounting. But those differences seem not so strong. Their correlations appear as the phenomenon rather than the tendency of sample. This means the normality and validity of data in the sample are not transgression or the primary data is absolutely accepted for any statistical analysis of research.

6.1.1.2.1. Tests for reliability

It is no doubt that each job has different requirements about the applicants' experiences and knowledge or skill. In other words, there are significant differences among different interviewees of sample as the characteristics of sample. Normally, the working experience often correlates with the knowledge and skill. The answerers' skill and knowledge influence directly their evaluation for CFS preparation by economic groups. This is the reliability of data, therefore, the relationship among the knowledge, experience of interviewees and their respective answers is necessary to examine before being used for research conclusions. For this reason, the hypothesis H_0 was defined for testing as follows:

H_0 : there are no influences of different interviewees in jobs, experience on their evaluations about CFS preparation by economic groups.

Consequently, the matrix among job, experience and evaluations about regulation, human ability and business characteristics were examined respectively in order to attest H_0 . Each couple of relevant variables were designed in the manner of job and experience. For example: for job aspect, the study conducted the tests between job and evaluation about legal framework; job and consideration about internal regulation; job and accounting technique; job and investigation about the facility applying to accounting operation. In the side of experience, applying the similar pair of variables as job aspect, the study also did the tests, such as: experience and evaluation about accounting staff's skill; experience and answering about manager's knowledge and others.

Table 6.18: Variable Matrix of Tests for reliability

Variable matrix		Name of test in SPSS	
Independent	Dependent		
1.Occupation and evaluation about CFS preparation			
Job	Knowledge or skill of accounting staffs	Chi-square; Somers's d; Kendall's tau-b or Gamma; Homogeneity of Variances; ANOVA; Post hoc Test and Kruskal-Wallis Test	
	Legal framework		
	Managers' knowledge on CFSs		
	Internal regulation of economic group		
	Accounting technique for consolidation		
	Other of business characteristics (relate to CFSs)		
2.Experience and evaluation about CFS preparation			
Years of working (years/time)	Knowledge or skill of accounting staffs		
	Legal framework		
	Managers' knowledge about the CFSs		
	Internal regulation of economic group		
	Accounting technique for consolidation		
	Other of business characteristics (relate to CFSs)		
Holding CPA	Knowledge or skill of accounting staffs		
	Legal framework		
	Managers' knowledge on the CFSs		
	Internal regulation of economic group		
	Accounting technique for consolidation		
	Other of business characteristics (relate to CFSs)		

CPA ownership duration	Knowledge or skill of accounting staffs	
	Legal framework	
	Managers' knowledge on CFSs	
	Internal regulation of economic group	
	Accounting technique for consolidation	
	other of business characteristics (relate to CFSs)	
Time of being auditor of CFSs	Knowledge or skill of accounting staffs	
	Legal framework	
	Managers' knowledge on CFSs	
	Internal regulation of economic group	
	Accounting technique for consolidation	
	other of business characteristics (relate to CFSs)	

Depending on detail level of primary data, each pair of variables have different appropriate numbers of mean tests following the growth of academic analysis. For example, in the site of legal framework, the accounting system regulation was separated into law, standard, policy and circular respectively. Each level of this system, the study did the tests following the fullness, matching, clearness and consistency. In the limitation of pages, this report presents only several examples of mean tests as emerging contents. The outputs in detail of most tests were provided in the concise description as the conclusion of this section.

Using the same tests in previous paragraphs, the correlation between occupation and evaluation about the VAS's matching is provided in Tables 6.19 to 6.29.

Table 6.19: Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
What is your job * the content of VASs is matching	57	77.0%	17	23.0%	74	100.0%

Table 6.20: [What is your job] * [the content of VASs is matching]- Crosstabulation

		Content of VASs is matching		Total
		yes	no	
What is your job	Auditor	3	13	16
	Researcher	1	1	2
	Lecturer	12	3	15
	Creditor	1	0	1
	Consultant	4	1	5
	Policy maker	3	0	3
	Chief accountant	2	2	4
	Accounting staff	4	5	9
	Leader of executive board	1	1	2
Total		31	26	57

Table 6.21: Chi-Square Tests of Correlation between occupation and evaluation of the matching of VAS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.255 ^a	8	.028
Likelihood Ratio	19.665	8	.012
Linear-by-Linear Association	.555	1	.456
N of Valid Cases	57		

.8 cells (66.7%) have expected count less than 5. The minimum expected count is .46.

Following the data in Table 6.21, the value of Sig is $0.028 < 0.05$ shows that the relation between interviewees' job and evaluation about the VAS's matching may occur. However, the information "8 cells (66.7%) have expected count less than 5" provides that these statistics in Tables 6.20 and 6.21 is not significant. To give the better results, the study also did Somer's d, Kendall's tau-b or Gamma tests as presented in Tables 6.22 and 6.23

Table 6.22: Directional Measures of Correlation between occupation and evaluation of the matching of VAS

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Symmetric	-.208	.122	-1.728	.084
	What is your job Dependent	-.274	.159	-1.728	.084
	The content of VASs is matching Dependent	-.168	.099	-1.728	.084

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Table 6.23: Symmetric Measures of Correlation between occupation and evaluation of the matching of VAS

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Kendall's tau-b	-.215	.125	-1.728	.084
	Gamma	-.315	.180	-1.728	.084
N of Valid Cases		57			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Most of Sig in Somer's d, Kendall's tau-b or Gamma tests equal 0.084 means the credibility of tests was less than 95%. For this, it cannot give the conclusion as the evaluation among interviewees about the VAS's matching is differences between different jobs. However, when use ANOVA test to check again, these results are quite different as the data shown in Tables 6.24 to 6.25.

Table 6.24: Descriptive [the content of VASs is matching] by ANOVA Test

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Auditor	16	1.8125	.40311	.10078	1.5977	2.0273	1.00	2.00
Researcher	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
Lecturer	15	1.2000	.41404	.10690	.9707	1.4293	1.00	2.00
Creditor	1	1.0000	.	.	.	.	1.00	1.00
Consultant	5	1.2000	.44721	.20000	.6447	1.7553	1.00	2.00
Policy maker	3	1.0000	.00000	.00000	1.0000	1.0000	1.00	1.00
Chief accountant	4	1.5000	.57735	.28868	.5813	2.4187	1.00	2.00
Accounting staff	9	1.5556	.52705	.17568	1.1504	1.9607	1.00	2.00
Leader of executive board	2	1.5000	.70711	.50000	-4.8531	7.8531	1.00	2.00
Total	57	1.4561	.50250	.06656	1.3228	1.5895	1.00	2.00

Table 6.25: Test of Homogeneity of Variances: [the content of VASs is matching], by ANOVA Test

Levene Statistic	df1	df2	Sig.
2.523 ^a	7	48	.027

Table 6.26: ANOVA-One Way: [the content of VASs is matching] and [job]

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.281	8	.535	2.605	.019
Within Groups	9.860	48	.205		
Total	14.140	56			

Table 6.26 shows the information about the description between job and evaluation of VAS's matching with $\alpha = 0.05$. The Test of Homogeneity of Variances is provided in Table 6.25 to examine the deviation between variances of job and answer of VAS's matching. Both of these two tables present the ANOVA tests' results by One-way. Most Sig of these tables have been so small (less than α), whereas some of them have been transgressed. Because the Sig on Test of Homogeneity = 0.027 means that the equal between variances of these variables do not occurred, the ANOVA tests do not have statistics meaning. This differs from the Chi-square and Gamma tests. Consequently, there were not any evidences for relationship between the different job and evaluation about VAS's matching by ANOVA One-way tests.

Table 6.27: Levene's Test of Equality of Error Variances

Dependent Variable: the content of VASs is matching

F	df1	df2	Sig.
2.550	8	48	.021

Table 6.28: ANOVA-Two Way for dependent variable: [the content of VASs is matching]

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^b
Corrected Model	4.281 ^a	8	.535	2.605	.019	.303	20.839	.875
Intercept	49.777	1	49.777	242.327	.000	.835	242.327	1.000
Q2	4.281	8	.535	2.605	.019	.303	20.839	.875
Q5	.000	0	.	.	.	.000	.000	.
Q2 * Q5	.000	0	.	.	.	.000	.000	.
Error	9.860	48	.205					
Total	135.000	57						
Corrected Total	14.140	56						

a. R Squared = .303 (Adjusted R Squared = .187)

b. Computed using alpha = .05

A comparison with ANOVA One-way, the ANOVA Two way test's results shows the similar tendency as numbered in Tables 6.27 and 6.28. Most sigs of ANOVA are less than 0.05 but the sig value of Levene's Test at 0.021 illustrates transgressive meaning. Once gain, it is difficult to issue a recommendation for relationship between the job and the evaluation about the matching of current VASs.

As mentioned in Section 6.1.1.2 (validity and normality test), in case both ANOVA and Chi-square cannot supply the evidence for test conclusion, the study applies the non-parameter (Kruskal-Wallis Test) to finding better information. Tables 6.29 and 6.30 present the results of this test with the sig value at 0.031 (less than α) and the condition of data statistic was not violated.

Table 6.29: Ranks of Kruskal-Wallis Test: [Job] and [the matching of VASs]

	What is your job	N	Mean Rank
The content of VASs is matching	Auditor	16	39.16
	Researcher	2	30.25
	Lecturer	15	21.70
	Creditor	1	16.00
	Consultant	5	21.70
	Policy maker	3	16.00
	Chief accountant	4	30.25
	Accounting staff	9	31.83
	Leader of executive board	2	30.25
	Total	57	

Table 6.30: Test Statistics^{a,b} by Kruskal-Wallis Test : [Job] and [the matching of VASs]

	The content of VASs is matching
Chi-Square	16.953
df	8
Asymp. Sig.	.031

a. Kruskal Wallis Test

b. Grouping Variable: What is your job

Putting together all the above tests for job and evaluation about VAS's matching, especially in the results of Kruskal Wallis Test, it can be concluded that the evaluation of interviewees about the matching of VAS has been influenced by their occupation.

It is noted that in purpose of testing relationship between interviewees' experience and their evaluation about internal regulation, the study also based on the similar tests by Chi-square, Gamma ANOVA and Kruskal Wallis Test. These tests' results are showed by the numbers in Tables 6.31-6.36. Most Sig values of over 0.05 present that there is no influence between two these variables.

Table 6.31: Chi-Square Tests for Relation between experience and evaluation of internal regulations

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.883 ^a	30	.181
Likelihood Ratio	35.402	30	.228
Linear-by-Linear Association	.848	1	.357
N of Valid Cases	73		

a. 38 cells (90.5%) have expected count less than 5. The minimum expected count is .01.

Table 6.32: Symmetric Measures of Kendall's tau-b and Gamma for Relation between experience and evaluation of internal regulations

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.	
Ordinal by Ordinal	Kendall's tau-b	.078	.102	.760	.447
Ordinal by Ordinal	Gamma	.102	.134	.760	.447
N of Valid Cases	73				

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

Table 6.33: Test of Homogeneity of Variances for Relation between experience and evaluation of internal regulations

Levene Statistic	df1	df2	Sig.
1.822 ^a	3	67	.152

Table 6.34: ANOVA-One Way for Relation between experience and evaluation of internal regulations

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.010	5	3.402	1.077	.381
Within Groups	211.675	67	3.159		
Total	228.685	72			

Table 6.35: Tests of Between-Subjects Effects for Relation between experience and evaluation of internal regulations

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power ^b
Corrected Model	30.735 ^a	9	3.415	1.087	.385	.134	9.782	.488
Intercept	178.440	1	178.440	56.791	.000	.474	56.791	1.000
Q2	27.369	8	3.421	1.089	.383	.121	8.711	.461
Q5	3.253	1	3.253	1.035	.313	.016	1.035	.171
Q2 * Q5	.000	0	.	.	.	.000	.000	.
Error	197.950	63	3.142					
Total	1503.000	73						
Corrected Total	228.685	72						

a. R Squared = .134 (Adjusted R Squared = .011)

b. Computed using alpha = .05

Table 6.36: Test Statistics^{a,b} for Relation between experience and evaluation of internal regulations

	In your opinion, which points of policy of internal control is one of the obstacles to prepare CFSs ?
Chi-Square	4.794
df	5
Asymp. Sig.	.442

a. Kruskal Wallis Test

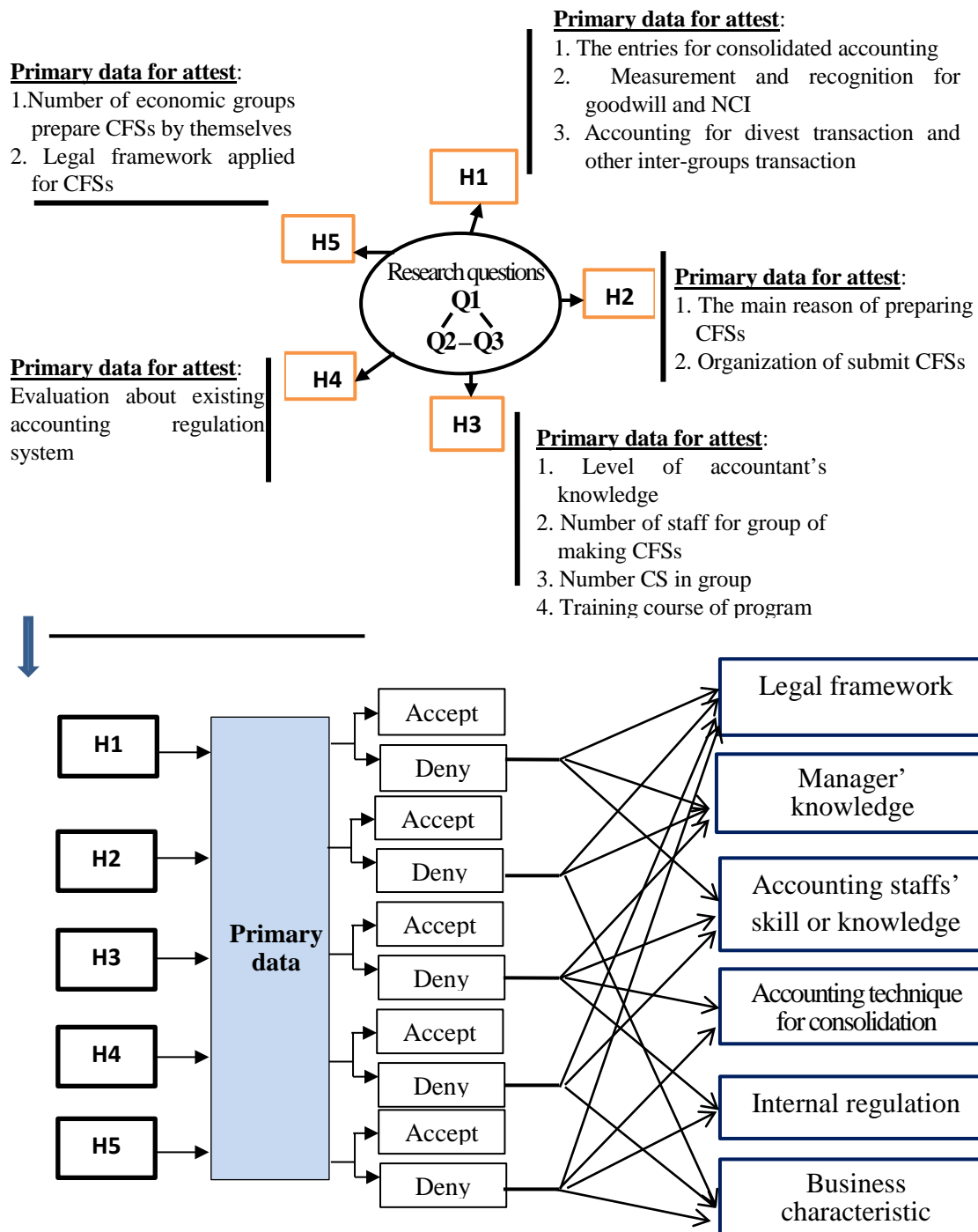
b. Grouping Variable: How long did you work that job relates to CFSs

In a similar way for testing the primary data's liability, the study applied the same tests to other variables. A result is that the influence by job on the interviewees' evaluations about the CFSs preparation is quite more common than by experience. The weight impacts (Annex 8) by job included more than 12 criterion, while by experience was only 8 variables, namely level knowledge of accounting staff, the matter in applying infrastructure for accounting operation, the lack of accounting techniques on goodwill and inter-transaction of dividends. Generally, there were significant correlations between interviewees' job and their answering about legal framework, internal regulation, legal regulation and specific accounting technique. However, there were no impact by different experience on the investigation about accounting staffs' knowledge level and internal regulation. Both jobs and experiences do not have any influence on evaluations of the manager's knowledge.

With the above interpretation, Ho cannot be denied nor absolutely accepted. Because following the each details factor of analysis, there are significant influences of different interviewees in jobs, experience to respondents' evaluation about the CFS preparation by economic group. The level of influence depends on the different variables of research. This means that the evaluations by interviewee group as the manner of study in sample were absolutely appropriate for doing research as well as further discussions.

6.1.2. Factor exploration

With the start by research questions, the hypotheses (H1 and H5) were assumed to look for the appropriate answers. By the primary data, using attest these hypothesizes (accepted or denied), the influencing factors were explored. Mainly, the factors were found relevant to the document analysis including legal framework; accounting staffs' skill or knowledge; manager's knowledge; internal regulations/policy; business characteristic. However, each factor was also explored linking to one or more than one hypothesis.



Source: Owned contribution

Figure 6.2: Mechanism for influential factor exploration of CFS preparation by primary data

Figure 6.2 shows that each hypothesis is correlated to a number of questions in survey. Through the data analysis in SPSS, the tests of H1 to H5 were conducted. By the mean test (sig values) or direct primary data, the hypothesis was accepted or denied. During the test and seeking information to answer the questions of hypothesis, the factors were revealed.

For H1, *All CFSs of economic groups are prepared based on current accounting principles, standards and methods in right ways*, the data in Tables 5.16 to 5.18 illustrate different accounting methods for investment, goodwill and NCI between different economic groups. For example, in the goodwill recognition, there were different ways. Many groups presented as the long-term investment, while some others recognized as the long-term assets or operating expense. These differences mean that H1 is denied. From interviewee's evaluation, the study explored the key reasons of these differences including the inconsistent among different levels of regulations and the accounting staff with poor knowledge. Moreover, the managers also contribute to the different accounting methods for CFS preparation among different economic groups because most of them depended on their accountants to present their CFSs while they are also not good at accounting.

For H2, *The CFSs by economic groups are supplied in order to serve the demand of investor rather than others*, Tables 5.13 and 5.14 show the major motivation of CFSs preparation was compulsory of legislation. There were a great number of economic groups that prepared their CFSs in order to only satisfy demand of local government offices (auditing office, tax office, financial institute and Ministry manages directly). This means there were appropriate evidences to deny H2. The major reasons for this situation came from not only the different types and business industries but also the shortcomings of legal framework or direct managers. Under the control of respective ministries (direct office of financial subsidy or business management), the State economic groups normally submitted their CFSs to meet the requirement of these ministries rather than investors' interests.

Related to H3, *Most accounting staffs in economic groups have good knowledge of consolidated accounting*, the study used both direct and indirect questions for finding information to test. The number in Table 5.10 provides key results of this finding. Wherein, more than 71% interviewees commented that the accounting staffs' specific knowledge was at low level. Only 20.3% of answers claimed a good level, whereas 8.5% agreed on an empty point. Most people evaluated the accounting staffs in economic groups being not able to make accounting for consolidated purpose. In both views inside and outside economic groups, the lack of respective adjustments, eliminations or subtotal entries for goodwill, inter-transaction was debated strongly. The core factors for this situation were defined by the interviewees with the limited human ability, poor internal regulation and the complex technique of consolidated accounting.

As for H4, *The current system of VAS on CFSs is fairly fruitful in the case of economic group (at least at the present)*, the study plans to prove directly the factor of legal framework which has been found by the earlier researches. Using the direct question "In your view, the Vietnamese accounting regulation system is appropriate system for enterprise, isn't it?" to interview, the study found 71.6% supporters in total sample (see Table 5.24 and 5.25). In which, the VAS and regulation under standard commented as the highest inconsistent

systems of legal framework. To explain for this inconsistency, most of the interviewees complain the current regulation system's contents are still far from the real cases of business activities. Furthermore, the interpretation, accounting technique of business combination was more complex than common accounting, which was supported by many answerers.

