

The Factors Impact on Conversion of Financial Statements From Vietnam's Accounting Standard (VAS) into International Financial Reporting Standard (IFRS)_ Experimental Research for Vietnam Listed Joint-Stock Companies

Nguyen Ngoc Hiep

Associate Director- Finance Group, Dragon Capital Group Ltd

Abstract: *This research investigates, analyzes and measures relevant factors impact on conversion of financial statements from Vietnam's accounting standards (VAS) into International financial report standards (IFRS) of Vietnam listed joint-stock companies (JSCs). The result of this research showed that conversion of financial statements from VAS into IFRS of listed JSCs on the Vietnam stock market is impact by five factors, including: economic integration, legal system, cultural environment, support by company's manager and education of accountant. "Economic integration" factor has greatest impact and after that, "education of accountant" factor has second highest level of impact. The three factors: legal system, cultural environment and support by company's manager are all quite small impact. From the results of the research, author have suggested to collaboration between Vietnam Government and listed JSCs in an effort to convert and adopt IFRS financial statements for Vietnam listed JSCs*

Keywords: Conversion financial statement, factors affect, International financial reporting standard, Vietnamese account standard

1. Introduction

As a member of the WTO, Vietnam must commitment itself to opening its finance market, and thus influx of foreign investors into Vietnam is inevitable. Investments and transactions in capital market and stock market of Vietnam attract more and more foreign investors. In order to attract capital from foreign investors, many Vietnam listed joint-stock companies register to list their stocks/bonds on the International Stock Exchange. One of the conditions for listing stocks/bonds on the International Stock Exchange is to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

In recent years, some Vietnam listed joint-stock companies have converted of their financial statements from Vietnamese Accounting Standards into International Financial Reporting Standards for requirement by their parent companies or demanding of strategic investors or these companies want to list their stocks / bonds on the International Stock Exchange. Beside benefits of conversion IFRS financial statements, these companies have encountered many difficulties and challenges in conversion financial statements such as resource constraints, lack of IFRS accounting staffs, many significant differences between Vietnam Accounting Standards and International Financial Reporting Standards, Vietnam has not issued some international accounting standards.

With the above analysis derive from integration requirements, from significant differences between the Vietnamese Accounting System and the International Accounting Standards / International Financial Reporting Standards, from difficulties and challenges that JSCs are converting IFRS financial statements ,author want to find

out factors impact conversion of financial statements from VAS into IFRS of Vietnam listed joint-stock companies by sending 290 survey questionnaires to general accountants/ chief accountants/Managers of some listed joint-stock companies that converting or preparing to convert their financial statements from VAS into IFRS ; director /senior manager auditors of the big fours international auditor firms then collecting, processing and analysis data to investigate factors impact conversion of financial statements from Vietnam's accounting standards (VAS) into International financial report standards (IFRS) of Vietnam listed joint-stock companies.

Section II provides a background of VAS development and status of conversion financial statements to IFRS of Vietnam listed joint-stock companies. Section III Literature and develop research hypotheses. Section IV Research model. Section V details methodology and variable constructs. Section VI Results and Section VII conclusion and suggestions.

2. Background

A. Vietnamese Accounting System (VAS) development
In the 1990s, Vietnamese Accounting System (VAS) for enterprises was issued by Vietnam Ministry of Finance ("MOF"). During the period from 2001 to 2005, 26 Vietnamese Accounting Standards (VAS) were issued .These VASs were developed based on the old International Accounting Standards and International Financial Reporting Standards which existed at the time. However not all IAS/IFRS were adopted in Viet Nam, it's not significant change has been made to these VASs since their issuance

Volume 6 Issue 3, March 2017

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The MOF of Vietnam also issues circulars that interpret the requirements of the Vietnamese Accounting System for enterprises and the VAS: the guidance includes detailed bookkeeping and journal entries for various type of transactions related to the respective subject. Circular No. 200/2014/TT-BTC is the latest circular stipulating the amended Vietnamese Accounting System for enterprises, which introduces a number of changes to bring VASs closer to IFRSs in a few areas

26 Vietnamese Accounting Standards (VAS) were issued as follows:

Stage 1: Decision 149/2001 / QD-BTC of the Minister of Finance dated 31/12/2001. Issuing four accounting standards:

VAS 02	Inventories
VAS 03	Tangible fixed assets
VAS 04	Intangible fixed assets
VAS 14	Turnover and other incomes

Stage 2: Decision 165/2002 QD-BTC dated 31 December 2002, issuing six accounting standards

VAS 01	Framework
VAS 06	Leases
VAS 10	The effects of changes in foreign exchange rates
VAS 15	Construction contracts
VAS 16	Borrowing costs
VAS 24	Cash flow statements

Stage 3: Decision 234/2003 QD-BTC dated 30 December 2003, issuing six accounting standards

VAS 05	Investment properties
VAS 07	Accounting for investments in associates
VAS 08	Financial reporting of interests in joint ventures
VAS 21	Presentation of financial statements
VAS 25	Consolidated financial statements and accounting for investments in subsidiaries
VAS 26	Related party disclosures

