Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

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Follow-up on the Accounting Development Tool (ADT)

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Enhancing Vietnam's capacity for producing high-quality corporate reports
Revised Accounting Law

Revised accounting law will be approved by the Parliament in 2015 with the following supplementations:

- Investigation, discipline and appeals: Investigations related to the work that professionals have done in relation to corporate reporting; Separate disciplinary committee; Information publicly of misconduct; Appeals process…

- Public sector: Vietnam Public Sector Accounting Standards will be set up in line with IPSAS;

- Sustainability Development Reports;
Vietnam Financial Reporting Standards

Current Situation

- VAS/VFRS have been set up in line with IAS/IFRS since 2005;
- All the companies in Vietnam apply VAS/VFRS;
- Main difference between VFRS and IFRS: Cost and fair value approach;
- Strategy for full IFRS adoption is being built.
Vietnam Financial Reporting Standards

Strategy for full IFRS adoption

● Full IFRS shall be permitted as part of the national regulatory system from 2017 for:
  - Public – Interest Entities (include Listed companies; Banking sector and Insurance sector);
  - State Owned Enterprises (SOE);
  - Foreign registrants;
  - Private companies.

● After 2020, Full IFRS shall be required as part of the national regulatory system for:
  - Public – Interest Entities (include Listed companies; Banking sector and Insurance sector); SOE;
  - Other companies (non Public – Interest Entities) shall be encouraged but not required.
Vietnam Financial Reporting Standards

Interpretations have been developed and shall be applied effectively in 2015

- Customer loyalty program;
- Cash Flows Hedge and Hedges of a net investment in a foreign operation;
- Distributions of non-cash assets to owners;
- Business combination under Common control (Consolidation for Group Restructuring);
- Presentation of Financial Statements for Non-Going Concern Entities.
Vietnam Auditing Legal Framework

Revising and supplementing of Auditing Legal Framework

- Independent Audit Law (2011);
- Government Decree for implementing the Independent Audit Law (2012);
- Government Decree for Violation Sanction of independent Audit (2013);
- MOF’s Circular for Licensing Registration, Administration and Certification for auditor (Renewed 2012);
- MOF’s Circular for annual CPD (Renewed 2012);
- MOF’s Circular for Financial Statement auditing of public - interest Entities (Renewed 2013);
Vietnam Standards on Auditing (VSA) are in line with ISA, 37 VSA have been issued in 2012; Other Standards will be issued in this year such as:

- Modifications to the opinion in the independent auditor's report;
- Emphasis of matter paragraphs and in the independent auditor's report;
- Special considerations — audits of single financial statements and specific elements, accounts or items of a financial statement;
- Engagements to report on summary financial statements;
- Assurance engagements other than audits or reviews of historical financial information;
- Examination of prospective financial information;
- Assurance reports on controls at a service organization.
Sustainability Development

The following sustainability issues are being built in Vietnam

- Legalization for a standardized format for calculating and reporting climate change emissions;
- Setting up a guidance on preparation of sustainability reporting, include aspects: Economic and Environmental impacts, Labor practices, Human rights and Corruption avoidance;
- Stipulation for Company’s duty in preparing sustainability reports
Thank you for your attention