To re-test the influence of legal framework on CFS preparation, the study assumed the H5 for examination. It is noted that the H5, *Do most of Vietnamese economic groups prepare their CFSs by themselves in absolute harmony with VAS and the current legal framework*, was designed to focus on the passive cases. In which, the economic groups proposed that they want and have enough all conditions to apply the existing regulations, but the asymmetric correlations among the different regulations may push their CFS preparation into negative situations. Following this purpose, the questions of survey were also identified respectively. The answers to these questions are summarized in Table 5.3 and 5.11. Although most economic groups applied the existing national regulations to their CFS preparation, the fullness or matching or clearness or consistency of current accounting legislations have been still not suitable. Moreover, more than 43 % interviewees commented no-multi choice without VAS, nearly 50% and 75% answers argued the VAS are still in lack of guidance for implementation and far from the respective practical cases. These numbers help to confirm that the legal framework is one of now influencing factors to Vietnamese consolidated accounting.

To sum up, six key influent factors of preparing CFS were explored. They are results of the correlative analysis between the document and survey data. The next section focuses on an in-depth investigation into them..

6.2. EVALUATING THE FACTORS

6.2.1. Influence by each factor

With the purpose of issuing research conclusion relevant to each factor's condition, this section concentrates on comparing the different views between target groups inside and outside economic groups. The basic data for this analysis is presented in Table 6.37.

Table 6.37: Investigation of obstacles to CFS preparation by two target groups

	Whole sample		Group outside		Group inside	
	Quantity	Percent ^(a)	Quantity	Percent ^(b)	Quantity	Percent ^(c)
1. Internal regulation	54	72.9	48	81.4	6	40.0
2. Accounting technique	52	70.3	52	88.1	0	0
3. Knowledge and skill of accounting staff	67	90.5	58	98.3	9	60.0
4. Knowledge of manager about CFSs	48	64.9	39	66.1	9	60.0
5. Current accounting legal framework	56	75.7	47	79.7	9	60.0
6. Characteristic of business and industrial area	53	71.6	45	76.3	8	53.3

Note :^(a)calculate on the total sample (74 answers); ^(b) calculated on the total interviewees (59) of group outside; ^(c) calculate on the total interviewees (15) of group inside.

Source: Owned survey (2014-2015)

Generally, the key factors of CFS preparation were found by the tests of hypotheses but the significant different views of each factor between inside and outside groups (in Table

6.37) need to be clear in order to drive at research objectives. Thus, the following sections presented more details of each.

6.2.1.1. Internal regulations for CFS preparation

In the opinions of group outside, the internal regulation was one of three biggest problems of CFS preparation in Vietnam (Table 6.37). In which, there was still a great number of economic groups who did not design the internal regulations for consolidated purpose (Table 5.12). Additionally, the internal regulation system was built with inappropriate contents (at least for CFS preparation). Typically, many interviewees claimed the internal policy by economic group still included or did not, but unclear the function of subsidiary as well as the inter-transaction's contents. In detail, the comment about inappropriate contents with the non-fullness of specific regulation was also argued by most answers of sample (Table 6.38 and 5.21).

Table 6.38: Evaluation about internal regulations

	Whole sample		Group outside		Group inside	
	Quantity	Percent ^(*)	Quantity	Percent ^(*)	Quantity	Percent ^(*)
(1). Function of subsidiary company is not clear	1	1.4	0	0	1	6.7
(2). No regulation of form to collect information	4	5.4	4	6.8	0	0
(3). Inappropriate points in specific	6	8.1	5	8.5	1	6.7
(4). Both (1)&(2)	2	2.7	2	3.4	0	0
(5). Both (2) & (3)	1	1.4	1	1.7	0	0
(6). Both (1)& (3)	13	17.6	10	16.9	3	20.0
(7). All (1)-(3)	23	31.0	22	37.3	1	6.7
(8). Other (non-fullness)	1	1.4	0	0	1	6.7
(9). Answer "No" and No information	23	31.0	15	25.4	8	53.2
Total	74	100	59	100	15	100

Note:^(*) calculation based on the number in total line.

Source: Owned survey (2014-2015)

Regarding internal regulation contents, in the views inside (in Table 5.8), the internal regulation by economic group covered most contents of consolidated accounting at high rate. Moreover, they were formed based on the conjunction between business characteristics and existing accounting regulations by law and under law. Wherein the accounting methods and documents were two largest contents, the time-line for submitting or specific information for accounting was also important point of this system. This is the reason why the answer, *Both (1) & (3)*, by group inside in Table 6.38 is (around 20%) more than *No regulation of form to collect information* (0%). A comparing with the group outside, the rate of evaluation in "*All (1)-(3)*" of group inside is only one-sixth of portion, respectively. In contrast, the number of answers in "*both (1) & (3)*" by group inside is bigger than by group outside. Although there are quite different opinions between these two groups, most interviewees agreed that the internal regulation's quality was still inappropriate for consolidated accounting.

6.2.1.2. Accounting techniques for consolidated transaction

In spite of only 70% (52/74) answers (in Table 5.24) agreeing on the accounting technique as one current obstacle, more than 90% (67/74) of total interviewees (in Table 5.22) were available to speak out about the detailed negative points of this matter. In which nearly 67.2 % (45/67) respondents commented the major accounting entries of inter-

transaction was simple subtotal or elimination. To explain for this comment, many interviewees, especially inside economic group, argued the inter-transaction in their groups was not so many or complex as existing regulations. The primary data in Table 6.39 also shows a number of this explanation.

Table 6.39: Main types of inter-transaction in economic groups (views of economic groups)

Name of inter-transaction	Yes		No		Total	
	answers	%	answers	%	answers	%
1. Sale goods/products or supply service	15	100	0	0	15	100
2. Sale fix assets	10	66.7	5	33.3	15	100
3. Loan	12	80.0	3	20.0	15	100
4. Exchange among goods/products and fix assets	6	40.0	9	60.0	15	100
5. Payment of receivables or liability (including operating expenses)	14	93.0	1	7.0	15	100
6. Distribution the earning/profits after the date of acquisition	5	33.3	10	66.7	15	100
7. Extra investment of capital into subsidiary	5	33.3	10	66.7	15	100
8. Divestment of capital	4	26.7	11	73.3	15	100
- from one subsidiary to another subsidiary (inside group)	1	-	-	-	-	-
- from one subsidiary to entity of outside group	3	-	-	-	-	-

Source: Owned survey (2014-2015)

Among business activities, the main inter-transactions (in Table 3.39) are in selling goods/products or fixed assets or internal payment of receivables or liability. Only some of economic groups in sample have the divestment of capital from subsidiary (26.7%) or extra investment of capital into subsidiary (33.3%) or distribution the earnings/ surplus profits after the date of acquisition.

However, when seeking further information about the specific accounting technique for consolidation, most interviewees refused giving their answers or they answered in an unsure manner. For example: with the question: what entries of your economic groups apply for inter-transaction of selling goods/products, the results of survey inside economic group was presented in Table 6.40.

Table 6.40: Main accounting entries for inter-transaction of selling goods/products (views of economic groups)

Accounting entries	Accepted answer			No information		Total		
	Quantity			% in total	quantity	% in total	quantity	% in total
	elimination	adjustment	total					
1. Revenues or cost of selling goods/products	8	4	12	80.0	3	20.0	15	100
2. Loss or gain from selling goods/products	5	4	9	60.0	6	40.0	15	100
3. Cost and net profit of selling goods on the first days of accounting term	3	7	10	66.7	5	33.3	15	100
4. Income tax of earning or gain of selling goods in the inventory at the end of accounting term	4	7	11	73.3	4	26.7	15	100
5. Income tax comes of earning or gain of selling goods in the inventory on the first days of accounting term	3	6	9	60.0	6	40.0	15	100
6. Gain or earning of selling goods relevant to the non-control interest	3	6	9	60.0	6	40.0	15	100

Source: Owned survey (2014-2015)

Table 6.40 shows that among the accepting answer, the accounting entries for inter-transaction of selling goods/products were answered in strongly confusing either the elimination or adjustment among interviewees. With the similar question for other inter-transactions (fix assets, loan, and payment of receivable), the study also got the same

situation. This reflects not only the limited accounting technique for inter-transaction but also the lack of accounting staffs' specific knowledge in economic groups. In this case, the accounting technique seems to be more urgent when the inter-transactions become various or complicated.

6.2.1.3. Accounting staffs' skill and knowledge

As mentioned in chapter 5 (section 5.3), a significant number of Vietnamese economic groups did not prepare the CFSs for their entire group. The lack of academic staffs in consolidated accounting is one important reason for this situation. Table 6.37 (section 6.2.1) also shows the same pattern about the accounting staffs' ability in economic groups.

Agreed on by most interviewees, the low level of academic accounting knowledge of accounting staffs is the biggest problem in CFS preparation in Vietnam. Nonetheless, this rate in the views outside was nearly 20% more than the views inside. On the other hand, the gap between the portions of good and empty level in the views of answers inside was over 20% bigger than the views outside. The detail of these evaluations is showed in Tables 6.41 and 6.42.

Table 6.41: Evaluation about accounting staffs' expertise

	Whole sample		Group outside		Group inside	
	Quantity	Percent ^(a)	Quantity	Percent ^(a)	Quantity	Percent ^(a)
Empty specific knowledge	6	8.1	5	8.5	1	6.7
Low level	50	67.6	42	71.2	8	53.3
Good	18	24.3	12	20.3	6	40.0
Total	74	100	59	100	15	100

Note:^(a) calculate on the total sample of each survey group.

Source: Owned survey (2014-2015)

For the accounting staffs' skill, among 74 interviewees, only 72 answers including 57 in group outside and 15 in group inside accepted an interview. Generally, most people agreed on the accounting staffs with poor skill, and a fewer number answering that the accountants of economic group cannot define the appropriate entries for consolidated transaction. Moreover, the comment in the ability to synthesize the financial information for CFS preparation as not good was also supported by a large number (52%).

Table 6.42: Evaluation about accounting staffs' skill

	Whole sample						Group outside				Group inside			
	Yes		No		Total		Yes		No		Yes		No	
	answers	% ^(a)	answers	% ^(a)	answers	% ^(a)	answers	% ^(b)	answers	% ^(b)	answers	% ^(c)	answers	% ^(c)
1. Poor skill about CFSs	55	76.4	17	23.6	72	100.0	47	82.5	10	17.5	8	53.3	7	46.7
2. Don't identify the appropriate entries	43	59.7	29	40.3	72	100.0	33	57.9	24	42.1	10	66.7	5	33.3
3. Lack of ability to synthesize the information	52	72.2	20	27.8	72	100.0	40	70.2	17	29.8	12	80.0	3	20

Note:^(a) calculate on the total answers of sample (72); ^(b) calculated on the total answers of group outside (57); ^(c) calculate on the total answers of group inside (15).

Source: Owned survey (2014-2015)

With regard to a concrete investigation of group inside, the ability of synthesis was considered as the biggest disadvantage with 80%, while the complaint about the accounting

staffs' skill and their ability to identify the consolidated entries at poor were 66.7 % and 53.3 % respectively. Unfortunately, in the views of accounting professionals, the poor skill also holds the highest percentage (over 82%). Next is the ability to synthesize the information, and the lowest pattern is the ability of accounting staffs to identify the consolidated entries of accounting.

6.2.1.4. Managers' knowledge about consolidated accounting

Among 40 interviewees (in Table 5.15) agreed to give the reasons for non- CFS preparation, more than 42% respondents argued the managers' knowledge in consolidated accounting at a low level. In their opinion, a lot of managers have the idea that they can run business well without the CFSs or they don't need to prepare CFS for whole groups. The portion of these ideas are presented in Table 6.43

Table 6.43: Differences in evaluation of managers' knowledge on CFSs

	Whole sample		Group outside		Group inside	
	Quantity	Percent ⁽⁹⁾	Quantity	Percent ⁽⁹⁾	Quantity	Percent ⁽⁹⁾
(1).Running business well without the CFSs	6	8.1	5	8.5	1	6.7
(2). Don't need to apply CFSs	16	21.6	10	16.9	6	40.0
(3). Both (1)&(2)	26	35.1	24	40.7	2	13.3
(4). Answer "No" and no information	26	35.1	20	33.9	6	40.0
Total	74	100	59	100	15	100

Note:⁽⁹⁾ calculate on the total sample of each survey group.

Source: Owned survey (2014-2015)

It is noted that most answers in group inside commented the business directors with thinking "doesn't need to apply the CFSs". Because, in your views, their inter-transactions are simple and various they can use the less academic reports than CFSs to present their position. Additionally, for State owned economic groups, they often have to present their financial statements under the financial mechanism of national budget rather than demand of investors. In other words, these economic groups also don't need to prepare the CFS if these reports are not compulsory.

Unlike the group inside, the group outside got the rate of answers in "both (1) & (2)" at the highest. Wherein the answer in "running business well without the CFSs" was nearly 8.5% less than the investigation "don't need to apply CFSs". In total, the answers agreed the knowledge of manager as a current disadvantage of the CFS preparation by group outside (66.1%) was more than group inside (60%).

In all samples, many interviewees as business directors or working at level of manager thought that the differences between the CFSs and General financial statements (GFS) were only in format or its applicants. Consequently, they do not want to choose the CFSs to present the financial position for whole group when they are not State groups or listed companies as a current compulsory regulation. Unfortunately the number of Vietnamese listed companies is still so big (www.cophieu.com) that the demand for CFSs presentation in Vietnam is also very low, at least at the present.

6.2.1.5. Legal framework

The data of Table 6.37 shows that the legislation was not the biggest problem in the views of group outside, but it was quite opposite in group inside. In fact, the answers inside economic groups argue that the current legal framework is one of two biggest obstacles to CFS preparation (at least at the time of survey). But in group outside, most interviewees claim legal framework is only in the second position after obstacles in accounting staffs' skill and knowledge. In total sample, the respondents' investigations into legal system were collected following three elements: law, standards and regulations under standard. Each level's influences are provided in data in Table 6.44.

Table 6.44: Evaluation of legal framework by two target groups

	Whole sample		Group outside		Group inside	
	Quantity	Percent ^(*)	Quantity	Percent ^(*)	Quantity	Percent ^(*)
1. Accounting law	0	0	0	0	0	0
2. VAS	9	12.1	6	10.2	3	20.0
3. Guidance for implementation	12	16.2	7	11.9	5	33.3
4. Accounting law & VAS	9	12.1	8	13.5	1	6.7
5. Accounting law & guidance for implementation	5	6.8	5	8.5	0	0
6. VAS and guidance for implementation	5	6.8	5	8.5	0	0
7. All (1) to (3)	7	9.5	7	11.9	0	0
8. No information	27	36.5	21	35.5	6	40.0
Total	74	100	59	100	15	100

Note:^(*) calculated on its frequency divide the total sample of each survey group respectively

Source: Owned survey (2014-2015)

In the opinion of group insides, the disadvantages of current legal framework for the CFSs were strong in the VAS and guidance for implementation. Nevertheless, the inconsistency of legal system was not only at the VAS or regulations under standards but also all of its elements in the views of group outside. Additionally, they also mentioned the non-fullness and non-clarity in policies or circulars' contents (presented in Table 5.11) as the negative points. By most investigations in both target group inside and outside, the regulations under standards (as guidance for implementation) were evaluated as the most urgent obstacles of current legal system, while the accounting law was not mentioned as single level of disadvantages by any answer of sample.

6.2.1.6. Business characteristics

With regard to business characteristics, the study considered three features: industrial area, infrastructure for consolidated accounting and ownership of entity. For the industrial sector, each economic group (especially State owned group, and under current Law of Enterprise) is often controlled by a respective ministry. This means beside regulation for common accounting these economic groups have to operate under this ministry's regulations (including the area of business operation and administrative procedure). In the opinion of most interviewees, this regulation system often includes the financial management mechanism that impacts directly their financial position presentation. At present, the requirements from this ministry are not so many about the financial report for entire economic group. Therefore, the pattern of economic group with non CFSs preparation was debated by major answers (54.1%) in total sample (Table 5.15)

As for accounting infrastructure, the biggest comments were in both software and facility for CFS preparation, wherein the inappropriate content of accounting software was considered strongly by most views in total sample. The poor or drawback feature were investigated for facility. The rate of agreement in “both (1) & (2)” (in Table 6.45) by the group outside was higher than the controversy “Inappropriate software for making CFSs”, but they are in equal portion following the opinion of group inside.

Table 6.45: Different evaluation of business characteristics by two target groups

	Whole sample		Group outside		Group inside	
	Quantity	Percent ^(*)	Quantity	Percent ^(*)	Quantity	Percent ^(*)
(1).Poor and drawback facility	2	2.7	2	3.4	0	0
(2).Inappropriate software for making CFSs	19	25.7	15	25.4	4	26.7
(3). Both(1)&(2)	32	43.2	28	37.8	4	26.7
(4). No information	21	28.4	14	23.7	7	46.6
Total	74	100	59	100	15	100

Note:^(*) calculated on its frequency divide the total sample of each survey group respectively

Source: Owned survey (2014-2015)

Among 15 target economic groups, there are 6 groups in private sector beside 9 groups in State ownership. Under different capital owners, the requirement of organization in submitting CFSs is also different. The particular authorities when submitting CFSs between State and private sector are presented in Table 6.46.

Table 6.46: Different authorities between State and private sectors when submit CFSs

Organization of submit CFSs	Total (15 groups)		State group (9 groups in total)		Private and other (6 groups in total)	
	Quantity (Co.)	Percent (in total)	Quantity (Co.)	Percent (in total)	Quantity (Co.)	Percent (in total)
-Taxation office	3	20.0	2	13.3	1	6.7
-Security Office	6	40.0	3	20.0	3	20.0
-Statistic Office	4	26.7	3	20.0	1	6.7
-Authority office	1	6.7	1	6.7	0	0
-Financial institution	1	6.7	1	6.7	0	0
-Manager board	9	60.0	5	33.3	4	26.7
-Bank/creditors	5	33.3	3	20.0	2	13.3
-Shareholders	11	73.3	5	33.3	6	40.0
-Auditing Office	5	33.3	3	20.0	2	13.3
-Ministry of financial	7	46.7	7	46.7	0	0
-Direct Authority Units/Ministry of management	8	53.3	8	53.3	0	0

Source: Owned survey (2014-2015)

The respective data in Table 6.46 shows the State groups focused on supplying to taxation, statistics, direct managers and MOF, while the private and other kinds of groups concentrated on submitting their CFSs to security offices and shareholders. In the State group, the number of groups sending their reports to MOF and direct management ministry are more than other authorities. On the other hand, the shareholders, manager boards and security officers are main agents when submitting CFSs by private and other groups.

6.2.2. Correlation among factors in CFS preparation

As mentioned in chapter 1 and chapter 2, the evaluation among influencing factors on the CFSs preparation is a new point of this study. The factor analysis of SPSS was designed to get this point. The description of key achievements in factors analysis is provided as the core content of this section.

With the factors identified in Section 6.1.1, the correlation among them is described as a multi-variable function- $F(X)$. Wherein, each of six factors contributes directly to the CFS preparation by the weight or factor score coefficient respectively. In other words, the CFS preparation by the economic group is interdependently functional of six different factors including internal regulation, accounting technique, skill and knowledge of accounting staffs, knowledge of manager, legal framework and business characteristic. This is displayed as follows:

$$F(X) = a. A + b. B + c. C + d. D + e. E + f. F$$

Wherein:

$F(X)$: Objective function- preparing the CFSs

a, b, c, d, e, f : weight of variable A, B, C, D, E, F respectively

A: variable of internal regulation

B: variable of accounting technique

C: variable of accounting staff's skill and knowledge

D: variable of knowledge of manager about accounting for consolidation and the CFS

E: variable of legal framework

F: variable of business characteristic

By the primary data relevant to six exposed factors, at first the correlation matrix among them was found as in Tables 6.47 and 6.48.