Stage 4: Decision No. 12/2005 QD-BTC dated 15 February 2005 issuing six accounting standards

VAS 17	Income taxes
VAS 22	Disclosures in the financial statements of banks and similar financial institutions
VAS 23	Events after the balance sheet date
VAS 27	Interim financial reporting
VAS 28	Segment reporting
VAS 29	Changes in accounting policies, accounting estimates and errors

Stage 5: Decision No. 100/2005 QD-BTC dated 28 December 2005 issuing four accounting standards

VAS 11	Business combinations
VAS 18	Provisions, contingent liabilities and contingent assets
VAS 19	Insurance contracts
VAS 30	Earnings per share

Source: MOF of Vietnam, 2015b

B. Status of conversion financial statements from VAS into IFRS of JSCs on Vietnam Stock exchange

In Vietnam, some listed joint-stock companies have converted to IFRS financial statements in addition to the VAS-based financial statements because require of their parent companies for consolidation purposes. Beside that,

some listed JCSs are preparing IFRS financial statements to improve accuracy and transparency, thus contributing to improving the management effectiveness of the company's business operations, such as Bao Viet Holdings, since 2009; Vincom Group established IFRS financial statement to list international convertible bonds on the Singapore Stock Exchange and more listed joint-stock companies are converting into IFRS financial statements are as below :

Table 1: Vietnam listed joint-stock companies –converting of financial statement from VAS into IFRS

Company name	Year of conversion
Vietnam International Leasing Company Limited	2000
Ngân hàng ngoại thương Việt Nam (Vietcombank)	2008
Ngân hàng TMCP Đông Á Dong A bank)	2008
Tập đoàn Bảo Việt Group (BaoViet Group)	2009
Tập đoàn Vincom (Vincom Group)	2009
Ngân Hàng đầu tư và phát triển Việt Nam (BIDV Bank)	2009
Công ty cổ phần chứng khoán TPHCM HSC (Hochiminh Security Corporation)	2010
Công ty cổ phần đầu tư và công nghiệp Tân Tạo (TanTao Group)	2011
Sacombank Leasing Company	2012
Ngân hàng TMCP Xuất Nhập Khẩu (Exim bank)	2012
Ngân hàng Nam Á (Nam Á bank)	2012
Ngân hàng TMCP Sài Gòn Thương Tín (Sacombank)	2013
Ngân hàng TMCP Saigon Hanoi (SHBank)	2014
Công ty CP tài chính ngân hàng Việt Nam thịnh vượng (VPbank Finance Company)	2014
Vietnam Oman Investment Company	2016
Công ty cổ phần điện Gia Lai (Gia Lai electric joint stock company)	2016
...	

Source: Author compiled

Author have worked, discussed and interviewed directly with Managers, CFOs, Chief accounts and directors/ senior manager auditors of the big-four international audit firms who direct/manage conversion financial statements into IFRS, showed that some difficulties and challenges that listed JCSs face in conversion their financial statements from VAS into IFRS, including:

- There are many significant differences between VAS and IFRS, some standards are not in accordance with actual conditions in Vietnam, Vietnamese Accounting Standards have not been updated with changes in the International Accounting Standards (IAS), guiding circulars are unclear, some conflicts between Circular and Accounting Standards
- Lack of accountants with IFRS knowledge. In addition, it's needed using English for IFRS, this is one of barriers for accountants so it is easy to mislead when translating into other languages. Also, there are many English terms that do not have Vietnamese equivalent, especially in the field of accounting.
- Financial reporting format of IFRS differs from VAS. IFRS requires two additional statements: equity change statement and other comprehensive income statement. Therefore, it requires proficiency and time to prepare IFRS well-formed and accurate financial statements.

- Cost of conversion and adopting IFRS is high such as cost of implementing information system, cost of hiring consultants, cost of training.
- Companies must develop a new governance reporting system based on IFRS financial reporting to support internal corporate governance and strategy.

3. Literature and Develop Research Hypothesis

3.1 External factors

A. Economic integration

Chai et al., (2010) found that quality of information on financial statements improved after conversion and adopting full IFRS, evidence found of many listed companies from 15 member states of European Union (EU). In view of this, Cai & Wong (2010) also showed that level of integration in capital market in the countries is higher after they adopted IFRS. According this, conversion of financial statement from GAAP into IFRS will increase economic integration

Abdulkadir Madawak,s (2012) study benefits and challenges of conversion and adoption IFRS in developing countries, specific case in Nigeria, showed that one of the benefit of adopting IFRS in developing countries is that to attract foreign capital and easy to list their stocks in the international exchange stocks.

Vietnam is a developing country and in the process of economic integration with the world, business activities of Vietnam and other countries will be increasingly developed, more foreign investors will invest in Vietnam. Moreover, foreign borrowing market is one the best channel for Vietnam listed JCSs raise fund for expanding their business. In order to do this well, preparing financial statements following IFRS is the best way to attract foreign capital and foreign loan capital

Based on the above analysis and currently economic integration of Viet Nam, author expect a positive relation between international economic integration and conversion financial statements from VAS to IFRS

H1: There is relationship between international economic integration and conversion of financial statements from VAS into IFRS

B. Legal system

Kim M.Shima & David C.Yang (2012) showed that legal system affected to ability conversion and adoption IFRS in each country, countries with common law legal system will have higher adopting IFRS than Code law countries.

Legal system is one of the difficult to adopt IFRS in developing countries Abdulkadir Madawaki (2012). Mohamed Abulgasem Zakari (2014) based on survey experts in field of accounting and auditing practice and teaching and research accounting showed that one of the difficult of Lybia adopting IFRS was that there were many differences between legal system in accounting of Lybia w IFRS.

In Vietnam, accounting standards have been released and managed by the Ministry of Finance through legislation and regulations .Vietnamese accounting standards are based on international accounting standards framework but some modifications to ensure accountability and minimize uncertainly estimate that affect assets. It's difficult to create these assets because Vietnam began an agriculture country. According this, author expect that a relation between conversion of financial statement from VAS into IFRS and legal system

Based on the above analysis and current VAS and laws, author expect that there is a correlation relation between legal system and conversion of financial statements from VAS into IFRS

H2: there is relationship between legal system with conversion of financial statement from VAS into IFRS

C. Culture environment

Salter & Niswander (1989) tested Gray's model (Gray,1988 built culture into model of accounting theoretical by linking with Hofstede's cultural w accounting value), result of the test given that country's societies (cultural) with low uncertainly avoidance were less likely the accounting systems that were dictated by legal requirements, meaning that countries with low uncertainly avoidance may have a likely attracted to adopt IFRS

Vietnam's accounting system influences by French's accounting system as Vietnam was a French colony. Vietnam is a country with a culture of risk aversion, uncertainly avoidance, highly prudent accounting system, limit estimate transactions, request compiled with laws and regulations in accounting ,Tran Quoc Think (2016)

Inheriting Hostede's studies and above analysis, author expect that a relation between culture environment and conversion of financial statement from VAS into IFRS

H3: there is relationship between cultural environment and conversion of financial statements from VAS into IFRS

3.2 Internal factors

A. Support by company's manager

Tendeloo & Vanstraelen (2005) & Callao & Jarne (2010)'s research on benefit of governance, Tendeloo & Vanstraelen survey of voluntary adopting IFRS in Germany (based on listed companies in Germany's stock exchange) while Callao & Jarne researched increasing or decreasing of adopting IFRS in Europe (1.408 listed companies in EU) it's found that manager of these companies increasingly support in conversion and adopt IFRS

Evans O.N.D. Ocansey & John A. Enahoro (2014), comparable adopting IFRS of Ghana & Nigieria, showed that one of challenge of adopting IFRS in developing countries is company's manager who decided their companies adopt or not IFRS

Currently there are some problems with public financial information on the Vietnam stock market such as some listed JCSs provide less information, quality and

transparency of financial information decreased, especially information relating board of managements. With these issues, the State Securities Commission of Vietnam has intensified monitoring and enforcement regulations, announcing the alleged violations. The State Securities Commission also request listed joint-stock companies more business disclose of their stakeholder information and financial statements to enhance the role of managers in providing financial information to stock market

According above researches in supporting by company,s manager showed that company's managers play key roles in deciding of conversion and adopting IFRS with different attitudes of managers. Author expect that conversion of financial statement into IFRS requires consensus and support of human resources as well as financial resource of company's manager

H4: *there is relationship between support by company's manager and conversion financial of financial statement from VAS into IFRS*

B. Education of accountant

Accountants of listed joint-stock companies or senior auditor of the big-four international audit firms are key persons for preparing conversion and adopting IFRS .There are many studies of converting and adopting IFRS in developing countries also showed that lack of professional accountants became challenges in adopting IFRS, in case of Lybia, Mohamed Abulgasem Zakari (2014). Madawaki (2012) found that in developing countries, especially in case of Nigeria, was faced challenge in processing conversion of financial statement from GAAP into IFRS, there is issue of training professional accountants. Furthermore, English is also an issue of conversion and adoption IFRS, particularly in countries that are not use English, Costel Istratea (2015)

In Vietnam, currently training system is backward with low quality. Professional skills of accountants are low compare to develop countries, accountants are not good in English and limit knowledge of IFRS. It's a challenge to understand , conversion and adopt IFRS. Education programs in international accounting subject of Vietnamese universities mainly teaching American accounting or not much of international accounting's theory. Furthermore, Vietnam is a developing country so author expect that conversion financial statement into IFRS depends on educations, skills, experiences, language ability and IFRS knowledge of accountants of listed JSCs

H5: *there is relationship between education of accountant and conversion of financial statements from VAS into IFRS*

3.3 Conversion of financial statement from VAS into IFRS (dependence variable)

Conversion of financial statements to International Financial Reporting Standards (IFRS) is the conversion of financial statements from Vietnam's accounting standard (VAS) to International Financial Reporting Standards (IFRS). Conversion financial statements into IFRS is common in many countries around the world. Differences between current accounting standards and IFRS depend on the

country of operation, the area of operation and the accounting policies that enterprise chooses. The quality and flexibility of the enterprise's current financial reporting structure, scale and impact of national accounting standards changes in business operations is one of the factors that influence the process. Conversion financial statement from Vietnamese Accounting Standards to International Financial Reporting Standards does not only affect the accounting policies and financial position of an enterprise which may have unintended impacts on the business operations of an enterprise. There are many risks to operation of business (E & Y, Global IFRS conversion methodology, 2009).