Table 6.47: Descriptive Statistics for Factor Analysis

	Mean	Std. Deviation	Analysis N
1. Internal regulation	1.2703	.44713	74
2. Accounting technique	1.2973	.46019	74
3. Knowledge and skill of accounting staff	1.0946	.29465	74
4. Knowledge of manager about CFSs	1.3514	.48065	74
5. Current accounting legal framework	1.2432	.43197	74
6. Characteristic of business and industrial area	1.2838	.45391	74

Table 6.48: Correlation Matrix for Factor Analysis

	Internal regulation	Accounting technique	Knowledge and skill of accounting staff	Knowledge of manager about CFSs	Current accounting legal framework	Characteristic of business and industrial area
Internal regulation	1.000	.536	.219	.189	.293	.427
Accounting technique	.536	1.000	.497	.141	.320	.378

Knowledge and skill of accounting staff	.219	.497	1.000	.439	.247	.206
Knowledge of manager about CFSs	.189	.141	.439	1.000	.308	.290
Current accounting legal framework	.293	.320	.247	.308	1.000	.551
Characteristic of business and industrial area	.427	.378	.206	.290	.551	1.000

Table 6.48 shows the correlation among six factors is obvious. It is strong in relationship between the couples: legal framework and business characteristic; internal regulation and knowledge and skill of accounting staffs; accounting technique and knowledge and skill of accounting staffs. In order to find the factor score coefficient among them, it is necessary to use the test of KMO and Bartlett's Test to confirm there is or isn't the correlation between them.

Table 6.49: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.655
Bartlett's Test of Sphericity	Approx. Chi-Square	112.483
	df	15
	Sig.	.000

Table 6.50: Communalities for Factor Analysis

	Initial	Extraction
Internal regulation	1.000	.629
Accounting technique	1.000	.573
Knowledge and skill of accounting staff	1.000	.706
Knowledge of manager about CFSs	1.000	.720
Current accounting legal framework	1.000	.482
Characteristic of business and industrial area	1.000	.614

Extraction Method: Principal Component Analysis.

The value of KMO at 0.655 (> 0.5) and Sig valuation of Bartlett's Test at null (in Table 6.48) illustrates that the correlation among six factors absolutely occurred. Meanwhile there is the weight among the correlation matrix of these six factors. Thus, the factor analysis is continued with determination of total variance, component matrix and rotated component matrix respectively.

Table 6.51: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.697	44.947	44.947	2.697	44.947	44.947	2.207	36.782	36.782
2	1.027	17.123	62.071	1.027	17.123	62.071	1.517	25.289	62.071
3	.948	15.795	77.865						
4	.610	10.160	88.025						
5	.417	6.946	94.971						
6	.302	5.029	100.000						

Extraction Method: Principal Component Analysis.

Table 6.52: Component Matrix for Factor Analysis

	Component	
	1	2
Internal regulation	.677	-.414
Accounting technique	.735	-.178
Knowledge and skill of accounting staff	.633	.553
Knowledge of manager about CFSs	.549	.647
Current accounting legal framework	.684	-.119
Characteristic of business and industrial area	.727	-.292

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

Table 6.50 shows the determination is based on eigen-values. In which the eigen-values of two in six factors (internal regulation and accounting technique) was tested at the suitable result for analysis (>1). The data of Cumulative % presenting more than 62% of the changes in these two factors was checked. The number in Table 6.50 also illustrates that the first of two tested factors is strongly correlated to most others of the six factors. It is the most relevant to accounting technique and characteristics of business with the factor loading 0.735 and 0.727 respectively. However, after the rotation of factor, the correlation among six factors with two tested factors has changed. The strongest relevance is internal regulation with 0.793 (in Table 6.52) instead of accounting technique with 0.735 (before rotation)

Table 6.53: Rotated Component Matrix for Factor Analysis

	Component	
	1	2
Internal regulation	.793	.018
Accounting technique	.715	.249
Knowledge and skill of accounting staff	.232	.808
Knowledge of manager about CFSs	.111	.841
Current accounting legal framework	.640	.270
Characteristic of business and industrial area	.769	.148

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Table 6.54: Component Transformation Matrix

Component	1	2
1	.841	.542
2	-.542	.841

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 6.53 provides the method of extraction and rotation in factor analysis in this study. Varimax with Kaiser is method of factor rotation while Principal Component Analysis is method of factor extraction.

Table 6.55: Component Score Coefficient Matrix

	Component	
	1	2
Internal regulation	.429	-.203
Accounting technique	.323	.002
Knowledge and skill of accounting staff	-.094	.580

Knowledge of manager about CFSs	-.170	.640
Current accounting legal framework	.276	.040
Characteristic of business and industrial area	.381	-.093

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 Component Scores.

Table 6.56: Component Score Covariance Matrix

Component	1	2
1	1.000	.000
2	.000	1.000

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 Component Scores.

Table 6.55 presents the Component Score Coefficient Matrix among six factors respectively. Following the data of this table, the function of relationship among them to CFS preparation was explored as bellows:

$$F(X) = 0.429. A + 0.323 B - 0.094 C - 0.170 D + 0.276 E + 0.381 F$$

Wherein, the internal accounting has the highest factor score of 0.429 while the lowest is the factor of knowledge of accounting staff of 0.094. Notably, the factors of internal regulation, accounting technique, legal framework and characteristic of business have influences in the same way, while accounting staffs and managers' knowledge has the opposite way to CFS preparation.

Chapter 7: CONCLUSIONS

7.1. SUMMARY

Under the pressure created by international organizations, Vietnamese government has effort to improve their international integration process. In accounting sector, the legislation system has been reformed significantly since the 2000s. It was improved from the situation without international harmonization standards (in 1990s) to the case of setting convergence with IFRSs (at present). In fact, most of the VASs were issued during 2001-2005 following the IASs (before 2004), but the expected achievements of this renovation have been not yet come. For this situation, beside the cause in limiting conditions of a developing country, the gap between the legal system and implementation by enterprises has been in strong controversy. It is noted that in many cases, practical observation is not same as the theory (at least in this study by data survey). In order to help find appropriate solutions for reducing this gap, this study was conducted focusing on the CFSs preparation by economic groups in Vietnam.

The aim of this study has been to expose the distinctions between Vietnamese and international system for consolidated accounting. Moreover, enriching the existing literature on the few references in English about Vietnamese accounting in the researches worldwide is also another study target.

Beginning with reference analysis, the historical and developing process of Vietnamese accounting system and economic groups were reviewed to identify the research questions. Then based on these questions the hypotheses (H1-H5) were issued to define the key areas for sample survey. Through the interviews by research questionnaire, the study successfully collected data with 74 answers in total during the period of 2014-2015. After data processing and analysis, the picture of current situation in the CFS preparation is discovered with the following major findings:

7.2. MAJOR FINDINGS

7.2.1. Some casual points on establishment and operation of economic groups

Firstly, most of the current biggest economic groups (State owned groups) were established by the government rather than by the market demand. The MOF represents the government to invest and subsidy capital in these groups as an important investor. Under control of this ministry, the State-owned groups need to submit directly their financial statements to governmental authorities rather than to investors outside manager boards. Although the number of these groups tends to reduce, the government still keeps building some of them as the leading groups of the economy (for example: PVN, EVN, Vinacomin, Petrolimex).

Secondly, beside the MOF, normally one State-owned group in Vietnam is controlled by its respective ministry, for example: the VN Airline Corporation belongs to Ministry of Transportation; PVN belongs to Ministry of Trade and Industry. Consequently, the State-owned groups also submit their CFSs to these ministries compulsorily. Generally, it depends on each year and each ministry that the economic group belongs to, and the number of

accounting reports is identified for submission. In which, according to the current regulations (Article No.8 and No. 208 Law of Enterprise 2014), the State groups also need to submit all of their financial statements (including the CFSs) to the statistics and taxation organizations, while the auditing service or financial institutions received the CFSs as the requirement of direct management unit.

Thirdly, the financial regime regulations for State-owned groups have required strictly presentation of report type, inter-transaction and which organizations need to submit financial reports. For instance, in a group (major State group), the inter-transaction of capital is encouraged from the parent to subsidiaries, but the investing movement directly from the subsidiary with extra capital to another subsidiary in lack of capital is not encouraged. Therefore, the inter-transactions in the group were limited and simpler than the requirements of consolidated accounting techniques. As the result of this situation, many direct managers in group still are not interested in the CFS's function.

Finally, compared with State-owned groups, the private groups, especially listed companies, often face more pressure of the investors. Following this, their CFSs normally are issued to meet requirements from stockholders or security market or directors rather than the government authorities or taxation office. The websites or security markets are two main channels through which the private groups publish their CFSs, while tax office or other government authorities are only sub-organizations for their submitting purpose. It is noted that, beside the listed companies, a great number of economic groups (including both State and private) ignore the CFS preparation (non-preparing) or prepare them by using auditing service (such as DucGiang Corporation).

7.2.2. Current limited capital market and small demand for CFSs

As mentioned in chapter 4, among the existing listed companies inland, there are small numbers of economic groups, especially the State-owned groups. Compared with the number of enterprise total in 2014 (over 373.212^[8] enterprises), the rate of listed company has been so small (around 650/373.212). This also means that the pursuance of CFS preparation from the investors on security market has not been urgent. In an other expression, the requirement of investor still has not enough power to become the key motivation for the CFS preparation by economic groups in Vietnam.

Moreover, in the economic groups, the business consolidated activities are still simple and not complex as the theoretical assumption (interviewed information). In these cases, they have the tendency of non-CFS preparation or any financial reports for whole group if it did not break any law. That's why the demand for CFS preparation by Vietnamese economic groups has been small.

7.2.3. Poor management of CFS qualify

The quality of any financial statement reflects through the quality of its financial information presentation. It depends on the level of transparent and comparable information. Regarding this, auditing is considered to control the financial statements' preparation.

^[8] 2014 statistic handbook, GSO (2014), p.75

However, it is unable to make sure whether all financial reports (including the CFS) auditing are faithful and accrual presentations. Because most CFSs of groups must be passed by the control of auditing service before publishing on the security market, the frauds on the CFSs after publishing keep existing (at least by literature review). Furthermore, the current level of knowledge and skill of accountants (accounting staff) as well as managers in Vietnam have been at low level (primary data). The misunderstandings of recognitions between the elimination and adjustment for business combination respectively are popular (especially in goodwill and NCI). This means the frauds on the CFS of groups have been not reduced, even increased in the case of complex inter-transactions (by reference analysis).

Except for the big auditing organization (Big Four Corporations), there was not any public organization to persuade Vietnamese enterprises (consider around the domestic market) to control the financial information quality of their statements. In the other side, there were not many Vietnamese groups with sufficient financial resources to use the services of Big Four Corporations for their publishing. Therefore, the matter of financial statement quality seemingly does not have any appreciated solutions. In this meaning, the CFSs also have not been better.

7.2.4. Legal framework as an influencing factor but not as the most influencing

By the factor analysis (in chapter 6), the study discovered the correlation of different influential factors to the CFS preparation as the below function:

$$F(X) = 0.429. A + 0.323 B - 0.094 C - 0.170 D + 0.276 E + 0.381 F$$

The F(X) shows that the legal framework is one important obstacle but not the most influence to the CFS preparation (at least at the time of survey). This seems a quite opposite conclusion with the previous researchers in the same topic. Many of them concluded the inconsistency among different level regulation or the inappropriate points in current VAS were the most influencing to the CFS preparation in Vietnam. In fact, there were many more researches on legal framework than other theme relevant to the CFSs during the last two decades in Vietnam (reference analysis). Additionally, in the views of group inside, not only accounting regulations but also other relative existing regulations have strong direct impact on their CFS preparation, wherein the compulsory or not compulsory is the key point of preparing or non-preparing the CFSs. Moreover, some of interviewees in sample mentioned the inconsistency among accounting regulations as the foremost reason of the CFS preparation in wrong ways (interviewed information).

Unfortunately, the result of research data analysis presents that the legal framework is only just one of three lowest factors in six influencing factors explored in the study. The respective number of the above function –F(X) illustrates that the effect of legal factors is stronger than two factors: accounting staffs' and managers' knowledge, but it weighs less than internal regulation, accounting technique, or business characteristics. This also means that the CFS preparation does not depend at high level on changing of accounting regulations in the past as the thinking of both interviewees inside and outside (at least in this survey). In other words, it can be concluded that the current inconsistency of existing regulation system

for consolidated accounting affected the decision of preparing or not preparing CFSs, but it is not the biggest reason.

7.2.5. Internal regulation and business characteristics as two biggest influencing factors

Normally, the internal regulations and business characteristics are the passive factors in the side of economic groups. Business directors often change or reset these regulations to fit their objectives which depend on their business conditions. Obviously, these changes will influence directly CFS preparation. However, the finding in this study (after factor analysis) is that these factors were not only common but also the biggest influencing factors.

It is noted that under the power of director, any accounting reports can be prepared for business transaction at the firm level. It is more realistic when these reports do not depend on any factors from outside of firm. They only rely on the internal regulations to meet requirements. For example, the presentation of income report (including consolidated income report) needs the basic guidance of calculation, type of income, and period of time for report. The internal regulation often sets up these kinds of information. The details of these regulations depend on the business characteristics and business governance rather than the changing of legal framework. This reflects that the internal regulation and business characteristics factors are absolutely able to be the most influencing factors of CFS preparation in the practical cases.

This finding implies that the more details and consistence of internal regulation, the more advantages for CFS preparation by economic groups. It can be understood that in an economic group with good internal regulation or infrastructure, the CFS preparation will be fuller, clearer and more consistent than other ones (no or unsuitable internal regulation).

7.2.6. Managers and accounting staffs' knowledge influencing paradoxically CFS preparation

The result of factor analysis in the last section of Chapter 6 shows that the skill and knowledge of accounting staffs and manager have negative influence on CFS preparation with the minus value of factor scores (-0.094 and - 0.17 respectively). For this minus values, it is necessary to make clear that the factors function (of preparing CFSs) was not like the simple or common mathematical equation. It was the result of comprehensive achievement of many factors in business environment relevant to the CFSs. The score of CFS preparation was observed by not only figures but also the making decisions. In which, the making decisions was presented through the answer in "yes" or "no" not only in acceptance of preparing but also in the choice of legal system as well as level of accounting consolidated requirements. Furthermore, the CFS quality has been also measured through factors of function but it is not the objective score of study.

In case the accounting staffs or managers have good knowledge about the CFS, they tend to make the higher system for preparing CFSs. For example, in the situation of this research, most of the economic groups applied the national accounting system to prepare their CFSs instead of international regulations. One of the key reasons for this tendency is the accounting staffs with poor knowledge about the CFS preparation. Because they didn't know or didn't have enough

knowledge to comply with the other system of standards, they were mainly trained or updated with knowledge about the national system.

7.2.7. Building frame of factor analysis in CFS preparation

Let's return to Chapter 2 in the research method section, the factor analysis is the method that has been not popular in accounting research (at least in Vietnam). For this meaning, the study is one of very few initiatory researches in accounting with the frame of factor analysis in the CFS preparation explored in Figure 2.7.

Based on the literature review, especially in theory of factor analysis, the study presented the logical mechanism of analysis to find the influencing factors in accounting sector. This mechanism can be applied to next researches in not only the same topic but also any themes of evaluation of accounting quality (including quality of financial statements).

The key contribution of frame is exploratory approach for accounting research. The conjunction between document and data analysis is main points to identify influencing factors. In which the literature analysis often supplies the primal factors, and the results of data analysis provide the evidences for attest of early factors and other exploratory factors. The combination of two analysis approaches will help to expose the appreciate research recommendations.

7.2.8. No way rather than gradually harmonizing with IFRSs

It is no doubt that under current economy, culture and society conditions, Vietnam cannot adopt immediately all contents of IFRSs for domestic market because it can bring about unexpected results while the current gaps between two systems and the staffs' low level of specific knowledge are still the big current negative points. On the other hand, the choice of international integration cannot avoid facing the pressure from international organizations in which Vietnam has been a member. Thus, the way of step by step to harmonize the national with international one has been the best choice for Vietnam at the present.

The study focused on the consolidated accounting to reveal the convergence areas between existing VAS and current IFRSs. This contributes to making clearer current situation of Vietnamese accounting system. Through the description presented in Figure 3.7, the harmonization process of VAS to IFRS was explored. The convergence area between them has been increased from 2003 to 2014, whereas it seems very slow because of no reformation in accounting standards from the first issued in 2000s. This becomes more urgent, while the respective IFRSs have been several updated from 2004. Moreover, the IFRSs apply fair value for all, the VASs is majority using historical cost. In this case, the study continued to make clear the existing requirement of revising the system of VASs that was found by the previous studies.

7.3. RECOMMENDATIONS

Based on the findings, the study tries to offer some recommendations for improvement of current situation as follows:

The first: Continuously reforming VAS and regulations under standards

During the survey, beside the finding factors influencing to CFS preparation, the study also focused on finding comments for improvement. The major interviewees (81.4%) supplied the idea renewing the existing accounting regulation as the foremost solution. In their opinion, the promulgation of current legal system for accounting has belonged only to the government, while many officers or policy makers have lacked academic knowledge as well as experience of working in business. Many regulations of accounting did not cover the reliability as illustration of primary data (in chapter 5 and 6). Moreover the non-fullness and unclearness have occurred in all levels of current accounting legal framework. Therefore, the reformation of content in respective level of regulation should be continued.

Concerning the CFS preparation, the idea about a separate accounting standard system for economic groups should be also considered. However, it is necessary to pay attention to the demand for the CFSs. Because the economic group will be not supported in the case of limited capital market and lack of academic staffs, they will have a tendency to avoid the complex statement (such as the CFSs) to disclose their financial position. Otherwise, the economic groups will do significant frauds in the financial statements.

The second: Moving function of setting regulation under law to independent professional association

With the lessons from other countries and launching a regulation in accounting sector, the accounting professional sector should play an important role in setting the academic contents of accounting regulation. Nevertheless, most existing accounting regulations in Vietnam are drawn up and issued by the government. Although the professional accountancy association can take part in the setting regulation process, this depends on the plan or organization of the government (MOF). In fact, beside the VACPA, the DAP, department of legal affair as their task and other officers of the MOF also help to build the VAS system but they are only as the sub-organizations of the process.

It is noted that the promulgation of accounting regulations belonging only government often bring the opposite benefits to enterprises because the enterprises normally run their business following the market demand, while the government concentrates to manage the national budget and public communication rather than market requirements. For this, the idea of moving the role of setting regulation under law to the independent association of professional accountancy should be considered.

The third: Setting up academic research institution and accounting professional body

This recommendation is to conduct the previous comment relevant to professional accountancy association. At the moment, most of the accounting professional associations (including VAA and VACPA) do not operate by self-regulated cause but still under MOF's controlling. Moreover, these organizations also do not have the power or its authority in other countries, because most of their members are very old or so young persons. Many of them lack academic knowledge in consolidated accounting. In this case, the government should reform these organizations and establish an institution of accounting for the quality management of accounting and auditing service in the domestic market (at least in specific knowledge).

Furthermore, this institution will contribute to corporate not only in setting regulation but also in creating the movement for accounting researches. This is important for developing accounting harmonization with international standards and forming the academic body of accounting sector in Vietnam.

The fourth: Preparing appropriate accounting human resource by compulsory training

According to the primary data in chapters 5 and 6, the knowledge of both accounting staffs and managers about the CFSs is at low level. The lack of qualifications in academic managers or accountants has occurred. Furthermore, in some cases, an accountant who was not trained in consolidated accounting can be appointed as a staff or a chairperson of group in CFS preparation. Hence, these people, sometimes, do not distinguish which is proper between State administration and company management, or which is appropriate accounting measurement for recognizing business combination activities. In several cases of State economic groups, the accounting staffs do not have enough skill and specific knowledge to prepare the CFSs. In order to address these situations, the training course about specific knowledge should be compulsory for all accounting staffs. At least the basic information relevant to the CFS preparation needs to be supplied to them. Additionally, in the long run, the accounting staffs who are assigned with CFS preparation also need to be trained in specific programs.

The fifth: Building detail internal regulations and fit to each situation of economic group.

As the biggest factor that influences the CFS preparation (factor analysis) the internal regulations of economic groups need to be improved. Depending on each situation of enterprise, the content of internal regulations should be detailed or unified for all entities in the economic group. In the author's opinion, the more details about the accounting methods, the easier the measurement and recognition for accounting implementation. The basic contents of internal regulation should follow the current legal system and fit to business characteristics of enterprise. It is possible that the accounting document forms or the type of documents, the measurement, the recognition and accounting methods should be unified in entire group to ease data accumulation and synthesizing information at the end of accounting term.