4. Research Model

As stated above, considering factors for conversion of financial statement from VAS into IFRS, author present a model of the proposed research as follows:

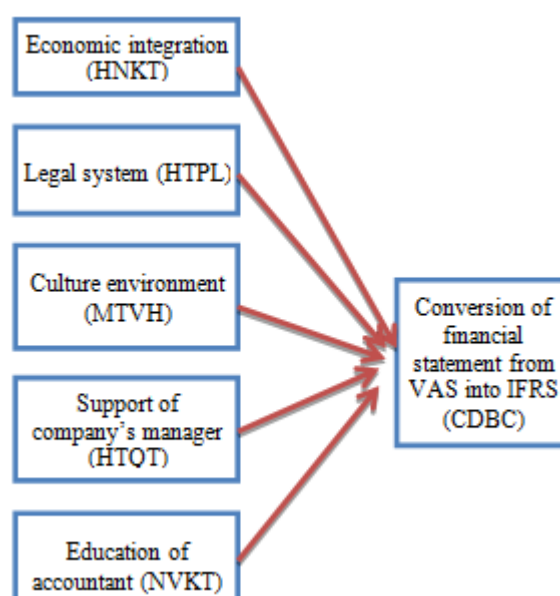


Figure 1: The proposed research model factors for conversion of financial statement from VAS into IFRS
Source: Author compiled

5. Methodology

5.1 Developed questionnaires

The content of questionnaires were focused on evaluating impact of factor on conversion financial statements form VAS into IFRS of listed joint-stock companies on the Vietnam stock market with 3 stages:

Stage 1: before testing: author developed and sent questionnaires to general accountants/ chief accountants/ Managers of listed JSCs who have been converted or on the way to prepare conversion of financial statements from VAS into IFRS; Director /senior manager auditors of the big fours international auditor firms who are preparing, advising or manage conversion of financial statement from VAS into IFRS for their clients. Purpose of this stage to adjust guidance to answer the survey questions

Stage 2: pilot testing: author sent pilot questionnaires to some listed JCSs, mainly those companies that have been implementing conversion financial statements to IFRS, also sent director /senior auditors of the big fours auditor firms to examine the ability of understanding the survey questions

Stage 3: official survey: sending questionnaires to survey subjects then collect, process, analyze survey result and discussions

To improve the response rate including sending first and second reminders. The questionnaires consist of two parts. Part one relates to personal information, which are the background of the respondent such as education level, title, years of working.. Part two, consist of respondent perception toward factors, advantages and disadvantages of conversion into IFRS financial statement (Appendix: Questionnaire)

5.2 Subjects Sampling

This research focus on factors impact in conversion of financial statement from VAS into IFRS, author selected listed joint-stock companies that converting or prepare to convert into IFRS financial statements, while respondents must have knowledge, directly prepare or manage conversion. Author chose sampling subject selectively through sending directly or email questionnaires to general accountant, chef account, managers of listed joint-stock companies that have been converted or preparing to convert of financial statements from VAS into IFRS, director/senior manager auditor of the big four international audit firms who are preparing conversion of financial statements from VAS into IFRS for their clients

5.3 Sample size

The general principle is that the larger sample size, the higher accuracy of the results. However it's needed to consider the time and financial constrains to select optimal sample size suitable with the research. Author sent out 290 observations (survey period from Apr 2016 to Oct 2016), collected 233 observations (80.34%), after cleaning, 20 unsatisfactory and rejected, 213 valid observations were used for the analysis

Author used many methods to process data in this research such as Exploratory Factor Analysis (EFA), correlation and regression analysis... minimum sample size need to meet the requirements of each method. It's must be at least minimum sample size is 50 to apply EFA, preferably 100 and it's necessary to collect at least 5 observations of 1 observed variable 5:1, the best is 10:1 (Hair et al,2006). Within the scope of this study, author propose a model with 20 variables, if the scale 5:1 the minimum sample size is 135 observations, if use best ratio 10:1 the sample size is 200 observations. With the 213 observations collected by author, it's met the requirement of sample size needed for this research at least 135

5.4 Data processing method

Cleaning data: this stage will help to minimize error caused by screening and data entry techniques, also reject unsuitable

or unsatisfactory observations then clean data to input SPSS. The results after the survey and data cleaning was 213 valid questionnaire observations, meeting the requirement of sample size needed for this research

Data encryption: data is encrypted and inputted into a data processing software SPSS 20.0.

6. Results

6.1 Analysis using Cronbach Alpha coefficients

Author used Cronbach Alpha to ensure the reliability of the items asked in the survey questionnaire, using Cronbach Alpha also excluded variable low scale reliability in conversion of financial statements from VAS into IFRS

The result of using Cronbach Alpha below showed that all coefficients > 0.5, this means that the variances are suitable and reliable, qualified for the next analysis step

Table 2: Result of Cronbach Alpha coefficients and correlation coefficients of total variables, test reliability of independent variables

No	Independent variables	Cronbach's Alpha coefficients	Correlation coefficients of total variables	Notes
1	Economic integration (HNKT)	0.850		
	HNKT1		.728	
	HNKT2		.707	
	HNKT3		.660	
	HNKT4		.662	
2	Legal system (HTPL)	0.761		
	HTPL1		.603	
	HTPL2		.563	
	HTPL3		.610	
3	Culture environment (MTVH)	0.801		
	MTVH1		.652	
	MTVH2		.730	
	MTVH3		.561	
4	Support by company's manager (HTQT)	0.739		
	HTQT1		.506	
	HTQT2		.587	
	HTQT3		.603	
5	Education of accountant(NVKT)	0.818		
	NVKT1		.669	
	NVKT2		.688	
	NVKT3		.599	
	NVKT4		.606	

Source: compiled from analysis result of author-SPSS 20.0

6.2 Exploratory Factor Analysis (EFA)

Exploratory factor analysis was performed in following orders:

- (i) KMO and Bartlett's Test to check correlations between variances and suitable of factor research model. Factor analysis is appropriate when the KMO coefficient is between 0,5 & 1,0 and Bartlett's test is suitable at Sig ≤ 0,05 (Hair, Anderson, Taham & William, 2006)

Table 3: Result of KMO & Bartlett tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.768
Bartlett's Test of Sphericity	Approx. Chi-Square	1326.432
	Df	136
	Sig.	.000

Source: compiled from analysis result of author-SPSS 20.0

The result of table 3 showed that KMO coefficients was 0.768 is between 0.5 & 1.0, indicating that the factors analysis is appropriate and significance levels sig is .000 less than 0.05 is satisfactory statistical significance

(ii) Norm of average variance extracted: the scale is accepted as total variance extracted > or = 50 and Eigenvalues > 1 (Gerbing & Anderson, 1988)

Table 4: Summary of cumulative variances

Component	Initial Eigenvalues ^a			Extraction Sums of Squared Loadings			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
Raw	1	4.197	24.688	4.197	24.688	24.688	
	2	2.235	13.146	37.834	2.235	13.146	37.834
	3	1.943	11.430	49.264	1.943	11.430	49.264
	4	1.760	10.351	59.615	1.760	10.351	59.615
	5	1.596	9.390	69.005	1.596	9.390	69.005
	6	.687	4.040	73.044			
	7	.589	3.466	76.510			
	8	.562	3.304	79.815			
	9	.504	2.963	82.778			
	10	.484	2.850	85.627			
	11	.453	2.663	88.291			
	12	.417	2.455	90.745			
	13	.373	2.194	92.940			
	14	.347	2.044	94.983			
	15	.324	1.908	96.891			
	16	.272	1.601	98.492			
	17	.256	1.508	100.000			

Source: compiled from analysis result of author-SPSS 20.0

The above result Table 4 showed that if based on Initial Eigenvalues's norm >1, there are five factors and it's also explained total variance extracted is 69.05% (>50%), the result met the requirement of norm.

(iii) Rotation Method: Author used rotation method by Varimax Produce to minimize number of variances that have large coefficient at the same factor. After rotation, remove variables with factor loading less than 0.5. The table 5, explained a factor on the recognizing of variables with large coefficients at the same factor.

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 5 iterations.

Source: compiled from analysis result of author-SPSS 20.0

Table 5: Rotated Component Matrix^a

	Component				
	1	2	3	4	5
HNKT1	0.86	0.102	0.038	0.026	-0.014
HTKT2	0.817	0.111	0.062	0.113	0.161
HNKT3	0.739	0.246	0.113	0.111	0.079
HNKT4	0.814	0.124	-0.003	0.028	0.009
HTPL1	0.118	-0.025	0.078	0.813	0.06
HTPL2	0.034	0.007	0.077	0.799	0.058
HTPL3	0.069	0.095	0.016	0.828	0.006
MTVH1	-0.001	0.05	0.821	0.132	0.198
MTVH2	0.08	0.057	0.883	0.057	0.058
MTVH3	0.082	0.011	0.801	0.004	-0.075
HTQT1	0.299	0.091	-0.112	0.158	0.721
HTQT2	-0.01	0.081	0.161	-0.064	0.819
HTQT3	-0.013	0.105	0.079	0.069	0.838
NVKT1	0.138	0.81	-0.026	0.024	0.096
NVKT2	0.198	0.804	0.033	-0.046	0.11
NVKT3	0.063	0.792	0.066	0.007	-0.05
NVKT4	0.154	0.739	0.055	0.109	0.163

6.3 Testing correlation coefficient and Analysis regression

6.3.1 Testing correlation coefficient

This stage is very important before analysis regression by using Pearson r. The Pearson r showed direction of correlation (positive or negative) as well as the size of the linear relationship between the two variables. If the value of r closer from -1 to +1 and its value closer to two numbers, stronger relationship between two variables. The value of r is as close to zero as the weakest correlation

The result below (Table 6) given that correlation coefficient between "conversion of financial statement from VAS into IFRS" is high with independent variables "economic integration" (Pearson = 0.738); "education of accountant" (Pearson = 0.725) and at moderate correlation with independent variables "Legal system" (Pearson = 0.231), "Cultural environment" (Pearson = 0.22) and "support by company's manager" (Pearson = 0.318).