The sixth: Adding consolidated accounting syllabuses into graduated training program

In fact, most of the universities, colleges or financial academies in Vietnam have not yet set any subjects or syllabus about the consolidated accounting at the level of under graduated students. Many of them put these subjects into the advanced or post graduated program. Unfortunately, the accounting staffs in a lot of economic groups (or common enterprises) did only undergraduate programs. This means their backgrounds are often empty about the consolidated accounting. Therefore, a syllabus or a main subject of specific section in undergraduate program about this topic should do to improve the basic information for accounting staffs and managers in the near future.

7.4. FURTHER CONSIDERATIONS AND CONCLUSIONS

Beside adding a academic reference to research worldwide, the study did make quite clear the weight of each influencing factor to CFS preparation in Vietnam by factor analysis. Although the primary data presented the evidences of at least six influencing factors to CFS

preparation by economic groups, it may be quite defective to conclude that the findings of study are correct for all economic groups in Vietnam. With the limitations of a study, the results should be interpreted with care because some interviewees may have a bias towards providing non-committal answers or answers in general to the questions in the questionnaire. Moreover, the small sample size could not cover for all. For example, the tests to show information deeply based on the factor pair (legal framework and CFS preparation; internal regulation and CFS preparation; and so on) is limited.

Further research in the same topic should be conducted soon, especially in the level of influence by each factor in depth. Moreover, the CFS quality in convincing the users or the choice of standard system to CFS preparation also should be discovered. But the topic needs to speed up for research should be relevant to the accounting staffs' knowledge and skill level as urgent studies next time.

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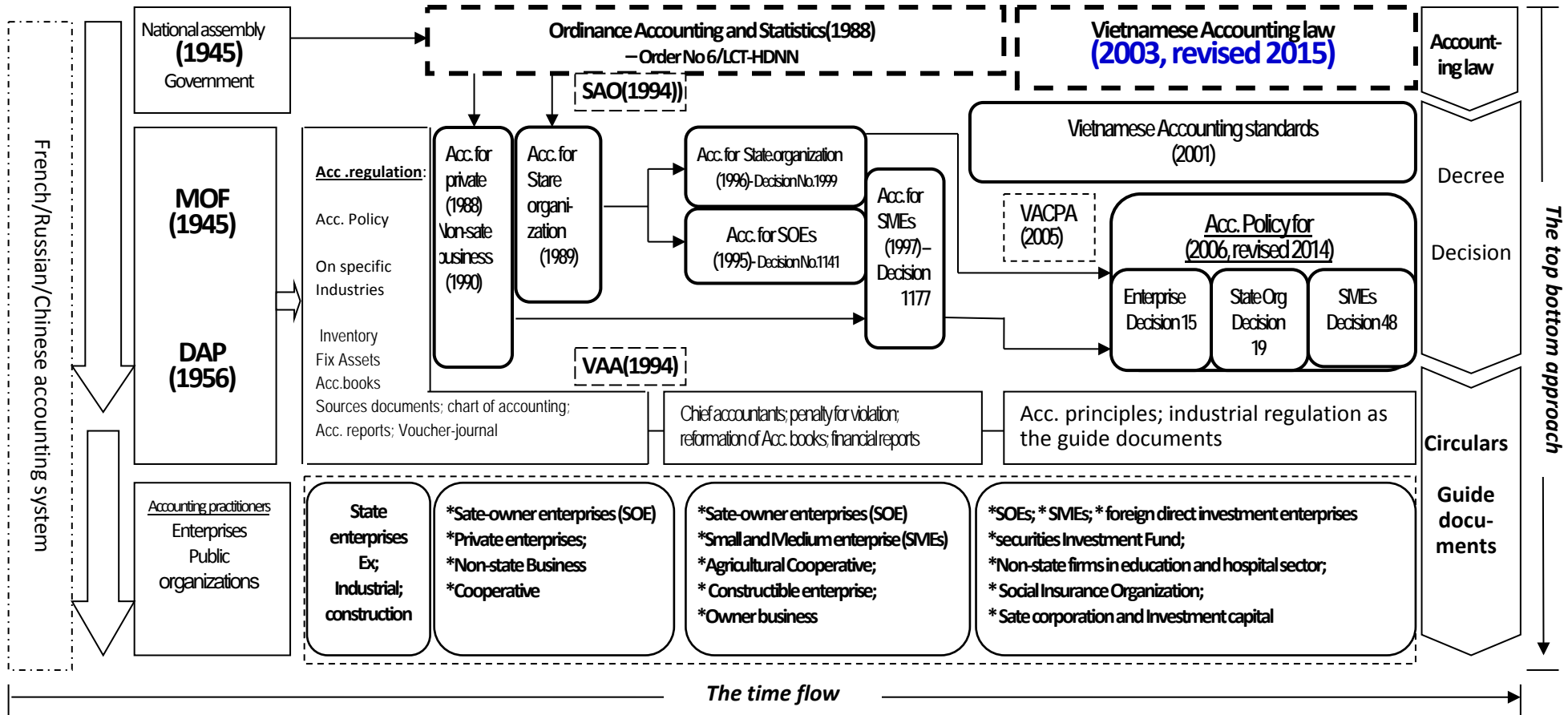
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APPENDIX

ANNEX 1: The map of historical accounting system development in Vietnam



ANNEX 2: The theory of consolidation

Proprietary Theory	Entity Theory	Parent Company Theory	Parent Company Extension Theory
Concept of group			
Legal extension of the parent company	Single economic reporting unit	Single economic reporting unit	Single economic reporting unit
Primary users			
Shareholders of the parent company	Stakeholders of the whole group	Parent company	Parent company
Method			
Proportional method	Full consolidation under “acquisition” method	Full consolidation under “purchase” method	Full consolidation under “purchase” method
Recognition of identifiable assets and liabilities			
Only parent’s share fair value acquired	100% of the fair value acquired	Only parent’s share fair value acquired	100% of the fair value acquired
Measurement of Non-controlling interests			
NA	Fair value basis	Book value basis	Fair value basis
Disclosure of Non-controlling interests			
NA	Shareholders’ equity	Liability	Quasi-liability/ shareholders’ equity
Intercompany transaction adjustments			
Partially eliminated	Eliminated in full	Eliminated in full (different impact of upstream/ downstream transaction on minority interests)	Eliminated in full (different impact of upstream/ downstream transaction on minority interests)

Source: IASB [2006]; Gardini and Grossi [2014], p.323

ANNEX 3: Non-convergence area on consolidated accounting between VAS and IFRS

Criteria	Non-convergence area	
	IFRS 3(revised 2008), IFRS 10 (2012)	VAS 25(2003), VAS 11 (2005)
Objective and scope	Improve the relevance, reliability and comparability of information on the financial statements in a business combination Establish principles and requirements for how acquirer	To prescribe the accounting policies and procedures in relation to business combinations
Acquisition method	Requires recognizing and measuring the identifiable assets acquired, liabilities assumed, non-controlling interest in the acquire and goodwill or gain from a bargain purchase	Require measuring the cost of business combination and allocating this cost , at the acquisition date, to the assets acquired and liabilities and contingent liabilities assumed.
Measurement	The investment in each subsidiary is measured at fair value	Using the cost method to carrying amount of the investment
Consolidation Procedure	Mention to combine or eliminate the cash flow of the parent and its subsidiaries, respectively	No mention to combine cash flow of the parent and its subsidiaries
Potential voting rights	Regulate for the potential voting or other derivative containing potential voting rights exist the rate of profit or loss and changes in equity allocated to the parent and non-controlling interest in CFSs	Present on the regulation under accounting standards

ANNEX 4: The main regulations of CFSs in Vietnam (update to July, 2014)

Date of issue	Regulation No	Main content of regulation	Applicants	Authorities
29/12/2000	Decision No. 79/2000/QĐ-UBCK	Regulation of member, listing, disclosure and securities trading in stock market	Listed companies	State Securities Commission
28/11/2003	Decree No. 144/2003/NĐ-CP	Guideline for disclosure information in stock market	Listed companies	Government
30/12/2003	Decision No. 234/2003/QĐ-BTC	On the Issuance and Publication of Six Vietnamese Standards on Accounting (batch 3): including VAS 07- Accounting for Investments in Associates; VAS 08- Financial Reporting of Interest in Joint Ventures; VAS 21-Presentation of Financial Statements; VAS 25- Consolidated Financial Statements and Accounting for Investment in Subsidiaries	All Enterprises (VAS 25 applies for General Corporation/SOEs or business group)	Ministry of Finance
17/6/2004	Circular No. 57/2004/TT-BTC	Guideline for implementation of Circular No. 144/2003/NĐ-CP	Listed companies	Ministry of Finance
30/3/2005	Circular No. 23/2005/TT-BTC	Guideline for implementation of Decision No. 234/2003/QĐ-BTC	All Enterprises (VAS 25 applies for General Corporation/SOEs or business group)	Ministry of Finance
28/12/2005	Decision No. 100/2005/QĐ-BTC	On the Issuance and Publication of four Vietnamese Standards on Accounting (Batch 5) including VAS 11-Business Combination	All Enterprises (VAS 11 applies for any business combinations using the purchase method)	Ministry of Finance
31/12/2007	Circular No. 161/2007/TT-BTC	Guideline for implementation of Vietnamese Accounting standards (includes VAS 21; 25)	All Enterprises	Ministry of Finance
12/12/2014	Circular No. 202/2014/TT-BTC	Guideline for Preparation and Presentation of Consolidated Financial Statements	Economic group; the company under model of parent-subsidiary	Ministry of Finance

ANNEX 5: List of Big state –owned economic groups in Vietnam (update to August 2016)

No	Name in English	Vietnamese name	Time of establishment
1	Vietnam Posts and Telecommunications Group (VNPT) (Chartered capital: 72,237 billion VND)	Tập đoàn Bưu chính Viễn thông Việt Nam(VNPT),	Established in 2005
2	Vietnam National Coal - Mineral Industries Group- Vinacomin (Chartered capital: 14,794 billion VND)	Tập đoàn Công nghiệp Than - Khoáng sản Việt Nam(Vinacomin),	Decision No 563/QĐ-TTg date 10/10/1994 and Decision No 345/2005/QĐ-TTg date 26/12/2005
3	Baoviet Holdings (Chartered capital: 6,804 billion VND)	Tập đoàn Tài chính-Bảo hiểm Bảo Việt (Bảo Việt),	Decision No 310/2005/QĐ-TTg date 28/11/2005
4	The Vietnam National Textile and Garment Group (Vinatex), (Chartered capital: 3,400 billion VND)	Tập đoàn Dệt May Việt Nam (Vinatex)	Decision No 314/2005/QĐ-TTg and Decision No 316/2005/QĐ-TTg date 2/12/2005
5	Vietnam Rubber Group (VRG) (Chartered capital: 18,574 billion VND)	Tập đoàn Công nghiệp Cao su Việt Nam (VRG),	Decision No 248/2006/QĐ-TTg ngày 30/10/2006
6	Vietnam Electricity (EVN) (Chartered capital: 110,000 billion VND)	Tập đoàn Điện lực Việt Nam (EVN),	Decision No 147/2006/QĐ-TTg date 22/6/2006.
7	VIETNAM OIL AND GAS GROUP (PVN) (Chartered capital: 177,628 billion VND)	Tập đoàn Dầu khí Quốc gia Việt Nam (PetroVietnam),	Decision No 198/2006/QĐ-TTg and Decision No 199/2006/QĐ-TTg date 29/8/2006
8	Viettel Group(Viettel) (Chartered capital: 50,000 billion VND)	Tập đoàn Viễn thông Quân đội	Decision No 2078/QĐ-TTg date 14/12/200
9	Vietnam National Chemical Group (Vinachem) (Chartered capital: 8,000 billion VND)	Tập đoàn Công nghiệp Hóa chất Việt Nam 2009	Decision No 2179/QĐ-TTg date 23/12/2009.
10	Vietnam National Petroleum Group (Petrolimex) (Chartered capital: 10,700 billion VND)	Tập đoàn Xăng dầu Việt Nam	Decision No 828/QĐ-TTg date 31/5/2011
Three entities were established as group model (before 10/2013) but then they have transformed to holding or corporation model			
11	Housing and Urban Development Holdings. (HUD)	Tập đoàn phát triển nhà và đô thị Việt Nam	Decision No 54/QĐ-TTg date 12/1/2010
12	Song Da corporation (VNIC, Song Da)	Tổng công ty xây dựng Sông Đà (Tập đoàn Công nghiệp Xây dựng Việt Nam, Sông Đà)	Decision No 52/QĐ-TTg date 12/01/2010,
13	Shipbuilding Industry Corporation	Tổng công Công Nghiệp tàu thủy (2013)- tiền thân là Tập đoàn Công nghiệp Tàu thủy Việt Nam (vinashin)	Established 2006. Revised 2013 to shipbuilding industry corporation by Decision No 3287/QĐ-BGT/VT date 21/10/2013

ANNEX 6: List of Economic Groups in Research Sample (interviewees)

No	Name in English	Vietnamese name	Address
1	Garment 10 Corporation –Joint Stock Company	Tổng công ty May 10- Công ty Cổ phần	765 Nguyen Van Linh street, Sai Dong town, Long Bien district, Hanoi city, Vietnam
2	Hoa Phat Group, (HPG Group)	Công ty cổ phần tập đoàn Hòa Phát	39 Nguyen Dinh Chieu street, Hai Ba Trung district, Hanoi city, Vietnam.
3	Lilama Corporation (Vietnam Machinery Installation Corporation)	Tổng công ty lắp máy Việt Nam	124 Minh Khai street, Hai Ba Trung district, Hanoi city, Vietnam
4	Hanoi Construction Corporation (HANCORP)	Tổng công ty xây dựng Hà Nội	57 Quang Trung street, Hoan Kiếm district, Hanoi city, Vietnam.
5	Southern Vietnam Food Corporation (VINA FOOD)	Tổng công ty lương thực miền Bắc	6 Ngo Quyen street, Hoan Kiem district, Hanoi city, Vietnam
6	Vietnam airline Corporation (VN Airline)	Tổng công ty hàng không Việt Nam	200 Nguyen Son street, Bo De ward, Long Bien district, Hanoi city, Vietnam.
7	VIETNAM OIL AND GAS GROUP (PVN- PetroVietnam group)	Tập đoàn dầu khí Việt Nam	18 Lang Ha street, Dong Da district, Hanoi city, Vietnam
8	Hoàng Hà Group	Công ty Cổ Phần Tập đoàn Hoàng Hà	No. 2, New urban area Dai Kim, Dai Kim town, Hoang Mai district, Hanoi city, Vietnam.
9	<i>Duc Giang Corporation (DUGARCO)</i>	Công ty Cổ phần tập đoàn may Đức Giang	59 Đức Giang street, Long Biên district, Hanoi city, Vietnam
10	Vietnam National Petroleum Group (Petrolimex)	Tập đoàn xăng dầu Việt Nam	No.1 Kham Thien street, Dong Da district, Hanoi city, Vietnam
11	FPT Corporation	Tập đoàn FPT	Cau Giay Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi, Vietnam
12	Mobifone Viet Nam	Tập đoàn viễn thông Mobifone	105 street, Dong Da district, Hanoi city, Vietnam
13	Thien Viet securities joint stock company	Công ty Cổ phần chứng khoán Thiên Việt	22 Lang Ha street, Dong Da district, Hanoi city, Vietnam
14	Vietnam national coal-mineral industries holding corporation limited (Vinacomin)	Tập đoàn than khoáng sản Việt Nam (TKV- Vinacomin)	226 Le Duan street, Dong Da district, Hanoi city, Vietnam.
15	Peacesoft-group Vietnam	Công ty Peacesoft Việt Nam	18 Tam Trinh street, Hai Ba Trung district, Hanoi city, Vietnam

ANNEX 7: List of Interviewees

No	Name in English	Current Occupation	Address/phone number
1	Nguyen Viet Loi	Researcher	173 Trung Kinh Ha Noi-0913583609
2	Pham Thi Hien	Auditor	To Hieu-Thuong Tin-Hanoi
3	Nguyen Ngoc Khue	Auditor	CPA course, 2015, in Ha Noi
4	Dang Ngoc Linh	Auditor	Ha Dong-Ha Noi
5	Pham Cong Minh	Auditor	B17, Lo 19 KDT-Dinh Cong, Hoang Mai, HN-0988928712
6	Le Minh Hai	Auditor	Cau Giay-Hanoi
7	Dang Hai Ha	Auditor	Hoang Mai-Hanoi
8	Nguyen Hong Hai	Auditor	Ha Long Quang Ninh
9	Han Thi Nguyet	Auditor	P220, L2, Ban Dao Linh Dam, Hoang Mai HN
10	Pham Anh Dung	Auditor	CPA course, 2015, in Hanoi
11	Dang Thi Thu Huyen	Auditor	CPA course, 2015, in Hanoi
12	Nguyen Thi Duc	Auditor	0976361678
13	Nguyen Duy Trung	Auditor	0982565703
14	Dang Thi Kim Trinh	Auditor	R.1612, Floor 16 th , HGI Tower, No. 1 Nguy Nhu KonTum - 0904148945
15	Hoang Thuy Nga	Auditor	No. 1 Le Phung Hieu
16	Vu Thi Tien	Auditor	Kim Lien district, Hanoi
17	Ho Thi Van	Auditor	0987593136
18	Do Chi Nguyen	Auditor	Cau Giay district, Hanoi
19	Ngo Ba Thiem	Auditor	Nghia DoWard, Cau Giay district, Hanoi
20	Nguyen Ngoc Van	Auditor	CPA course, Hanoi
21	Le Thanh Tung	Auditor	Quang Ninh
22	Nguyen To Dung	Auditor	CPA course,.6.2015, Hanoi
23	Nguyen Lan Anh	Auditor	01 Le Phung Hieu, Hoan Kiem, HN
24	Ngo Viet Thanh	Auditor	12th Floor, 167 Bui Thi Xuan street, Hai Ba Trung district, Hanoi, Vietnam
25	Vu Thi Kim Anh	lecturer	351N3, Bac Nghi Tan Building, Cau Giay district, Hanoi
26	Bui Thi Thu Huong	lecturer	Ha Noi, Vietnam
27	Bui Thi Ngoc	lecturer	P44A8Khu TTQD bac Nghia Tan-Cau Giay-Hanoi
28	Dang Van Thanh	Researcher	Giai Phong-HBT -Hanoi-0913215736
29	Le Tran Hanh Phuong	Lecturer	545 Nguyen Thai Hoc, Quy Nhon, Binh Dinh

30	Nguyen Tra Ngoc Vy	Lecturer	262 Dien Hong, Quy Nhon, Binh Dinh, VN
31	Doan Thi Dung	Auditor	P903-madarin,Trung Hoa, Cau Giay, Hanoi
32	Nguyen Thi Van	Consultant	Hanoi
33	Ho Quang Hai	Auditor	Ho Chi Minh
34	Nguyen Cam Chi	Auditor	12 Tran Cao Van, Ha Noi
35	Nguyen Thi Thanh Huong	Auditor	CPA course, 6/2015, Hanoi
36	Tran Tuan Anh	Auditor	Thai Ha, Dong Da, Hanoi
37	Nguyen Huong Giang	Creditor	24/9 Thanh Binh, Dong Da, Hanoi
38	Nguyen Thu Ha	Auditor	Pham Huu Dieu, Le Chan, Hai Phong
39	Nguyen Thu Phuong	Creditor	VP Bank
40	Le Thi Huong Giang	Auditor	Hai Phong
41	Tran Thi Hong Van	lecturer	Ho Chi Minh city, Vietnam
42	Phan Thanh Long	Auditor	ACPA, Hanoi, Vietnam
43	Tran The Nu	lecturer	Hanoi
44	Nguyen Thi Phuong Dung	lecturer	Hanoi
45	Hoang Viet Huong	Consultant	Hanoi
46	Hoang Nhat Thanh	Consultant	Long Bien, Hanoi
47	Le Van Lien	lecturer	Hanoi
48	Tran Quang Trung	lecturer	Hanoi
48	Truong Thi Thuy	lecturer	Hanoi
50	Lai Thuong Thao	lecturer	Hanoi
51	Mai Huu Tho	Consultant	Hanoi
52	Nguyen Thi Thuy	lecturer	Hanoi
53	Bach Hong Vy	Consultant	Private Accounting Service
54	Nguyen Dinh Huu	lecturer	Finance University, Hanoi
55	Nguyen Thi Lan Phuc	lecturer	Hanoi
56	Le Thi Kim Son	lecturer	National University of Agriculture
57	Le Thi Tuyet Nhung	Policy maker	DAP, MOF
58	Ha Thi Ngoc Ha	Policy maker	DAP, MOF
59	Trinh Duc Vinh	Policy maker	DAP, MOF
60	Nguyen Trong Ha	Chief Accountant	765 Nguyen Van Linh street, Sai Dong town, Long Bien district, Hanoi city, Vietnam
61	Hoang Thi Thanh Huong	Chief Accountant	39 Nguyen Dinh Chieu street, Hai Ba Trung district, Hanoi city, Vietnam.
62	To Phi Son	Accounting staff	124 Minh Khai street, Hai Ba Trung district, Hanoi city, Vietnam
63	Duong Ngoc Quang	Chief Accountant	57 Quang Trung street, Hoan Kiếm district, Hanoi city, Vietnam.