Therefore, it's possible to conclude that independent variables can be included in the model to account for conversion financial statements from VAS into IFRS with five independent variables: economic integration; legal system, cultural environment; support by company's manager and education of accountant

Table 6: Matrix correlation coefficients between variables

		Correlations					
		HNKT	HTPL	MTVH	HTQT	NVKT	CDBC
HNKT	Pearson Correlation	1	.185**	.138*	.207**	.348**	.738**
	Sig. (2-tailed)		.007	.045	.002	.000	.000
	N	213	213	213	213	213	213
HTPL	Pearson Correlation	.185**	1	.153*	.139*	.082	.231**
	Sig. (2-tailed)	.007		.026	.043	.232	.001
	N	213	213	213	213	213	213
MTVH	Pearson Correlation	.138*	.153*	1	.141*	.106	.222**
	Sig. (2-tailed)	.045	.026		.040	.123	.001
	N	213	213	213	213	213	213
HTQT	Pearson Correlation	.207**	.139*	.141*	1	.233**	.318**
	Sig. (2-tailed)	.002	.043	.040		.001	.000
	N	213	213	213	213	213	213
NVKT	Pearson Correlation	.348**	.082	.106	.233**	1	.725**
	Sig. (2-tailed)	.000	.232	.123	.001		.000
	N	213	213	213	213	213	213
CDBC	Pearson Correlation	.738**	.231**	.222**	.318**	.725**	1
	Sig. (2-tailed)	.000	.001	.001	.000	.000	
	N	213	213	213	213	213	213

Source: compiled from analysis result of author-SPSS 20.0

6.3.2 Analysis regression and discussion

After analyzing correlations between variable then putting the appropriate independent variables into the regression equation by enter method through SPSS.

Based on the result of data processing from the author's survey data file through SPSS given final regression equation of relationship between variables:

$$Y = 0,297 + 0,405.X_1 + 0,051.X_2 + 0,046.X_3 + 0,062.X_4 + 0,389.X_5 + e$$

Y: dependent variable "conversion financial statement from VAS to IFRS"

X1: economic Integration factor

X2 : Legal system factor

X3: Cultural environment factor

X4: Supporting by company's manager factor

X5: education of accountant factor

e: estimated error

Table 7: Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	NVKT, HTPL, MTVH, HTQT, HNKT ^b	.	Enter
a. Dependent Variable: CDBC b. All requested variables entered.			

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.910 ^a	0.828	0.824	0.19916
a. Predictors: (Constant), NVKT, HTPL, MTVH, HTQT, HNKT b. Dependent Variable: CDBC				

The result of model summary corrected R2 =0.828, means that regression model was constructed in accordance with the data set researching 82.8%

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.483	5	7.897	199.092	.000 ^b
	Residual	8.21	207	0.04		
	Total	47.693	212			
a. Dependent Variable: CDBC b. Predictors: (Constant), NVKT, HTPL, MTVH, HTQT, HNKT						

The ANOVA table shows the F statistic value calculated from the R square of the full model, Sig value (0.000), It is safe to reject the H0 hypothesis that all regression coefficients are zero (except for constants), which means that at least one independent variable that affects the dependent variable. Thus, the regression model is consistent with the data set and is usable.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.297	0.14		2.13	0.034
	HNKT	0.405	0.024	0.54	17.108	0
	HTPL	0.051	0.021	0.07	2.362	0.019
	MTVH	0.046	0.021	0.065	2.193	0.029
	HTQT	0.062	0.023	0.082	2.723	0.007
	NVKT	0.389	0.024	0.502	15.986	0
a. Dependent Variable: CDBC						

The Coefficients table showed that in five independent variables included in the regression model, independent variables affect the dependent variable in the conversion of financial statement into IFRS, including the "Economic Integration" with the Beta coefficient of 0.405 is statistically significant at > 99.99% when the sig index reached 0.000; Similarly, the "education of accountant" with the Beta coefficient of 0.389 is statistically significant. Sig. Valued at 0.000. In addition, the legal system variables with a Beta coefficient of 0.051 with a statistically significant level of 0.019, the "cultural environment " with a 0.046 Beta coefficient with a statistically significant level of 0.029, and support by company's manager the Beta is 0.062 with a statistical confidence level of > 99% when sig. in 0.007. The

Source: compiled from analysis result of author-SPSS 20.0

result showed that the conversion of financial statements from VAS into IFRS have the strongest influence gradually: First is economic integration, second is education of accountant and also by legal system, cultural environment and support by company's manager