64	Hoang Thanh Loan	Chief Accountant	6 Ngo Quyen street, Hoan Kiem district, Hanoi city, Vietnam
65	Mai Huu Tho	Leader of executive board	200 Nguyen Son street, Bo De ward, Long Bien district, Hanoi city, Vietnam.
66	Tran Thi Mai Trang	Accounting staff	18 Lang Ha street, Dong Da district, Hanoi city, Vietnam
67	Doan Thi Dung	Leader of executive board	No. 2, New urban area Dai Kim, Dai Kim town, Hoang Mai district, Hanoi city, Vietnam.
68	Nguyen Thi Van Oanh	Accounting staff	59 Đức Giang street, Long Biên district, Hanoi city, Vietnam
69	Ngo Kim Huyen	Accounting staff	No.1 Kham Thien street, Dong Da district, Hanoi city, Vietnam
70	FPT Corporation	Accounting staff	Cau Giay Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi, Vietnam
71	Tran Thi Nhi	Accounting staff	105 street, Dong Da district, Hanoi city, Vietnam
72	Le Quang Tien	Accounting staff	22 Lang Ha street, Dong Da district, Hanoi city, Vietnam
73	Vina comin	Accounting staff	226 Le Duan street, Dong Da district, Hanoi city, Vietnam.
74	Nguyen Ngan Huong	Accounting staff	18 Tam Trinh street, Hai Ba Trung district, Hanoi city, Vietnam

ANNEX 8: Summary Results of Test Normality, Validity and Reliability(for independent variable : occupation and experience)

Note: mean test $\alpha = 0.05$; (+): higher than α ; (-): smaller than α ; =: equal 0.05; ¶: Result has got notation of “count less than 5”; #: No test because of limited number variable respectively

No	Variables	Chi-square	Somers'd	Kendall's tau-b	Gamma	ANOVA							Non-parameter Kruskal-Wallis Test	
						One way				Two way				
						Homogeneity	Anova	Post Hoc		Levene's	Between-Subjects Effects			
								Tukey HSD	Tukey HSD ^{ab}		Corrected Model	Intercept		Dependent Variable
I	Occupation													
1.1	Having CPA	¶	-	-	-	-	-	-	+	-	-	+	+	-
1.2	Level of knowledge	¶	+	+	+	-	+	+	+	-	+	+	+	-
1.3	Skill of Acc. technique													
(1)	Obstacle or not	¶	-	-	-	-	-	+	+	-	+	+	+	-
(2)	Poor knowledge	+	+	+	+	-	+	+	+	-	+	+	+	+
(3)	Don't identify	+	+	+	+	-	+	+	+	-	+	+	+	+
(4)	Ability synthesis	+	+	+	+	-	+	+	+	-	+	+	+	+
1.4	Legal framework													
(1)	Obstacle or not	¶	+	+	+	-	-	+	+	-	-	+	+	-
(2)	No many choice	¶	-	-	-	-	-	#	#	-	+	+	+	-
(3)	Lack of guidance	+	+	+	+	-	+	#	#	-	+	+	+	+
(4)	Not reliability	+	-	-	-	-	+	#	#	-	+	+	+	+
1.4.1	Law													
(1)	Fullness	=	+	+	+	-	-	#	#	-	+	+	+	+
(2)	Matching	+	+	+	+	-	+	#	#	-	+	+	+	+
(3)	Clearness	+	-	-	-	-	+	#	#	-	+	+	+	+

(4)	Inconsistency	-[]	-	-	-	-	-			-	-	+	+	-
1.4.2	VAS													
(1)	Fullness	+	-	-	-	-	-			-	+	+	+	-
(2)	Matching	-[]	+	+	+	-	-			-	-	+	+	-
(3)	Clearness	+	-	-	-	-	+			-	+	+	+	+
(4)	Inconsistency	-[]	-	-	-	-	-			-	+	+	+	+
1.4.3	Acc. Policy													
(1)	Fullness	+	+	+	+	-	+			-	+	+	+	+
(2)	Matching	+	-	-	-	-	+			-	+	+	+	+
(3)	Clearness	+	-	-	-	-	+			-	+	+	+	+
(4)	Inconsistency	+	+	+	+	-	+			-	+	+	+	+
1.4.4.	Acc. Guidance													
(1)	Fullness	+	-	-	-	+	+			-	+	+	+	+
(2)	Matching	+	+	+	+	-	+			+	+	+	+	+
(3)	Clearness	+	+	+	+	-	+			-	+	+	+	+
(4)	Inconsistency	-[]	+	+	+	-	-			-	+	+	+	-
1.5	Manager's knowledge													
(1)	Obstacle or not	+	+	+	+	-	+	+	+	-	+	+	+	+
(2)	Which point...	-	+	+	+	-	+			-	+	+	+	+
1.6	Business characteristics													
(1)	Obstacle or not	-[]	+	+	+	-	-	+	+	-	-	+	+	+
(2)	Matter of facility	-[]	-	-	-	-	-			-	+	-	-	+
1.7	Internal regulation													
(1)	Obstacle or not	-[]	-	-	-	-	-	+	+	-	-	+	+	-
(2)	Which policy	+	+	+	+	-	+	+	+	-	+	+	+	+

(3)	Which point	+	+	+	+	-	-	#	#	-	-	+	=	-
1.8	Acc. technique													
(1)	Obstacle or not	-[]	-	-	-	-	-	+	+	-	-	+	+	-
(2)	Simple subtotal	+	+	+	+	-	+	#	#	-	+	+	+	-
(3)	Lack of adjustment GW	+	+	+	+	-	+	#	#	-	+	-	+	
(4)	Lack of adjustment profit	+	+	+	+	-	+	#	#	-	+	+	+	
(5)	Lack of adjustment current value	+	+	+	+	-	+	#	#	-	+	+	+	
(6)	Lack of adjustment dividend	-[]	+	+	+	+	-	#	#	-	+	-	+	-
1.9	Reason of Preparing CFSs	+	+	+	+	+	+	+	+	+	+	+	+	+
1.10	Identify Parent Co.	-[]	+	+	+	-	+	+	+	-	+	+	-	+
1.11	CFS & GFS													
(1)	Difference or not	+	+	+	+	-	+	+	+					+
(2)	Which points differ	+	+	+	+	+	+	+	+					+
1.12	Submit CFS													+
(1)	Tax office	-[]	+	+	+	-	-	+	+					+
(2)	Security office	-[]	+	+	+	-	-	+	+					-
(3)	Statistic office	+	+	+	+	-	+	+	+					+
(4)	Authority	+	+	+	+	-	+	+	+					-
(5)	Manager	-	+	+	+	-	-	+	+					+
(6)	Creditor	+	+	+	+	-	+	+	+					-
(7)	Investor	+	+	+	+	-	+	+	+					+
(8)	Auditor	+	+	+	+	-	+	+	+					+

(9)	Financial institute	+	+	+	+	-	+	+	+					+
(10)	MOF	+	+	+	+	-	+	+	+					+
(11)	Ministry of direct management	-[]	-	-	-	-	-	+	+					-
1.13.	Internal regulation													
(1)	Necessary or not	+	+	+	+	-	+	+	+					+
(2)	Format	+	+	+	+	-	+	+	+					+
(3)	Timeline of submit	+	-	-	-	-	+	+	+					+
(4)	Specific content	+	+	+	+	-	+	+	+					+
1.14	Recognize Investment													
1.14.1	In subsidiary													
(1)	Acc.measurement on the date of acquisition	-[]	+	+	+	-	-	+	+					-
(2)	Acc. Method on the date of CFS	-[]	+	+	+	-	+	+	+					+
(3)	Acc. Entry on the date of acquisition	-[]	-	-	-	-	-	+	+					+
1.14.2	In associates or jointly control entities													
(1)	Acc.measurement on the date of acquisition	+	+	+	+	-	+	+	+					-
(2)	Acc. Method on the date of CFS	-[]	+	+	+	-	-	+	+					+
(3)	Acc. Entry on the date of acquisition	-[]	+	+	+	-	+	+	+					+
1.15	Recognize Goodwill													

(1)	How disclose on the date of Acquisition	-[]	-	-	-	-	-	+	+					-
(2)	How account after the date of acquisition	+	+	+	+	-	+	+	+					+
(3)	How entry	-	+	+	+	-	-	+	+					+
1.16	NCI													
(1)	How account on the date of Acquisition	-[]	-	-	-	-	-	+	+					-
(2)	How account on the date of CFS	+	+	+	+	-		+	+					+
(3)	How disclose	-[]	+	+	+	-		+	+					+
II	Experience													
2.1	Level of knowledge	+	+	+	+	+	+	#	#					+
2.2	Skill of Acc. technique													
(1)	Obstacle or not	+	-	-	-	-	+	#	#					+
(2)	Poor knowledge	+	+	+	+	-	+	#	#					+
(3)	Don't identify	+	+	+	+	-	+	#	#					+
(4)	Ability synthesis	+	+	+	+	-	+	#	#					+
2.3	Legal framework													
(1)	Obstacle or not	+	+	+	+	-	+	#	#					+
(2)	No many choice	-[]	-	-	-	-	-	#	#					-
(3)	Lack of guidance	+	+	+	+	+	+	#	#					+
(4)	Not reliability	-[]	-	-	-	-	+	#	#					-
2.3.1	Law													
(1)	Fullness	+	+	+	+	+	+	#	#					+

(2)	Matching	+	-	-	-	-	+	#	#					+
(3)	Clearness	+	+	+	+	-	+	#	#					+
(4)	Inconsistency	+	+	+	+	+	+	#	#					+
2.3.2	VAS													
(1)	Fullness	-[]	-	-	-	+	+	#	#					+
(2)	Matching	-[]	-	-	-	+	-	#	#					-
(3)	Clearness	+	+	+	+	+	+	#	#					+
(4)	Inconsistency	+	+	+	+	-	+	#	#					+
2.3.3	Acc. Policy													
(1)	Fullness	+	-	-	-	+	+	#	#					+
(2)	Matching	+	-	-	-	-	+	#	#					+
(3)	Clearness	+	+	+	+	+	+	#	#					+
(4)	Inconsistency	+	+	+	+	-	+	#	#					+
2.3.4.	Acc. Guidance													
(1)	Fullness	+	+	+	+	+	+	#	#					+
(2)	Matching	+	+	+	+	+	+	#	#					+
(3)	Clearness	+	+	+	+	+	+	#	#					+
(4)	Inconsistency	+	+	+	+	-	+	#	#					+
2.4	Manager's knowledge													
(1)	Obstacle or not	+	+	+	+	-	+	#	#					+
(2)	Which point...	+	-	-	-	+	+	#	#					+
2.5	Business characteristics													
(1)	Obstacle or not	+	+	+	+	-	+	#	#					+
(2)	Matter of facility	-[]	-	-	-	+	+	#	#					+
2.6	Internal regulation													

(1)	Obstacle or not	+	+	+	+	-	+	#	#					+
(2)	Which policy	+	+	+	+	+	+	#	#					+
(3)	Which point	+	+	+	+	+	+	#	#					+
2.7	Acc. technique													
(1)	Obstacle or not	+	-	-	-	-	+	#	#					+
(2)	Simple subtotal	+	+	+	+	+	+	#	#					+
(3)	Lack of adjustment GW	-[]	-	-	-	-	-	#	#					-
(4)	Lack of adjustment profit	+	-	-	-	+	+	#	#					+
(5)	Lack of adjustment current value	+	-	-	-	-	+	#	#					+
(6)	Lack of adjustment dividend	-[]	-	-	-	-	-	#	#					-
2.8	Reason of Preparing CFSs	+	+	+	+	-	+	#	#					+
2.9	Identify Parent Co.	+	+	+	+	+	+	#	#					+
2.10	CFS & GFS													
(1)	Difference or not	+	+	+	+	+	+	#	#					+
(2)	Which points differ	-[]	+	+	+	+	-	#	#					+
2.11	Submit CFS													
(1)	Tax office	+	+	+	+	-	+	#	#					+
(2)	Security office	+	+	+	+	-	+	#	#					+
(3)	Statistic office	+	+	+	+	-	+	#	#					+
(4)	Authority	+	+	+	+	-	-	#	#					+
(5)	Manager	+	+	+	+	-	-	#	#					+
(6)	Creditor	+	-	-	-	-	+	#	#					+

(7)	Investor	+	+	+	+	-	+	#	#					+
(8)	Auditor	-[]	-	-	-	-	+	#	#					-
(9)	Financial institute	-[]	-	-	-	-	+	#	#					-
(10)	MOF	+	+	+	+	-	+	#	#					+
(11)	Ministry of direct management	-[]	-	-	-	-	-	#	#					-
2.12.	Internal regulation													
(1)	Necessary or not	+	+	+	+	+	+	#	#					+
(2)	Format	-[]	-	-	-	-	+	#	#					+
(3)	Timeline of submit	+	-	-	-	-	+	#	#					+
(4)	Specific content	+	-	-	-	-	+	#	#					+
2.13	Recognize Investment													
2.13.1	In subsidiary													
(1)	Acc.measurement on the date of acquisition	+	+	+	+	-	+	#	#					+
(2)	Acc. Method on the date of CFS	+	+	+	+	+	+	#	#					+
(3)	Acc. Entry on the date of acquisition	+	-	-	-	+	+	#	#					+
2.13.2	In associates or jointly control entities													
(1)	Acc.measurement on the date of acquisition	+	+	+	+	+	+	#	#					+
(2)	Acc. Method on the date of CFS	+	+	+	+	+	+	#	#					+
(3)	Acc. Entry on the date of	+	-	-	-	+	+	#	#					+

	acquisition													
2.14	Recognize Goodwill													
(1)	How disclose on the date of Acquisition	+	+	+	+	+	+	#	#					+
(2)	How account after the date of acquisition	+	+	+	+	+	+	#	#					+
(3)	How entry	+	+	+	+	+	+	#	#					+
2.15	NCI													
(1)	How account on the date of Acquisition	+	+	+	+	+	+	#	#					+
(2)	How account on the date of CFS	+	+	+	+	+	+	#	#					+
(3)	How disclose	+	+	+	+	+	+	#	#					+

ANNEX 9: Questionnaire - Type 1

PHIẾU PHÒNG VẤN - QUESTIONNAIRE

(Dành cho chuyên gia/cán bộ kiểm toán/nhà nghiên cứu)

(Applying for accounting professor/auditor-CPA/accounting researchers or investors/creditors)

Câu 1-Question 1(Q1):

- 1.1. Tên người được phỏng vấn (Name of interviewee):.....
Địa chỉ/-Address
Điện thoại /telephone number:.....email:.....
- 1.2.⁹ Tên đơn vị công tác/Name of organization:.....
Chức vụ/position:

Câu 2-Q2: Công việc chính của Ông/Bà liên quan đến kế toán là gì/What is your work in the below categories

- 2.1. Kiểm toán viên-CPA/Auditor 2.2. Nhà nghiên cứu/researchers
 2.3. Giảng viên kế toán/Lecturers 2.4. Nhà đầu tư/investors:
 2.5. Nhân viên tín dụng NH/ creditor 2.6. Khác/Others: (detail.....).

Câu 3- Q3. Ông/Bà biết gì về báo cáo tài chính hợp nhất (BCTCHN) không?/Have you ever known about consolidated financial statement?

3.1. Không/No

-Ông/bà có muốn tìm hiểu hay quan tâm đến không? Do you want to know?

- 3.1.1. Không quan tâm/No interested
 3.1.2. Có/yes. Tại sao/Why?.
 3.1.2.1. Tìm cơ hội tốt hơn trong công việc/create the better change or position
 3.1.2.2. Muốn hiểu biết thêm/ break the knowledge
 3.1.2.3. Yêu cầu của kế toán trong tương lai/Requirement of accountant in future
 3.1.2.4. Khác/ Others:.....

3.2. Có/Yes

-Theo Ông/bà, BCTC tổng hợp và BCTC HN có khác nhau không? In your view, have got any difference between CFSs and GFS?

- 3.2.1. Không / No
 3.2.2. Có/yes. Khác ở điểm nào? What are the differences?

Điểm khác biệt	BCTC chung/general financial reports	BCTCHN/CFSs
<input type="checkbox"/> 31.2.2.1. Hình thức/Format
<input type="checkbox"/> 31.2.2.2. Đơn vị áp dụng? Applicants
<input type="checkbox"/> 31.2.2.3. Nội dung/Contents
<input type="checkbox"/> 31.2.2.4. Khác/ Others.....

-Theo Ông bà, ai/đối tượng nào quan tâm đến BCTC tổng hợp hay BCTCHN của TCT hoặc tập đoàn? In your opinion, who or what organization interest in CFSs of corporation?

- 3.2.4. Cơ quan thuế? Taxation office 3.2.9. Hội đồng quản trị/ Mmanagers
 3.2.5. Cơ quan chứng khoán/Security Office 3.2.10. Ngân hàng-Bank/Creditors
 3.2.6. Cơ quan thống kê/Statistic Office 3.2.11. Nhà đầu tư, cổ đông? Investors/Shareholders
 3.2.7. Cơ quan cấp phép KD? Authority Office 3.2.12. Đơn vị kiểm toán/Auditing Office
 3.2.8. Sở tài chính/ Financial institutions 3.2.13. Bộ tài chính/MOF
 3.2.14 Khác/ Others:

Câu 4-Q4: Theo Ông/bà hệ thống pháp lý liên quan đến BCTCHN hiện nay ở Việt Nam gồm những gì? what does the legal framework of CFSs/GFSs in Vietnam include in the below categories?

- 4.1. Luật kế toán 2003/Accounting law (2003)
 4.2. Chuẩn mực kế toán Việt nam/ VASs;
 4.2.1. Chuẩn mực kế toán Việt nam số 25/VAS 25

Note: Đánh dấu (x) vào câu trả lời được lựa chọn

⁹Có thể không trả lời/don't necessary answer.

- 4.2.2. Chuẩn mực kế toán Việt nam số 11/VAS11
4.2.3. Khác/Others: (detail.....)

-
4.3.Chế độ kế toán Việt Nam/ accounting policy
4.3. 1. Theo QĐ 15/2006/QĐ-BTC- Decision No 15/2006/QĐ-BTC
4.3. 2. Theo QĐ 48/2006/QĐ-BTC - apply QĐ 48/2006/QĐ-BTC
4.3. 3. Khác/Others: (detail.....)

-
4.4.Thông tư hướng dẫn kế toán/the circular of accounting
4.4.1. Theo 21/2006/TT-BTC - apply 21/2006/TT-BTC
4.4.2. Theo 161/2007/TT-BTC - apply 161/2007/TT-BTC
4.4.3. Khác/Others: (detail.....)

-
4.5.Khác/Others: (detail.....)

Câu 5-Q5 Công việc của Ông/Bà từng có liên quan đến BCTC tổng hợp hay BCTCHNchưa?/Have you ever worked relate to CFSs?

5.1. Không /No

5.2. Có/Yes

- Đó là công việc gì?/What is the area relates to CFSs?

5.2.1. Kiểm toán /Audit

-Ông/bà đã làm kiểm toán bao lâu rồi? How long have you been an auditor?

- 5.2.1.1. Dưới 1 năm/under 1 year 5.2.1.2. Từ 1-> 2 năm/from 1-2 years
5.2.1.3. Từ 2-3 năm/ from 2-3 years 5.2.1.4. Từ 3-4 năm/from 3-4 years:
5.2.1.5. Từ 4-5 năm/ from 4-5 years 5.2.1.6. Trên 5 năm/Over 5 years: (detail.....).

-Ông/bà đã có chứng chỉ kiểm toán viên hành nghề chưa?/Do you have certified public accountants (CPA)?

5.2.1.7. Không /No-

5.2.1.8. Có/Yes . Có từ bao lâu/How long did you get it?

- 5.2.1.8.1. Dưới 1 năm/under 1 year 5.2.1.8.2. Từ 1-> 2 năm/from 1-2 years
5.2.1.8.3. Từ 2-3 năm/ from 2-3 years 5.2.1.8.4. Từ 3-4 năm/from 3-4 years:
5.2.1.8.5. Từ 4-5 năm/ from 4-5 years 5.2.1.8.6. Trên 5 năm/Over 5 years:

-Số lần Ông/ bà đã làm kiểm toán BCTCHN/chung cho TCT hay tập đoàn kinh tế Việt Nam là bao nhiêu?

How many times did you work as auditor relately to CFSs in Vietnam?

- 5.2.1.9. Chỉ 01 time/only 1 time 5.2.1.10. Từ 2->3 lần/from 2-3 times
5.2.1.11. Từ 3-5 lần/ from 3-5 times 5.2.1.12. Từ 5-7 lần/from 5-7 times
5.2.1.13. Từ 8-10lần/ from 8-10 times 5.2.1.14. Trên 10 lần/Over 10 times: (detail.....).

5.2.2. Nghiên cứu, Giảng dạy /research-training

Ông/bà đã làm công việc này bao lâu rồi?/How long have you been a researcher?

- 5.2.2.1. Từ 1-> 2 năm/from 1-2 years 5.2.2.2. Từ 3- dưới5 năm/from 3- under5 years:
5.2.2.3. Từ 5-10năm/ from 5-10years 5.2.2.4 Trên 10 năm/Over 10 years: (detail.....).

5.2.3. Tư vấn/consultant

Ông/bà đã làm công việc này bao lâu rồi?/How long have you been a consultant?

- 5.2.3.1. Từ 1-> 2 năm/from 1-2 years 5.2.3.2. Từ 3- dưới5 năm/from 3- under5 years:
5.2.3.3. Từ 5-10năm/ from 5-10years 5.2.3.4 Trên 10 năm/Over 10 years: (detail.....).

5.2.4. Chuyên gia về kế toán/ accounting professor

Ông/bà đã làm công việc này bao lâu rồi?/How long have you been an accounting professor?

- 5.2.4.1. Từ 1-> 2 năm/from 1-2 years 5.2.4.2. Từ 3- dưới5 năm/from 3- under5 years:
5.2.4.3. Từ 5-10năm/ from 5-10years 5.2.4.4. Trên 10 năm/Over 10 years: (detail.....).

5.2.5. Khác/Others: (detail.....)

Câu 6- Q6.Theo Ông/bà, lý do chính hiện nay để các TCT/tập đoàn lập BCTC tổng hợp hay BCTC HN là gì?/In your opinion, what are the main reasons VNese organization of preparing the Financial Statements for whole corporation or group?

- 6.1. Quy định của Pháp luật / the compulsory regulation
- 6.2. Yêu cầu của nhà đầu tư, ngân hàng/ requirement of investors or creditors
- 6.3. Yêu cầu quản lý trong TCT hay tập đoàn / give information for management
(BCTCHN cung cấp các thông tin TC mà BCTC riêng lẻ không cung cấp)
- 6.4. Cả 3 đáp án trên/ include three previous answers
- 6.5. Khác/others: (detail.....)

Câu 7-Q7: Theo ông/ bà, về phía TCT/tập đoàn việc lập và trình bày BCTC tổng hợp hay BCTC HN hiện nay đang thường vướng mắc ở những khâu nào? Following your experience what are the obstacles of enterprises about preparing the CFSs/GFSs? (Có thể lựa chọn nhiều đáp án/ multi-choice answers)

- 7.1. Quản lý tổ chức nội bộ/internal-governance
 - 7.1.1. Không có quy định thống nhất về lập BCTCHN/chung/no internal regulation for preparing CFSs/GFSs
 - 7.1.2. Có quy định nhưng chưa phù hợp/inappropriate regulation for preparing CFSs/GFSs
 - 7.1.2.1. Không rõ trách nhiệm của các bên/ the function of subsidiary companies is not clear
 - 7.1.2.2. Không có mẫu biểu báo cáo/sô/bảng thống nhất/no regulation in the form of documents for collection or supplying information of making CFSs/GFSs
 - 7.1.2.3. Nội dung thông tin được quy định không phù hợp/ Asymmetric regulatory content of information to prepare CFSs/GFSs

Cụ thể/detail:

- 7.1.2.3.1. quy định về mua bán nội bộ/ regulation in inter-transaction of selling or buying
- 7.1.2.3.2. quy định về giao dịch cổ tức nội bộ/ regulation in the profit of inter-transaction
- 7.1.2.3.3. quy định về xác định giá trị hiện tại của tài sản / regulation in access the current valuation of assets
- 7.1.2.3.4. Khác/others.....
- 7.1.2.4. Khác/others.....
- 7.1.3. Liên kết giữa các đơn vị nội bộ chưa tốt/ the relationship among subsidiary companies is still inappropriate:
- 7.1.4. Khác/Others: (detail.....)
- 7.2. Nội dung kỹ thuật nghiệp vụ/accounting technique
 - 7.2.1. Chủ yếu dừng lại ở cộng hợp và loại trừ đơn giản về giao dịch nội bộ/ Have got only simple Subtotal/elimination entries for inter-transaction
 - 7.2.2. Không có các bút toán điều chỉnh hợp lý về lợi thế thương mại/lack of adjustment entries for goodwill
 - 7.2.3. Không có các bút toán điều chỉnh lợi nhuận bán hàng nội bộ / lack of adjustment entries for the profit of inter-transaction of selling or buying
 - 7.2.4. Không có các bút toán điều chỉnh giá trị hiện tại của vốn đầu tư/ lack of adjustment entries for the access the current value of investment capital
 - 7.2.5. Không có các bút toán điều chỉnh về giao dịch cổ tức nội bộ/ lack of adjustment entries for the inter-transaction of dividends
 - 7.2.6. Khác/Others: (detail.....)
- 7.3. Kỹ năng của cán bộ nghiệp vụ/the skill of accounting staff in enterprises
 - 7.3.1. Cán bộ nghiệp vụ không có hoặc thiếu kiến thức về BCTCHN/ poor knowledge about CFSs/GFSs
 - 7.3.2. Không xác định được các bút toán điều chỉnh, hợp cộng hay loại trừ / are not able to identify the area of Subtotal/elimination or adjustment entries
 - 7.3.3. Không có khả năng tổng hợp thông tin / ability to synthesize the financial information is not well
 - 7.3.4. Khác/Others: (detail.....)
- 7.4. Nhận biết của cán bộ quản lý về loại BC này/ the managers understand the function of CFSs/GFSs not well
 - 7.4.1. Đơn vị hoạt động tốt không cần BCTC tổng hợp hay BCTCHN / running business well without the CFSs/GFSs
 - 7.4.2. Quy mô của đơn vị không cần BCTC tổng hợp hay BCTCHN / the CFSs/GFSs isn't necessary applying in their business size
 - 7.4.3. Khác/Others: (detail.....)
- 7.5. Lựa chọn hệ thống chuẩn mực kế toán hay chế độ kế toán/ applying the accounting regulation system

- 7.5. 1. Không có nhiều lựa chọn-ngoài chuẩn mực kế toán VN/ Don't have multi-choice without VASs
 - 7.5.2. Thiếu các hướng dẫn thực hiện chế độ áp dụng/ lack of guide documents for implementation
 - 7.5.3. Chưa có quy định trong luật cho nhiều nội dung phát sinh thực tế / the content of Vietnamese regulation system still do not cover the practice situation that happens during doing business.
(Ví dụ/for instance:.....)
 - 7.5.4. Khác/Others: (detail.....)
-
- 7.6. Cơ sở vật chất, thiết bị hỗ trợ kế toán / the tool and infrastructure for accounting
 - 7.6. 1. Thiết bị, cơ sở vật chất thủ công và lạc hậu / poor and drawback tool
 - 7.6.2. Phần mềm hỗ trợ không phù hợp/inappropriate software
 - 7.6.3. Khác/Others: (detail.....)
-

Câu 8- Q8. Theo Ông/bà, tại các đơn vị Tổng công ty, tập đoàn kinh tế ở Việt Nam hiện nay có hiện tượng: TCT/tập đoàn phải lập BCTCHN (xét theo đặc điểm về hợp nhất) để phản ánh thông tin tài chính cho toàn bộ TCT hay tập đoàn nhưng lại lựa chọn BCTC tổng hợp để phản ánh không?/ In your view, have got any Vietnamese corporation/economic groups which apply the GFS instead of CFSs for presentation of financial statement for whole the corporation?

- 8.1. Không/No
- 8.2. Có/Yes.

Đề nghị cho biết vì sao/Why enterprises don't chose CFSs? (Có thể lựa chọn nhiều đáp án/ multi-choice answers)

- 8.2.1. BCTC HN đòi hỏi chuyên môn sâu/ Need more specific knowledge in accounting
 - 8.2.2. BCTC tổng hợp đơn giản hơn/ prepare GFSs is more simple than CFSs
 - 8.2.3. Thiếu cán bộ đủ chuyên môn/ lack of academic accountants/staff
 - 8.2.4. Có nhiều quy định khác nhau trong khung pháp lý/many different options in legal framework
 - 8.2.5. Nhận thức của cán bộ quản lý/the limited knowledge of managers
 - 8.2.6. Khác/others: (detail.....)
-

Câu 9-Q9. Theo Ông/bà, chính sách hay quy định nội bộ về việc lập BCTC tổng hợp hay BCTC HN có cần thiết lập không? Do you think the internal-regulations are necessary option of preparing CFSs in a corporation or economic group?

- 9.1. Không/No
 - 9.2. Có/Yes.
- Vì sao/Why?:**

Theo Ông/bà nên hình thành những quy định gì?/What content should be in the internal regulations?

Main regulations	Đơn vị áp dụng/Applying for area	
	Tất cả đơn vị/ All entities	Đơn vị đặc thù/ Separate subsidiaries
<input type="checkbox"/> 9.2.1. Mẫu biểu: Form of documents	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 9.2.2. Thời gian nộp/ Duration Cụ thể/detail:.....	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 9.2.3. Nội dung thông tin BC/ Contents of information Cụ thể/detail:.....	<input type="checkbox"/>	<input type="checkbox"/>
.....		
.....		
<input type="checkbox"/> 9.2.4. Khác/Others:.....	<input type="checkbox"/>	<input type="checkbox"/>
.....		

Câu 10-Q10: Ông/bà đánh giá thế nào về kiến thức nghiệp vụ liên quan đến việc lập và trình bày BCTC của cán bộ nghiệp vụ tại các đơn vị TCT/tập đoàn kinh tế Việt Nam hiện nay? In your view, which level is accountant's knowledge about CFSs in the Vietnam economic group or corporation?

- 10.1. Không có chuyên môn/empty the specific knowledge
- 10.2. Chuyên môn thấp/low level knowledge
- 10.3. Chuyên môn tốt/good knowledge
- 10.4. Chuyên môn rất tốt/ very good knowledge

Câu 11-Q11: Theo Ông/bà, cán bộ nghiệp vụ có cần cập nhật kiến thức chuyên môn liên quan đến việc lập và trình bày BCTCHN không? In your view, do need to update the specific knowledge about CFSs for the accountant of corporation?

- 11.1. Không/No
Vì sao/Why?:

- 11.2. Có/Yes.

Nên cập nhật theo cách nào? Which way should be applied for upgrading?

- 11.2.1. Khuyến khích/ setting as the requirement option
- 11.2.2. Bắt buộc/ setting as the compulsory option

Cơ quan/đơn vị nào nên đóng vai trò cập nhật kiến thức cho cán bộ nghiệp vụ? Which organization should play the role of training?

- 11.2.3. Hội nghề nghiệp độc lập/independent association of professional accountancy?
- 11.2.4. Hội kế toán Việt Nam/Vietnam Accounting and auditing Association
- 11.2.5. Đơn vị đào tạo của BTC/Academic institution of MOF
- 11.2.6. Các trường đại học chuyên ngành/Accounting University
- 11.2.7. Tất cả các phương án trên/include all four previous answers
- 11.2.8. Khác/others: (detail.....)

Nội dung cập nhật nên ở mức nào? which level should be upgraded?

- 11.2.8. Bồi dưỡng nghiệp vụ/ specific training
- 11.2.9. Đào tạo ngắn hạn/ short training course
- 11.2.10. Đào tạo dài hạn/ specific training program
- 11.2.11. Khác/others: (detail.....)

Câu 12-Q12: Theo Ông/bà hệ thống pháp lý về lập và trình bày BCTC tổng hợp hay BCTCHN hiện nay ở Việt nam có hợp lý không? In your view, the Vietnamese accounting regulation system is appropriate system for enterprises, isn't it?

- 12.1. Có/yes
- 12.2. Không/No
Cụ thể là gì- **Vì sao/What and Why** area is inappropriate?:

- 12.2. 1. Luật kế toán 2003/Accounting law (2003)

Điểm chưa phù hợp/Content	Lý do/reason
<input type="checkbox"/> 12.2. 1.1. Tính đầy đủ/Fullness
<input type="checkbox"/> 12.2. 1.2. Tính hợp lý/matching
<input type="checkbox"/> 12.2. 1.3. Một số nội dung chưa cụ thể/ unclear in some detail regulation of law
<input type="checkbox"/> 12.2. 1.4. Còn tồn tại những nội dung không nhất quán với luật/quy định khác liên quan/inconsistent among different regulations respectively
<input type="checkbox"/> 12.2. 1.5. Khác/others.....

- 12.2. 2. Chuẩn mực kế toán Việt nam/ VASs;

Điểm chưa phù hợp/Content	Lý do/reason
<input type="checkbox"/> 12.2.2.1. Tính đầy đủ/Fullness
<input type="checkbox"/> 12.2.2.2. Tính hợp lý/matching
<input type="checkbox"/> 12.2.2.3. Còn tồn tại những nội dung không nhất quán với luật/quy định khác liên quan/inconsistent among different regulations respectively
<input type="checkbox"/> 12.2.2.4. Khác/others.....

- 12.2. 3. Chế độ kế toán Việt Nam/ accounting policy

Điểm chưa phù hợp/Content	Lý do/reason
<input type="checkbox"/> 12.2.3.1. Tính đầy đủ/Fullness
<input type="checkbox"/> 12.2.3.2. Tính hợp lý/matching

- 12.2.3.3. Còn tồn tại những nội dung không nhất quán với luật/quy định khác liên quan/inconsistent among different regulations respectively
- 12.2.3.4. Khác/others.....

12.2. 4. Thông tư hướng dẫn kế toán/the circular of accounting

Điểm chưa phù hợp/Content	Lý do/reason
<input type="checkbox"/> 12.2.4.1. Tính đầy đủ/Fullness
<input type="checkbox"/> 12.2.4.2. Tính hợp lý/matching
<input type="checkbox"/> 12.2.4.3. Còn tồn tại những nội dung không nhất quán với luật/quy định khác liên quan/inconsistent among different regulations respectively
<input type="checkbox"/> 12.2.4.4. Khác/others.....

12.2. 5. Khác/Others: (detail).....

Câu 13-Q13. Theo Ông/bà, căn cứ vào quy định khung pháp lý của Việt Nam hiện nay thì công ty mẹ là đơn vị phải lập BCTCHN được hiểu là đối tượng nào sau đây? In your opinion, how to identify the parent company who must to prepare CFSs following the Vietnamese accounting regulation system?

- 13.1.** Công ty mẹ trực tiếp/the parent company by direct control
(*Công ty mẹ trực tiếp*: công ty mẹ có quyền kiểm soát cao nhất)
- 13.2.** Công ty mẹ trung gian/the parent company by indirect control
(*Công ty mẹ trung gian*: Công ty mẹ chịu sự kiểm soát của các công ty mẹ khác trong tập đoàn)
- 13.3.** Cả hai đáp án trên/include both of previous answers

Câu 14-Q14. Theo Ông/bà, khi trình bày BCTCHN, lợi thế thương mại (LTTM) phát sinh từ hợp nhất kinh doanh nên tính như thế nào? In your opinion, how account the goodwill to disclosure CFSs?

- 14.1.** Không bao gồm LTTM của cổ đông thiểu số/don't include the goodwill of non-control shareholders
- 14.2.** Bao gồm cả LTTM của cổ đông thiểu số/Include the goodwill of non-control shareholders
- 14.3.** khác/other:.....

- Theo Ông/bà, sau ghi nhận ban đầu, lợi thế thương mại đang được quy định xử lý như thế nào theo quy định hiện hành của Việt Nam? In your opinion, how account the goodwill in the accounting regulation system in Vietnam?

- 14.4.** Phân bổ dần/amortization of historical cost
- 14.5.** Đánh giá suy giảm/impairment loss
- 14.6.** khác/other:.....

- Theo ông/bà quy định như hiện tại hợp lý chưa? Do you think this is the appropriate regulation?

- 14.7.** Có/yes
 - 14.8.** Không/no.
- Vì sao/why?:.....

Câu 15-Q15: Theo Ông/bà, chỉ tiêu lợi ích cổ đông thiểu số khi quyền kiểm soát được thiết lập nên được xác định như thế nào? In your opinion, how is the non-controlling interest accounted on the date of acquisition?

- 15.1.** Tài sản thuần theo giá trị hợp lý của đơn vị bị mua (không bao gồm LTTM khi đầu tư)/following the net value of assets
- 15.2.** Giá trị hợp lý(bao gồm LTTM khi đầu tư)/following the fair value of assets
- 15.3.** Khác/others (cụ thể/detail):

-Khi lập BCTC hợp nhất, theo ông/bà chỉ tiêu lợi ích cổ đông thiểu số nên được xác định theo phương pháp nào? In your opinion, how should account the non-controlling interest on the date of preparing CFSs?

- 15.4. Phương pháp chuẩn/ benchmark method
- 15.5. Phương pháp thay thế/allowable method
- 15.6. Khác/others (cụ thể/detail):

-Khi trình bày Bảng cân đối kế toán hợp nhất, theo Ông/Bà, chỉ tiêu lợi ích cổ đông thiểu số được trình bày như thế nào? In your opinion, how disclosure the non-controlling interest on CFSs?

- 15.7. Nợ phải trả/the liability
- 15.8. Vốn chủ sở hữu nhưng không tách biệt/ the equity
- 15.9. Vốn chủ sở hữu nhưng tách biệt/ separate criteria in the equity of the parent entity
- 15.10. Một chỉ tiêu riêng nằm giữa vốn chủ sở hữu và nợ phải trả/separate criteria is put between the liability and equity
- 15.11. Khác/others (cụ thể/detail):

Câu 16-Q16: Theo Ông/bà, khi lập BCTCHN các nội dung nào sau đây cần được **bổ sung, loại bỏ hay thay đổi** trong khung pháp lý về kế toán của Việt Nam hiện nay? In your view, which content in the below categories should be added, rejected, or renewed in the current Vietnamese accounting legal framework?

Nội dung/Contents	Bổ sung	Loại bỏ	Thay đổi
<input type="checkbox"/> 16.1. loại trừ các giao dịch nội bộ giữa công ty con với công ty liên doanh, liên kết	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.2. loại trừ các giao dịch nội bộ giữa công ty con với công ty con khác	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.3. xử lý giao dịch cổ phiếu ưu đãi của công ty con	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.4. Khoản lỗ vượt trội phần vốn của cổ đông thiểu số trong công ty con	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.5. các giao dịch với cổ đông thiểu số mà không làm mất quyền kiểm soát của công ty mẹ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.6. loại trừ đối với các khoản dự phòng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 16.7. Khác/others (cụ thể/detail):			

Câu 17-Q17: Theo Ông/bà có nên thay đổi hệ thống pháp lý hiện tại về vấn đề BCTC HN ở Việt Nam hay không? Do you think the current Vietnamese regulation for CFSs need to renew?