7. Conclusions and Suggestions

By surveying, collecting and processing 213 valid questionnaires analyzing the impact of five factors affecting conversion financial statements from VAS into IFRS. Author have some conclusions and thus provides a basis for proposing a number of recommendations:

The results of the regression analysis from the sample dataset between the dependent variable to the independent variables presented in the previous section have shown that conversion of financial statements from VAS into IFRS of listed JSCs on the Vietnam stock market are impact by five factors, including: economic integration, legal system, cultural environment, support by company's manager and education of accountant. The "economic integration" factor has greatest impact and after that, the level of education of accountant has second highest level of impact. Although impacting, the three factors: the legal system, the cultural environment, and the support by company's manager are all quite small

The economic integration factor has greatest impact. The majority of respondents think that companies preparing IFRS financial statements is perfectly consistent with the current economic integration of Vietnam and increasing integration with the world economy. At the same time, companies prepare financial statements according to IFRS will bring more favorable conditions for them such as transparency, usefulness, quality of information on financial statements, easy for them to attract foreign investment capital, create favorable conditions for these companies to list their stocks/bonds on the international stock market

The education of accountant also has a positive impact on the intensity of conversion of IFRS financial statements. This means Vietnam listed joint-stock companies need to pay attention to education of accountants in the following aspects: IFRS trained knowledge, IFRS practicing experience, ability use English for IFRS

In addition, the legal system also has a certain impact on conversion of financial statements from VAS to IFRS. Accordingly, quantitative research results from this data set showed that in Vietnam there are still shortage of relevant accounting standards and regulations on accounting to guide the application of IFRS. At the same time, many points of inconsistency between the provisions of law and accounting principles of Vietnam with International Accounting Standards / International Financial Reporting Statements have a certain impact on the conversion of financial statements from VAS into IFRS for listed JSCs on the Vietnam stock market. This result is consistent with the results of other researches on the difficulties and challenges of applying IFRS in developing countries

The conversion of financial statements from VAS into IFRS also requires strong consensus and support from company's manager, director, especially board of director. This is more clearly confirmed when in the sample data set of the author's work, the supporting of company's manager is expressed by consensus, human resources support, company's managers have a positive influence on the statistical conversion over 95% of statistical significance

Finally, conversion into IFRS financial statements is also impact by the cultural environment, which is expressed by psychological risk aversion, fear of change in Vietnamese culture and level of acceptance new transactions

With the above analysis of factors, author suggest to collaboration between the Vietnam Government and listed JSCs on the Vietnam stock market in an effort to convert and adopt IFRS financial statements:

1. Strengthening conversion of financial statements from VAS into IFRS of listed JCSs (economic integration factor)

The Vietnam State Securities Commission should encourage listed joint-stock companies to gradually transit and prepare financial statements according to IFRS in addition to mandatory financial statements under VAS, encouraging listed companies to use quality auditing / accounting and auditing firms for advisory and supporting conversion into IFRS financial statements. Board of director of listed JSCs need to understand the importance, benefits of converting and adopting IFRS financial statements

2. Improve training in IFRS (Education of accountant factor)

Vietnamese universities need to review subject of "international accounting", improve teaching method in accounting, helping students understand natures of economic transactions rather than its principles. Lecturers in accounting have to be updated with changes of IFRS so students are updated and can apply IFRS when they graduate.

Faculty of accounting is required to work in conjunction with accounting experts and auditors of the big-four international audit firms KPMG, Price Water house, Ernst & Young and Deloitte for advisory, updating IFRS's changes

Professional organizations need to organize their personnel, improve their expertise, including professionals, lawmakers, financial directors, chief accountants, auditing firms. Professional organization will be training place for managers, issuers of regimes, policies and practicing accountant & auditors. Professional organizations need to link with international professional organizations to improve their level, update international accounting trends, update changes and apply IFRS

The big-Four international auditing firms are major sources of auditing and accounting with international expertise, as well as IFRS conversion advisory. These four firms often need to organize free international accounting training program through their companies 's Web site. Accountants

of JSCs need to regularly update the IFRS guidelines through these four audit firms.

Vietnam Listed JSCs can design IFRS training programs at their company by leading IFRS or sponsor accountants to attend international accounting courses such as ACCA for good preparation IFRS financial statements. IFRS training helps these companies to have strong IFRS knowledgeable teams ready for conversion and adopt IFRS

3. Increasing support from Vietnamese Government (legal system factor)

The Vietnam Ministry of Finance need to analyze actual significant differences between VAS and IAS / IFRS in order to coordinate with other related ministries to adjust the standards to make it easier for Vietnam listed joint-stock companies in conversion financial statement from VAS to IFRS

Some Vietnamese accounting standards that have been issued but not yet in line with actual conditions in Vietnam, the Ministry of Finance needs the National Accountancy Council in conjunction with the professional organizations and the State Securities Commission to assess in detail the difficulties that listed joint stock companies are compiling financial statements under IFRS and then issuing clear guidelines to help these companies preparing better IFRS financial statements