- 17.1. **Không/No. Vì sao/why?**
 - 17.1.1. Có thể lập BCTC tổng hợp thay cho BCTC hợp nhất/Preparing general financial statements instead of CFSs
 - 17.1.2. Nhu cầu thông tin tài chính cho toàn bộ TCT hay tập đoàn không nhiều ở Việt Nam/ the demand of financial information of the whole corporation or group is limited
 - 17.1.3. Khác/others: (detail.....)

- 17.2. **Có/yes. Vậy nên thay đổi theo hướng nào/How do change or renew?**
 - 17.2.1. Áp dụng trực tiếp theo chuẩn mực kế toán quốc tế tương ứng/Apply directly the IASs/IFRS about CFSs?
 - 17.2.2. Bổ sung thêm văn bản quy định tương ứng cho những nội dung còn thiếu về BCTC HN/ Create extra regulations for the existing regulation system in the consolidated area. Cụ thể, đó là gì/ Please make detail, what need to create?
.....
.....
 - 17.2.3. Xây dựng lại thành một chuẩn mực BCTCHN riêng biệt/ Renew the existing regulation system to separate standard of consolidated financial statement gradually following international accounting standard.
 - 17.2.4. Khác/others: (detail.....)

Câu 19-Q19: Ông/bà có ủng hộ việc **xây dựng hệ thống chuẩn mực kế toán riêng biệt** cho những đơn vị là TCT, tập đoàn kinh tế (có hoạt động hợp nhất kinh doanh) phải lập và trình bày BCTC HN không? Do you agree establishment a separate system of accounting standard for a corporation or economic group that have the business combination, inter-transaction and must to prepare CFSs?

19.1. Không/No-Tại sao/Why?

.....

19.2. Có/Yes- Tại sao / Why?

.....

Câu 20-Q20: Hiện nay tại Việt nam, **hệ thống pháp lý về kế toán** đều do Chính phủ soạn thảo và ban hành. Theo Ông/Bà, như vậy **có phù hợp với việc hội nhập kế toán quốc tế không?**/Currently, the accounting regulation system in Vietnam has been set by government. Do you think this characteristic is appropriate option for international integration of accounting sector?

20.1. Có/yes-Tại sao / Why?.....

.....

20.2. Không/NoTại sao /No-Why?.....

.....

20.3. Khác/others

.....

Câu 21-Q21. Ông/Bà có ủng hộ ý kiến **Chính phủ nên giao** việc ban hành hệ thống văn bản kế toán dưới luật **cho hội nghề nghiệp độc lập**/ How do you think about the opinion that the Vietnamese government should move their role of setting the accounting regulation under law to independent association of professional accountancy?

21.1. Hoàn toàn ủng hộ/absolutely agree

21.2. Ủng hộ/agree

21.3. Không ủng hộ/disagree

21.4. Không có ý kiến/no information

21.5. Khác/Others:.....

.....

Câu 22-Q22: Xét tổng thể, theo Ông/Bà vấn đề khó khăn hiện nay của đối TCT/tập đoàn trong việc lập và trình bày BCTC tổng hợp hay BCTCHN là gì? Tại sao? In your opinion, what are disadvantages of preparing and disclosure CFSs in Vietnam? Why?

Điểm khó khăn/disadvantages	Nội dung hoặc lý do/reasons
<input type="checkbox"/> 22.1. Khung pháp lý/legal framework: Cụ thể là gì/detail?
<input type="checkbox"/> 22.1.1. Luật kế toán/Law Cụ thể nội dung/detail?
.....
<input type="checkbox"/> 22.1.2. Chuẩn mực kế toán: VASs Đó là chuẩn mực nào/What are standards?
.....
<input type="checkbox"/> 22.1.3. Thông tư hướng dẫn: Guide for implementation

Đó là thông tư nào/What are guide documents?

.....

22.2. Trình độ nhân viên nghiệp vụ/
Staff knowledge

22.3. Chính sách quản lý nội bộ/
policy of internal control

22.4. Đặc điểm lĩnh vực kinh doanh/
Business characteristic

22.5. Khác/others.....

Câu 23-Q23: Ông/Bà có đề xuất/kiến nghị gì trong việc hoàn thiện công tác lập BCTC hợp nhất của TCT/tập đoàn kinh tế ?What are your recommendations to improve the quality of CFSs in Vietnam?

23.1. Khung pháp lý/ Legal framework.....

.....

.....

.....

23.2. Chính sách quản lý / management policy:

.....

.....

.....

23.3. Khác/Others.....

.....

.....

Trân trọng cảm ơn/Thank you very much!

ANNEX 10: Questionnaire - Type 2

PHIẾU PHỎNG VẤN - QUESTIONNAIRE (Dùng cho cán bộ quản lý/kế toán TCT hoặc tập đoàn kinh tế) (Using for manager or accountant in economic groups/corporations)

Phần 1: Thông tin chung (Chapter 1: General information)

Câu 1-Question 1(Q1):

- 1.1. Tên đơn vị/Name of organization:.....
1.2. Địa chỉ/-Address
Điện thoại /telephone number:.....
1.3.¹⁰Tên người được phỏng vấn (Name of interviewee):.....
Chức vụ/position: email.....

Câu 2-Q2: Loại hình đơn vị đăng ký kinh doanh/Type of organization?

- 2.1. Đơn vị nước ngoài/Foreign organization: (detail.....)
 2.2. Đơn vị Nhà nước/State organization: (detail.....)
 2.3. Đơn vị tư nhân/Private organization:
(detail.....)
 2.4. Hợp tác xã/Cooperative: (detail.....)
 2.5. Khác/Others: (detail.....).

Câu 3-Q3: Đơn vị của Ông/bà thuộc loại hình nào theo cách phân loại dưới đây/ What is your organization in the below categories?

- 3.1. Công ty mẹ /Parent company: (detail.....)
 3.2. Công ty con/Subsidiary company: (detail.....)
 3.3. Khác/Other: (detail.....)

Câu 4-Q4: Lĩnh vực kinh doanh của đơn vị Ông/ bà là gì?What is your organization in the below categories?

- 4.1. Sản xuất /Manufactory: (detail.....)
 4.2. Thương mại/Commerce/Trade: (detail.....)
 4.3. Dịch vụ/Service: (detail.....)
 4.4. Khác/Others: (detail.....)

Câu 5-Q5: Mặt hàng hay dịch vụ kinh doanh chính của đơn vị Ông/Bà là gì? Please, note the main products/goods or service that your company is doing business?:

Câu 6-Q6: Thị trường kinh doanh chính của đơn vị Ông/ Bà là gì?Please, note the main market of your corporation/group?:

- Thị trường đầu vào/Input market
 6.1. Nội địa/Domestic: (detail.....)
 6.2. Nhập khẩu/Foreign: (detail.....)
 6.3. Khác/Others: (detail.....)

- Thị trường đầu ra/Output market
 6.1. Nội địa/Domestic: (detail.....)
 6.2. Nhập khẩu/Foreign: (detail.....)
 6.3. Khác/Others: (detail.....)

Câu 7-Q7. Đơn vị Ông/Bà có bao nhiêu chi nhánh/công ty con hạch toán độc lập? How many branch/subsidiary company in your corporation/group?:

- 7.1. Có 1
 7.2. Có 2-3
 7.3. Có 4-5
 7.4. Có >5: cụ thể (detail):.....

Trong đó có chi nhánh hạch toán độc lập ở nước ngoài không?Are there any branch or subsidiaries outside Vietnam in your group/corporation?

¹⁰ Không nhất thiết trả lời/Don't necessary answer!

- 7.5. Không/No
 7.6. Có /Yes: (Số lượng/quantity:.....Ở đâu/where:.....)

Câu 8- Q8. Đơn vị ông bà hiện lựa chọn loại BCTC nào sau đây để phản ánh thông tin tài chính cho toàn bộ TCT hay tập đoàn (bao gồm cả những đơn vị thành viên)/ what kind of financial reports in the below categories are prepared for the whole your corporation or group?

- 8.1. BCTC hợp nhất /Consolidated Financial statements (CFSs)

=>**chuyển đến câu 9/move to Q9**

- 8.2. BCTC tổng hợp ?General Financial statements (GFSs)

Vì sao đơn vị ông bà lại không chọn lập BCTCHN để phản ánh thông tin tài chính cho toàn bộ TCT hay tập đoàn /Why enterprises don't chose CFSs? Có thể lựa chọn nhiều đáp án/ multi-choice answers

- 8.2.1. BCTC HN đòi hỏi chuyên môn sâu/ Need more specific knowledge in accounting
 8.2.2. BCTC tổng hợp đơn giản hơn/ prepare GFSs is more simple than CFSs
 8.2.3. Thiếu cán bộ đủ chuyên môn/ lack of academic accountants/staffs
 8.2.4. Có nhiều quy định khác nhau trong khung pháp lý/many different options in legal framework
 8.2.5. Nhận thức của cán bộ quản lý/the limited knowledge of managers
 8.2.6. Khác/others: (detail.....)

- 8.3. Khác/others.....

Câu 9-Q9: Theo Ông bà, BCTC chung/tổng hợp và BCTC HN có khác nhau không? Khác ở điểm nào?

- 9.1. Không / No
 9.2. Có/Yes
 9.2.1. Có/yes. Khác ở điểm nào?What are the differences?

Điểm khác biệt	BCTC chung/general financial reports	BCTCHN/ CFSs
<input type="checkbox"/> 9.2.1.Hình thức/Format
<input type="checkbox"/> 9.2.2. Đơn vị áp dụng?Applicants
<input type="checkbox"/> 9.2.3.Nội dung/Contents
<input type="checkbox"/> 9.2.4.Khác/Others.....

- 9.2.2. Không có thông tin/No information

Phần 2.Thông tin chuyên môn/ chapter 2: Specific information

(Note: Trong phần 2: BCTC chung, BCTC tổng hợp, BCTC hợp nhất được ký hiệu BCTCHN/In the part 2, the synonym of general or consolidated financial statement is CFSs)

2.1. Đánh giá nhu cầu sử dụng thông tin

Câu 10-Q10. Những lý do đơn vị Ông/Bà lập BCTCHN để phản ánh thông tin tài chính cho toàn bộ TCT/ tập đoàn là gì?/What are the main reasons your organization of preparing the Financial Statements for the for whole your corporation or group?

- 10.1. Quy định của Pháp luật / the regulation for the business structure of corporation or group
 10.2. Yêu cầu của nhà đầu tư/ requirement of investors
 10.3. Yêu cầu quản lý trong TCT hay tập đoàn / give information for management
(BCTCHN cung cấp các thông tin TC mà BCTC riêng lẻ không cung cấp)
 10.4. Cả 4 đáp án trên/ include four previous answers
 10.5. Khác/others: (detail.....)

Câu 11-Q11. Đối tượng nhận BCTCHN của đơn vị Ông/bà hiện nay là những ai hay tổ chức nào?/Who or What organization does your company need to submit CFSs? (chọn nhiều đáp án/multi-choices)

- 11.1. Cơ quan thuế? Taxation office
 11.2. Cơ quan chứng khoán/Security Office
 11.3. Cơ quan thống kê/Statistic Office
 11.4. Cơ quan cấp phép KD? Authority Office
 11.9. Sở tài chính/ Financial institutions
 11.11 Khác/Others:
- 11.5. Hội đồng quản trị/ Managers
 11.6. Ngân hàng-Bank/Creditors
 11.7. Nhà đầu tư, cổ đông?
 Investors/Shareholders
 11.8. Đơn vị kiểm toán/Auditing Office
 11.10. Bộ tài chính/MOF

2.2. Đặc điểm và nội dung chính sách quản lý

Câu 12-Q12. Đơn vị Ông/bà tự lập BCTCHN hay thuê ngoài?/Your company prepares CFSs by yourself or hiring the academic service?

- 12.1.** Thuê ngoài (hire the academic service)
 - *Đối tượng thuê ngoài của đơn vị Ông/bà là cá nhân hay tổ chức?*
 12.1. 1 Công ty dịch vụ kế toán/kiểm toán (a business of Accounting/Auditing service)
 - Loại hình đơn vị được thuê: (What is your hire business in the below categories)
 12.1. 1. Đơn vị nước ngoài/Foreign enterprise: (detail.....)
 12.1. 2. Đơn vị nội địa/Vietnamese enterprise: (detail.....)
 12.1. 3. Khác/Others: (detail.....)
 12.1.2. Cá nhân (the professional accountants/auditors)
 - Loại hình chuyên gia được thuê /Who is your hire in the below categories?:
 12.1.2.1. Chuyên gia nước ngoài/Foreigners: (detail.....)
 12.1.2.2. Chuyên gia Việt nam/Vietnamese: (detail.....)
 12.1.2.3. Khác/Others: (detail.....)
 12.1.3. Khác/Others.....
 - *Phí dịch vụ ước tính thuê ngoài: (the cost of service)*
 12.1.4.1. So % tổng chi phí KD trong kỳ /the rate of total cost: (detail.....)
 12.1.4.2. So % tổng doanh thu KD trong kỳ/the rate of revenue: (detail.....)
 - *Đơn vị phải chuẩn bị nội dung hay tài liệu gì cho việc lập BCTCHN khi thuê ngoài? Have to supply any document for preparing CFSs by the academic service?*
 12.1.5.1. Tất cả các chứng từ kế toán/all receipts, accounting vouchers
 12.1.5.2. Tất cả các sổ kế toán/ all accounting books
 12.1.5.3. Tất cả BCTC riêng/all individual financial reports
 12.1.5.4. Cả 3 loại tài liệu trên/ include the previous answers (12.1.5.1->12.1.5.3)
 12.1.5.6. Không phải cung cấp tài liệu gì/ no document for supplying
 12.1.5.7. Khác/Others.....
 - *Vì sao đơn vị thuê ngoài: (Why hire the academic service)*

->Chuyển đến câu 13

- 12.2.** Tự lập BCTCHN/self-prepare CFSs
 - *Đơn vị có tổ chức bộ phận lập BCTCHN riêng không?*
 12.2.1. Có tổ chức riêng bộ phận hợp nhất/Organize the specific group for making CFSs:
 - *Số nhân viên trong bộ phận/How many staffs are in the group?:*
 12.2.1.1: 01 nhân viên/one staff
 12.2.1.2: 02 nhân viên/2 staffs
 12.2.1.3: 03 nhân viên/3 staffs
 12.2.1.4: trên 03 nhân viên/more than 3 staffs (cụ thể/quality.....)
 - *Số nhân viên có chứng chỉ CPA: (How many are CPA in the group?)*
- | Tổng số lượng/total quantity | Vietnamese or foreign CPA | |
|---|---------------------------|-------------|
| | VACPA | Foreign CPA |
| <input type="checkbox"/> 112.1.5: 01 nhân viên /one staff | | |
| <input type="checkbox"/> 112.1.6: 02 nhân viên /2 staffs | | |
| <input type="checkbox"/> 112.1.7: 03 nhân viên /3 staffs | | |
| <input type="checkbox"/> 112.1.8: trên 3 nhân viên /more than 3 staffs | | |
- 12.2.2. Không tổ chức riêng bộ phận hợp nhất: (No specific group for making CFSs)
 12.2.3. Khác (Others):.....
 - *Căn cứ vào tài liệu nào để lập/what document does your company use to prepare CFSs?*
 12.2.4. BCTC riêng của các đơn vị/individual financial statements
 12.2.5. Bảng tổng hợp các bút toán điều chỉnh/worksheet of adjustment entries
 12.2.6. Bảng tổng hợp chỉ tiêu hợp nhất/ Summary information of combination
 12.2.7. Cả 3 loại tài liệu trên/ include the previous answers (12.2.4->12.2.6)
 12.2.8. Khác/Others: (detail.....)

Câu 13-Q13: Khi nào đơn vị Ông(Bà) lập BCTC HN? /When does your company prepare CFSs?

- 13.1.** Tại thời điểm đạt được quyền kiểm soát/the date of acquisition
 13.2. Theo định kỳ
 13.2.1. Giữa niên độ (06 tháng/lần)- 6 months/time

- 13.2.2. Cuối năm tài chính (12 tháng/lần)-12 months/time
- 13.2.3. Giữa niên độ và cuối năm tài chính- Both the two previous answers
- 13.2.4. Khác/Others: (detail.....)
- 13.3. Cả hai đáp án 13.1 and 13.2/include both 13.1 and 13.2
- 13.4. Khác/Others: (detail.....)

Câu 14-Q14. Cán bộ nghiệp vụ của đơn vị Ông/bà có được bồi dưỡng hoặc đào tạo về lập BCTCHN không? Have got any specific training course or program for accountant in order to prepare CFSs in your company?

- 14.1. Có /yes:
 - Đó là các khóa học hoặc chương trình bồi dưỡng, đào tạo nào?/Which kind of training course were organized?:
 - 14.1.1. Tập huấn nghiệp vụ, cập nhật kiến thức/Up date the new regulation
 - 14.1.2. Hành nghề kế toán, kiểm toán/ CPA
 - 14.1.3. Khác/Others: (detail.....)
 - Do đơn vị hoặc cá nhân nào sau đây thực hiện? Who or which organization plays the trainer?
 - 14.1.4. Hội nghề nghiệp độc lập/independent association of professional accountancy?
 - 14.1.5. Hội kế toán Việt Nam/Vietnam Accounting and Auditing Association
 - 14.1.6. Đơn vị đào tạo của BTC/Academic institution of MOF
 - 14.1.7. Các trường đại học chuyên ngành/Accounting University
 - 14.1.8. Tất cả các phương án trên/include all four previous answers
 - 14.1.9. Khác/others: (detail.....)
- 14.2. Không /No:

Tại sao/Why?:

.....

Câu 15-Q15. Đơn vị Ông/bà có chính sách hay quy định nội bộ về việc lập BCTC HN không? Are there any the internal-regulations issued by your company for preparing CFSs?

- 15.1. Không/No

Vì sao/Why?:

->Chuyển đến câu 16

- 15.2. Có/Yes. Đó là những quy định gì?/What are your internal regulations?

Main regulations	Đơn vị áp dụng/Applying for area	
	Tất cả đơn vị/ All entities	Đơn vị đặc thù/ Separate entity
<input type="checkbox"/> 15.2.1. Mẫu biểu: Form of documents	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 15.2.2. Thời gian nộp/ Duration Cụ thể/detail:	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 15.2.3. Phương pháp kế toán (hàng tồn kho, TSCĐ, ...) -Accounting method (for inventory, fix assets, ...)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 15.2.3. Chỉ tiêu nghiệp vụ/ specific information	<input type="checkbox"/>	<input type="checkbox"/>
- Giá vốn hàng bán (công khai)	<input type="checkbox"/>	<input type="checkbox"/>
- Giá bán nội bộ, giá bán thông thường	<input type="checkbox"/>	<input type="checkbox"/>
- Lãi nội bộ	<input type="checkbox"/>	<input type="checkbox"/>
- Giá trị đầu tư công ty con	<input type="checkbox"/>	<input type="checkbox"/>
- Giá trị đầu tư công ty liên kết	<input type="checkbox"/>	<input type="checkbox"/>
- Bán TSCĐ nội bộ	<input type="checkbox"/>	<input type="checkbox"/>
- Chuyển hàng tồn kho thành TSCĐ nội bộ	<input type="checkbox"/>	<input type="checkbox"/>
- Trình bày lợi ích cổ đông thiểu số	<input type="checkbox"/>	<input type="checkbox"/>
- Cho vay nội bộ	<input type="checkbox"/>	<input type="checkbox"/>
- Phải thu, Phải trả nội bộ	<input type="checkbox"/>	<input type="checkbox"/>
- Phí quản lý	<input type="checkbox"/>	<input type="checkbox"/>
- Khác/other:	<input type="checkbox"/>	<input type="checkbox"/>

Câu 16-Q16. Các chính sách hay quy định nội bộ về việc lập BCTC HN của đơn vị Ông/bà dựa trên căn cứ nào? What are documents of regulation that the internal-regulations are based on in your company?

- 16.1. Khung pháp lý hiện hành/the current legal framework
- 16.2. Đặc điểm hoạt động sản xuất của đơn vị/the characteristics of business
- 16.3. Cả hai đáp án trên/include the two previous answers
- 16.4. Khác/Others: (detail.....)

- Ai hoặc bộ phận nào đóng vai trò xây dựng nội dung chính sách nội bộ?/Who or which departments set up the internal-regulations?:

- 16.5. Bộ phận kế toán, kiểm toán/ accountant department
- 16.6. Bộ phận kiểm soát/ control department
- 16.7. Bộ phận quản trị/ department of management
- 16.8. Thuê ngoài/consulted service
- 16.9. Khác/Others: (detail.....)