Some International Financial Reporting Standards are truly necessary and appropriate in Vietnam's current economic, political and social conditions such as Shares based payment (IFRS 02); Financial instruments (IFRS 7; IFRS 9); Government Grants (IAS 20);; impairment of assets (IAS 36), MOF should study and issue these standards timely

The MOF need to focus on IFRS training for MOF's staffs, especially those who issue accounting standards, regimes and circulars. Sending staffs to study experiences on conversion and adopt IFRS of developed countries

4. Supporting by company's manager factor

Board of directors, accountants of listed JSCs need to have IAS/ IFRS knowledge. Need to understand why company need to approach and step by step convert and apply International Financial Reporting Standards? What are the benefits of IFRS? ... listed JSCs should note that when approaching, converting and gradually implementing the International Financial Reporting Standards (IFRS), financial statement preparation and consistent audit procedures from one country to another other countries. With an accounting standardized system that is applied everywhere in the world will save capital access costs, information published to investors in a country is appropriate and meaningful

Listed joint-stock companies's managers should support human resources as well as financial resources to prepare conversion and adoption IFRS by training IFRS for accounts for senior managers/directors, building IT systems... need to comprehensive assessment of impact of conversion and application of IFRS to comprehensive planning

5. Cultural Environment Factor

As stated above, Vietnam is a country with a culture of risk aversion, uncertainly avoidance, highly prudent accounting system, limit estimate transactions. VASs are substantially still based on historical cost concept. One of difficult to convert and adopt IFRS is fair value revaluation. Currently listed JCSs do not have system to revalue assets or investments to fair value, JCSs are applying net asset value to value investments or assets but this approach is not in line with IFRS 13 on fair value measurement. Also, MOF have not issued guidance for measurement, presentation and recording in fair value. With these difficulties, it's needed supporting by company's manager to implement system for revalue assets/ investment, the Vietnam MOF should issue guidance for measurement, presentation and recording in fair value ...these supports will help listed JCSs easier to convert and adopt financial statements from VAS into IFRS

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APPENDIX : QUESTIONNAIRE

Part 1: PERSONAL INFORMATION

Name : _____

Company name : _____

Job : Accountant Auditor Other

Title : Years of work: _____

Education level : University Master Other

Email : _____ Tel: _____

Part 2: THE FACTORS IMPACT OF CONVERSION FINANCIAL STATEMENT FROM VAS INTO IFRS

Please provide your agreement with the following statements by circling the numbers corresponding to your point of view / opinions on a scale of 1 to 5

"5=strongly (totally) agree; 4 = somewhat agree ; 3=neither agree nor disagree ; 2 = somewhat disagree; 1 = strongly (totally) disagree"

No	Statements	1	2	3	4	5
1	Conversion of financial statements from VAS to IFRS can increase international economic integration					
2	Conversion of financial statements from VAS to IFRS will increase quality of information on financial statements					
3	Conversion of IFRS financial statements helps Vietnam listed joint-stock companies to easily attract foreign investment.					
4	Preparing IFRS financial statements creates favorable conditions for Vietnam listed joint-stock companies to list their stocks on the regional and international stock markets.					
5	There are many inconsistencies between legal regulations related to accounting and the recent development of international accounting standards/ International financial reporting standard					
6	There are many inconsistencies between accounting principles of Vietnam and IFRS accounting principles					
7	There is still a lack of adequate accounting standards and accounting regulations to guide application of IFRS					
8	Regulations on taxes affect conversion of financial statements					
9	Psychological fear of change affects conversion of financial statements to IFRS					
10	Level of acceptance of new ones low has an impact on conversion of IFRS financial					

	statements.					
11	Conversion of financial statements into IFRS requires consensus from company's manager	1	2	3	4	5
12	Conversion of financial statements into IFRS requires supporting of human resources from company's manager	1	2	3	4	5
13	Conversion of financial statements into IFRS requires supporting of financial resources from company's manager	1	2	3	4	5
14	Accountant needs to be trained in IFRS needed to convert financial statements from VAS into IFRS	1	2	3	4	5
15	Accountant needs many years of experiences to convert financial statements into IFRS.	1	2	3	4	5
16	Accountant needs to have good foreign language skills to read and understand IFRS documents	1	2	3	4	5
17	Accountant needs to have professional qualifications and professional skills to convert financial statements in accordance with IFRS.	1	2	3	4	5
18	Listed joint-stock companies in Vietnam should voluntarily convert IFRS financial statements	1	2	3	4	5
19	Conversion of IFRS financial statements is necessary for business operations of listed joint-stock companies	1	2	3	4	5
20	If it is decided (or advised) you will decide (advise) Vietnam listed joint-stock companies to convert financial statements from VAS into IFRS. (1)	1	2	3	4	5

¹ If auditor of big-four international auditing firms in Vietnam will respond in direction of advising their customers

CONTACT INFORMATION

Nguyen Ngoc Hiep

Associate Director- Finance Group, Dragon Capital Group Ltd
 15 floor, Melinh Point, 2 Ngo Duc Ke street, , Dist. 1, Ho Chi Minh City, Viet Nam
 Email : hiepnn2000@yahoo.com
 Tel: +84 903.624.656