Câu 17-Q17. Hệ thống BCTCHN của đơn vị Ông/Bà gồm những gì?/What includes your system of CFSs?

- 17.1. Bảng cân đối kế toán hợp nhất/Statement of Consolidated financial
- 17.2. Báo cáo KQKD hợp nhất/ statements of consolidated income
- 17.3. Báo cáo lưu chuyển tiền tệ hợp nhất/ statements of consolidated Cash flow
- 17.4. Thuyết minh BCTC hợp nhất/ Notes to consolidated financial statements
- 17.5. Khác/Others: (detail.....)

2.3. Đặc điểm hoạt động và phương pháp lập BCTCHN

Câu 18 - Q18: Đơn vị Ông/ Bà lập BCTCHN theo hệ thống pháp lý về kế toán nào? What legal framework does your company applies for preparing CFSs?

- 18.1. Hệ thống pháp lý về kế toán Việt Nam (Apply Vietnamese accounting system)

- *Kể tên một số chuẩn mực áp dụng/ What standards have been applied?*

- 18.1.1. VAS 07 18.1.2. VAS 08 18.1.3. VAS 10
- 18.1.4. VAS11 18.1.5. VAS 21 18.1.6. VAS 24
- 18.1.7. VAS25 18.1.8. Tất cả các đáp án trên/ all previous answers
- 18.1.9. Khác/Others: (detail.....)

- *Chế độ kế toán đơn vị đang áp dụng / What Vietnamese accounting policy has been applied?*

- 18.1.10. Theo QĐ 15/2006/QĐ-BTC- apply QĐ 15/2006/QĐ-BTC
- 18.1.11. Theo QĐ 48/2006/QĐ-BTC - apply QĐ 48/2006/QĐ-BTC
- 18.1.12. Khác/Others: (detail.....)

- *Thông tư hoặc nghị định hướng dẫn đơn vị đang áp dụng / What circulars have been applied?*

- 18.1. 13. Số 21/2006/TT-BTC - apply 21/2006/TT-BTC
- 18.1.14. Số 23/2005/TT-BTC - apply 23/2005/TT-BTC
- 18.1.15. Số 161/2007/TT-BTC - apply 161/2007/TT-BTC
- 18.1.16. Tất cả các tài liệu trên-all the previous circulars
- 18.1.17. Khác/Others: (detail.....)

->Chuyển đến câu 19

- 18.2. Hệ thống chuẩn mực kế toán quốc tế/Apply IASs/IFRS)

- *Kể tên một số chuẩn mực áp dụng/ What standards have been applied?*

- 18.2. 1. IAS27 18.2.3. IAS 22
- 18.2. 2. IFRS 10 18.2.4. IFRS 3
- 18.2.5. Tất cả các tài liệu trên-all the previous answers
- 18.2.6. Khác/Others: (detail.....)

- *Tại sao không sử dụng hệ thống quy định của Việt Nam? Why does not chose Vietnamese accounting regulation for preparing CFSs?*

- 18.2.7. Không có hướng dẫn/ No guide document for implementation
- 18.2.8. Có hướng dẫn, nhưng không rõ ràng/ inconsistent document for implementation
- 18.2.9. Thiếu sự đồng bộ trong quy định/lack of the homogeneous in regulation system
- 18.2.10. Không phù hợp với nội dung hoạt động của đơn vị/unsuitable content for business characteristics
- 18.2.11. Khác/Others: (detail.....)

- 18.3. Hệ thống khác khác/Others (Cụ thể/detail:.....)

- *Tại sao không sử dụng hệ thống quy định của Việt Nam? Why does not chose Vietnamese accounting regulation for preparing CFSs?*

Câu 19-Q19. Đơn vị Ông/bà lập BCTC HN theo cách nào sau đây? Which entries does your company apply to prepare the CFSs?

- 19.1. Cộng gộp thuần túy-Subtotal entries
- 19.2. Cộng hợp, loại trừ và điều chỉnh một phần-subtotal, elimination and adjustment non in full

- 19.3. Cộng hợp, loại trừ và điều chỉnh toàn bộ-subtotal, elimination and adjustment in full
 19.4. Khác/Others: (detail.....)

Câu 20-Q20: Tại đơn vị Ông/bà có phát sinh các khoản đầu tư vào công ty liên kết không? Does your company have any investments in subsidiary, associates or jointly control entities?

- 20.1. Không/No->**Chuyển đến câu 21/move to Q21**
 20.2. Có/Yes.

- Tại thời điểm đầu tư, giá trị khoản đầu tư này được đánh giá theo phương pháp nào? On the date of acquisition, which measure is applied to access the valued investment?

- 20.2.1. Phương pháp giá gốc/ the pooling method
 20.2.2. Phương pháp giá mua/the purchase method
 20.2.3. Khác/others:

- Tại thời điểm lập BCTCHN giá trị khoản đầu tư này được trình bày theo phương pháp nào? On the date of preparing CFSs, what method is applied to access the valuation of investment?

- 20.2.4. Phương pháp giá vốn/ the cost method
 20.2.5. Phương pháp vốn chủ sở hữu/the equity method
 20.2.6. Khác/others:

- Khi lập BCTCHN giá trị khoản đầu tư này được xử lý như thế nào? On the date of preparing CFSs, what entry is applied to account the valued investment?

Chỉ tiêu	Loại trừ hoàn toàn	Điều chỉnh
<input type="checkbox"/> 20.2.7. Lãi và lỗ sau ngày đầu tư trong đơn vị đầu tư đã ghi nhận từ các kỳ trước	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 20.2.8. Lãi/lỗ trong kỳ báo cáo /current year profit/loss	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 20.2.9. Chênh lệch phát sinh khi mua khoản đầu tư /deference of acquired transaction	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 20.2.10. Giá trị thay đổi trong vốn chủ sở hữu của đầu tư	<input type="checkbox"/>	<input type="checkbox"/>

- Tại thời điểm lập BCTCHN giá trị cổ tức được chia từ lợi nhuận khoản đầu tư sau ngày mua được xử lý như thế nào? On the date of preparing CFSs, How treat the received earning and profit in the subsidiary's investment?

- 20.2.11. Cộng hợp thuần túy-Subtotal entries
 20.2.12. Loại trừ toàn bộ/elimination in full
 20.2.13. Cộng hợp, loại trừ và điều chỉnh-subtotal, elimination and adjustment
 20.2.14. Khác/Others: (detail.....)

Câu 21- Q21. Tại đơn vị Ông/bà có phát sinh các lợi thế thương mại không? Have got the goodwill in your corporation?

- 21.1. Không/No. Tại sao/Why?.....
->**Chuyển đến câu 22**
 21.2. Có/Yes.

- Khi nào phát sinh/ When do happen?

- 21.2.1. Khi đầu tư vào công ty con/liên kết- investments in subsidiary, associates or jointly control entities
 21.2.2. Khi loại trừ khoản đầu tư trong công ty con/eliminate investment in subsidiary's again
 21.2.3. Khác/others:

- Phát sinh những loại nào?/What kind of goodwill has?

- 21.2.5. Lợi thế thương mại /positive goodwill
- Tại thời điểm phát sinh, được ghi nhận như thế nào? How is the goodwill entry on the accounting books?

- 21.2.5.1. Đầu tư tài chính dài hạn/ long term investment
 21.2.5.2. Tài sản cố định /long-term assets
 21.2.5.3. Chi phí hoạt động kinh doanh/operating expense
 21.2.5.4. Thu nhập hoạt động kinh doanh/income
 21.2.5.5. Khác/others:

- 21.2.6. Bất lợi thương mại/ bargain on purchase

- Tại thời điểm phát sinh, được ghi nhận như thế nào? How is the goodwill entry on the accounting books?

- 21.2.5.1. Đầu tư tài chính dài hạn/ long term investment
 21.2.5.2. Tài sản cố định /long-term assets
 21.2.5.3. Chi phí hoạt động kinh doanh/ operating expense
 21.2.5.4. Thu nhập hoạt động kinh doanh/income
 21.2.5.5. Khác/others:

21.2.7. Cả hai loại trên/both of negative and positive goodwill
 - Khi lập BCTCHN giá trị lợi thế thương mại được trình bày trên loại báo cáo nào? Which financial reports is the goodwill disclosure?

- 21.2.8. Bảng cân đối kế toán hợp nhất/ consolidated worksheets
 21.2.9. Báo cáo KQKD hợp nhất/ consolidated income statements
 21.2.10. Cả hai đáp án trên/include all previous answers
 21.2.11. Khác/others:

-Giá trị lợi thế thương mại được xử lý như thế nào sau ghi nhận ban đầu? How account the goodwill after the date of acquisition?

- 21.2.11. Phân bổ dần/ amortization of historical-cost
 21.2.12. Đánh giá suy giảm-impairment loss
 21.2.13. Khác/others:

Câu 22-Q22: Tại đơn vị Ông/bà có phát sinh các giao dịch nội bộ (không phải đầu từ vốn) không?

Are there any inter-group transactions in your corporation?

22.1. Không/No->**Chuyên đến câu 23**

22.2. Có/Yes.

Đó là các giao dịch nào và được xử lý ra sao khi lập BCTCHN? What are they and how consolidated entries are applies?

22.2.1. Bán hàng nội bộ: Sale goods/products among the entities inside group or corporation

- Các chỉ tiêu sau được xử lý khi lập BCTCHN như thế nào?

Chỉ tiêu	Loại trừ hoàn toàn	Điều chỉnh
<input type="checkbox"/> 22.2.1.1. Doanh thu, giá vốn của hàng tiêu thụ trong kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.1.2. Lãi/lỗ của giao dịch bán hàng nội bộ trong kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.1.3. Giá vốn hàng bán và lợi nhuận sau thuế chưa phân phối đầu kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.1.4. Thuế TNDN do loại trừ lợi nhuận chưa thực hiện trong hàng tồn cuối kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.1.5. Thuế TNDN do loại trừ lợi nhuận chưa thực hiện trong hàng tồn đầu kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.1.6. Lãi chưa thực hiện trong giao dịch bán hàng nội bộ ảnh hưởng đến lợi ích cổ đông TS	<input type="checkbox"/>	<input type="checkbox"/>

22.2.2. Bán TSCĐ nội bộ

- Các chỉ tiêu sau được xử lý khi lập BCTCHN như thế nào?

Chỉ tiêu	Loại trừ hoàn toàn	Điều chỉnh
<input type="checkbox"/> 22.2.2.1. Thu nhập phát sinh từ giao dịch bán TSCĐ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.2.2. Chi phí phát sinh từ giao dịch bán TSCĐ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.2.3. Lợi nhuận chưa thực hiện từ giao dịch bán TSCĐ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.2.4. Nguyên giá TSCĐ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.2.5. Chi phí khấu hao TSCĐ trong kỳ	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.2.6. Hao mòn lũy kế do ảnh hưởng của giao dịch	<input type="checkbox"/>	<input type="checkbox"/>

22.2.3. Vay nội bộ

- Đối với giá trị vay gốc chưa thanh toán, tại thời điểm lập BCTCHN được xử lý?

- 22.2.3. 1. Loại trừ hoàn toàn / elimination in full
 22.2.3.2. Loại trừ và điều chỉnh/Eliminate and adjust

22.2.3.3. Khác/others:

- Tại thời điểm lập BCTCHN, giá trị thu nhập hay chi phí vay, được loại trừ hoàn toàn trên các chỉ tiêu nào?

- 22.2.3.4. Doanh thu hoạt động tài chính
 22.2.3.5. Chi phí hoạt động tài chính

22.2.3.6. Cả 2 đáp án trên/include two previous answers

22.2.3.7. Khác/others:

- Tại thời điểm lập BCTCHN, đối với khoản vay được vốn hóa, được loại trừ hoàn toàn trên các chỉ tiêu nào?

- 22.2.3.8. Doanh thu hoạt động tài chính
 22.2.3.9. Chi phí đầu tư xây dựng cơ bản hoặc chi phí sản xuất KD dở dang

22.2.3.10. Lợi nhuận sau thuế chưa phân phối

22.2.3.11. Cả 3 đáp án trên/include three previous answers

22.2.3.12. Khác/others:

□ 22.2.4. Chuyển hàng tồn kho thành TSCĐ trong nội bộ tập đoàn

- Các chỉ tiêu sau được xử lý khi lập BCTCHN như thế nào?

Chỉ tiêu	Loại trừ hoàn toàn	Điều chỉnh
<input type="checkbox"/> 22.2.4.1. Doanh thu bán hàng hóa	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.4.2. Giá vốn hàng hóa	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.4.3. Lợi nhuận chưa thực hiện trong nguyên giá TSCĐ của bên mua	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.4.4. Lãi chưa thực hiện trong bán hàng tồn kho của bên bán	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.4.5. Chi phí khấu hao TSCĐ trong kỳ của bên mua	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 22.2.4.6. Hao mòn lũy kế do ảnh hưởng của lãi chưa thực hiện trong giá trị của TSCĐ bên mua	<input type="checkbox"/>	<input type="checkbox"/>

□ 22.2.5. Các khoản phải thu, phải trả nội bộ

- 22.2.4.1. Loại trừ hoàn toàn / elimination in full
- 22.2.4.2. Không loại trừ/do not eliminate and adjust
- 22.2.4.3. Khác/others:

□ 22.2.6. Cổ tức được chia từ lợi nhuận sau ngày mua:

□ 22.2.7. Phí quản lý nội bộ

□ 22.2.8. Khác/others:

Câu 23-Q23: Theo Ông/bà, chỉ tiêu *lợi ích cổ đông thiểu số* khi quyền kiểm soát được thiết lập nên được xác định như thế nào? In your opinion, how is the non-controlling interest accounted on the date of acquisition?

23.1. Tài sản thuần theo giá trị hợp lý của đơn vị bị mua (không bao gồm LTTM khi đầu tư)/following the net value of assets

23.2. Giá trị hợp lý (bao gồm LTTM khi đầu tư)/following the fair value of assets

23.3. Khác/others (cụ thể/detail):

- Khi lập BCTC hợp nhất, theo ông/bà *chỉ tiêu lợi ích cổ đông thiểu số* nên được xác định theo phương pháp nào? In your opinion, how should account the non-controlling interest on the date of preparing CFSs?

23.4. Phương pháp chuẩn/ benchmark method

23.5. Phương pháp thay thế/allowable method

23.6. Khác/others (cụ thể/detail):

- Khi trình bày Bảng cân đối kế toán hợp nhất, theo Ông/Bà, chỉ tiêu *lợi ích cổ đông thiểu số* được trình bày như thế nào? In your opinion, how disclosure the non-controlling interest on CFSs?

23.7. Nợ phải trả/the liability

23.8. Vốn chủ sở hữu nhưng không tách biệt/ the equity

23.9. Vốn chủ sở hữu nhưng tách biệt/ separate criteria in the equity of the parent entity

23.10. Một chỉ tiêu riêng nằm giữa vốn chủ sở hữu và nợ phải trả/separate criteria is put between the liability and equity

23.11. Khác/others (cụ thể/detail):

Câu 24-Q24: Tại đơn vị Ông/bà có phát sinh nghiệp vụ thoái vốn hay đầu tư thêm không? Does your corporation have any transference of investment?

24.1. Không/No => **Chuyển đến câu 25**

24.2. Có/Yes.

- *Kể tên hoạt động phát sinh? Which transaction is in the below categories?*

24.2.1. Chuyển nhượng nội bộ/ transfer inside corporation

24.2.2. Chuyển nhượng cho đơn vị bên ngoài/transfer outside corporation

24.2.3. Đầu tư thêm vào công ty con, công ty liên kết/ extra investment in the in subsidiary, associates or jointly control entities

24.2.4. Khác/others (cụ thể/detail):

- *Khi trình bày BCTCHN, những chỉ tiêu nào sao đây phải được loại trừ hoặc điều chỉnh do ảnh hưởng của hoạt động chuyển nhượng? Which criteria in the below categories are eliminated and adjusted on the date of preparing CFSs ?*

24.2.4. Vốn đầu tư tại công ty con, công ty liên kết/ investments in subsidiary, associates or jointly control entities

24.2.5. Lợi nhuận chưa phân phối/

24.2.6. Phải thu, phải trả nội bộ

24.2.7. Doanh thu, chi phí hoạt động tài chính

24.2.8. Lợi thế thương mại

24.2.9. Cả 5 phương án trên/ include five previous answers

24.2.10. Khác/others (cụ thể/detail):

Câu 25-Q25: Tại đơn vị Ông/bà đã từng có sự kiện nào phát sinh sau ngày lập BCTC mà ảnh hưởng đến thông tin trình bày BCTCHN không? There were any transactions that happen after making CFSs and influence on the information of CFSs in your corporation/group?

25.1. Không/ No

25.2. Có/Yes

- Đó là các hiện tượng gì? Xảy ra khi nào?/What were they/ When did they happen?

.....

- Đơn vị đã xử lý ra sao?How did solve or disclosure?

.....

Câu 26-Q26: Theo Ông/Bà vấn đề khó khăn hiện nay của đơn vị mình khi lập BCTCHN là gì? Tại sao?.In your opinion, What are the obstacles to prepare CFSs? Why?

Điểm khó khăn/Obstacles	Nội dung hoặc lý do/reasons
<input type="checkbox"/> 26.1.Khung pháp lý/legal framework: Cụ thể là gì/detail?
<input type="checkbox"/> 26.1.1.Luật kế toán/Law Cụ thể nội dung/detail?
<input type="checkbox"/> 26.1.1.1.Nguyên tắc giá gốc/ principal of original cost
<input type="checkbox"/> 26.1.1.2. Không rõ đơn vị bắt buộc lập BCTCHN/Who must to prepare CFSs
<input type="checkbox"/> 26.1.1.2. Khác/others
.....
<input type="checkbox"/> 26.1.2. Chuẩn mực kế toán: VASs Đó là chuẩn mực nào/What are standards?
<input type="checkbox"/> 26.1.2.1.VAS 11.
<input type="checkbox"/> 26.1.2.2.VAS 25.
<input type="checkbox"/> 26.1.2.2.VAS 21.
<input type="checkbox"/> 26.1.2.2.Khác/Others.
<input type="checkbox"/> 26.1.3. Thông tư hướng dẫn: Guide for implementation Đó là chuẩn mực nào/What are guide documents?
.....
<input type="checkbox"/> 26.2.Trình độ nhân viên nghiệp vụ/ Staff knowledge
<input type="checkbox"/> 26.3. Chính sách quản lý nội bộ/ policy of internal control
<input type="checkbox"/> 26.4. Đặc điểm lĩnh vực kinh doanh/ Business characteristic
<input type="checkbox"/> 26.5.Khác/others.....
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Câu 27-Q27: Theo Ông/Bà thông tin trên BCTCHN của đơn vị đã cung cấp thời gian vừa qua như thế nào? In your opinion, how is the quality of financial information that your corporation did supply on CFSs?. (có thể chọn nhiều đáp án)

<input type="checkbox"/> 27.1 Điểm tích cực/Advantages	<input type="checkbox"/> 27.2 Điểm không tích cực và lý do	
	disadvantages	reasons
<input type="checkbox"/> 27.1.1.kịp thời/Timeless	<input type="checkbox"/> 27.1.1.không kịp thời/un-timeless	.....
<input type="checkbox"/> 27.1.2. đầy đủ/fullness	<input type="checkbox"/> 27.1.2. Không đầy đủ/-unfull	.....
<input type="checkbox"/> 27.1.3.Đáng tin cậy/faithful	<input type="checkbox"/> 27.1.3.Không Đáng tin cậy/faithless	.....
<input type="checkbox"/> 27.1.4.Trung thực/honesty	<input type="checkbox"/> 27.1.4.Không Trung thực/	.....
<input type="checkbox"/> 27.1.5.Khác /others.....	<input type="checkbox"/> 27.1.5.Khác/others	.....

Câu 28-Q28: Ông/Bà có đề xuất/kiến nghị gì trong việc hoàn thiện công tác lập BCTC HN của TCT/tập đoàn kinh tế ? What are your recommendations?

28.1. Khung pháp lý/ Legal framework.....

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28.2. Chính sách quản lý / management policy:

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28.3. Khác/Others.....

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\Xin trân trọng cảm ơn/Thank you so much for your time!