



Applying International Accounting Standard 16 in Vinamilk

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Abstract

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<p>The thesis studied International Accounting Standards 16 – Property, Plant and Equipment and Vietnamese Accounting Standard 03 – Tangible fixed asset. The author uses documentary synthesis methodology to point out the gaps between VAS 03 and IAS 16 in the process of transitioning financial reporting standards in Vietnamese enterprises. In addition, the author also interviewed one manager from the case company to give a deeper view into the process of implementing IAS 16: identify the difficulties and challenges, and plan to be more complete in IAS 16. Overall, this thesis will bring the shortcomings and challenges when applying IAS 16, the differences between IAS 16 and VAS 03 in theory and practice, and the case company's plans, therefore brings out the recommendation for the company to be more familiar with IAS 16, which will help Vietnamese enterprises step into the applying process in 2025.</p>
Key words Vietnam, Accounting, IAS, VAS, tangible fixed assets, Vinamilk

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1 Introduction

This thesis is a research-based thesis in bachelor's degree programme in Haaga-Helia University of Applied Sciences. The author is in International Business program and majoring in Financial Management. The first chapter will be introduction about background, research question, benefits, key concepts, and case company.

1.1 Background to the topic

According to the statistics of the Securities Commission on April 29, 2021, the total capitalization of Vietnam's stock market, including stocks and government/corporate bonds reached nearly 7.4 million billion Vietnam Dong, equivalent to nearly 120% of GDP and an increase of 10.83% over the same period last year (Nguyen 2022, 53). The development of the stock market, including the participation of foreign investors in the Vietnamese stock market as well as more Vietnamese enterprises planning to list on international stock markets, has set many requirements for shortening the difference between VAS and IAS.

In March 2020, the Ministry of Finance issued Decision 345/QD-BTC approving the scheme for applying IFRS (International Financial Reporting Standards). This is seen as Vietnam's official statement in support of the adoption of the language for global accounting, the language of international business, and the inclusion of Vietnam on the map of countries and territories that allow the application of IFRS.

According to the International Accounting Standards Board, 131/143 countries and territories (which account for 93% of the countries surveyed by the IASB) have claimed to allow the application of IFRS in different forms. Among them, 119 out of 143 (83.2%) countries and territories have required the mandatory use of IFRS standards for all or most entities. (Tap chi Tai chinh 2019.)

The choice to adopt IFRS brings significant benefits to countries such as improving the quality of financial reporting information, increasing competitiveness, international integration in the world market, improving business performance, and improving management and information quality (Tran, Ha, Le, & Nguyen 2019). As a result, many countries and territories have chosen to adopt IFRS instead of setting their own accounting standards, such as Australia, Hong Kong, and other European countries (Uyar 2014).

Until now, Vietnam has issued 26 accounting standards which are built based on International Accounting Standards (IAS) in accordance with the principle of being appropriate to the characteristics of the economy and the situation of enterprises in Vietnam. However, during the current period, in the face of the pressure of the market economy and economic integration, VAS has revealed

many typical limitations, such as that many standards do not keep up with the changes in the market economy (Tu, Bui, & Le 2019), and this reduces the trust of foreign investors in Vietnamese enterprises (Tu, & al. 2019). In addition, VAS has not been updated and adjusted in time compared to IFRS; the dominant scope of the VAS system has not distinguished between listed and unlisted enterprises; and enterprises are large, small, and medium-sized, which makes the regulations in VAS not really in line with today's practice (Tap chi Tai chinh, 2019). Vietnam is in the preparation phase for the adoption of IFRS, so clarifying the limitations of VAS compared to IFRS and adjusting VAS more internationally, as well as Vietnam's distinct characteristics, are key to the success of the international accounting convergence process in Vietnam.

The premise capital of production and business activities is fixed assets, which are the main labour materials of great value and long-term use in the enterprise. In the condition that science and technology become a direct production force, fixed assets stand for production capacity, and strength of the enterprise, making an important contribution to saving costs, improving labour activities, improving product quality, and increasing income for workers. Investing in the installation of fixed assets, organizing the management and rational use of fixed assets, and maximizing the existing machinery capacity in the business process will create conditions for businesses to reduce costs and lower prices. into products, increasing the competitiveness of the products they provide to customers, thereby increasing sales and profits. Recognizing the importance of the accounting standards in Vietnam, the author chose to analyse and compare the accounting standards VAS 03 Tangible Fixed Assets in the Vietnam accounting standard system with IAS 16 Property, Plant and Equipment in the International Accounting Standards System.

1.2 Research question

This thesis aims to compare VAS 03 and IAS 16 and summarize the key factors in comparison. The outcomes of the thesis are small research about the differences between VAS 03 and IAS 16 and application status in Vinamilk – one of the first companies applied IAS 16 and release IFRS financial statements in annual report from 2017.

The international aspect required to be the degree program of all theses is covered by International Financial Reporting Standards and Vietnamese Accounting Standards.

The research question (RQ) for this thesis is “How does Vinamilk implement IAS 16 to replace VAS 03?”. The research question was divided into three investigating questions:

IQ1: What are the gaps between IAS 16 and VAS 03?

IQ2: How is the IAS 16 application in Vinamilk progressing?

IQ3: What tasks are being considered for Vinamilk to continue to implement IAS 16 and for other Vietnamese enterprises to start applying IAS 16?

Table 1. Overlay matrix

Converting from VAS to IFRS	Theoretical Framework	Research methods	Outcomes (Number of the page where explained)
IQ1: What are the gaps between IAS 16 and VAS 03?	VAS 03 – tangible fixed assets and IAS 16 – Property, Plant and Equipment.	Literature review and research about VAS and IFRS, secondary data.	4 pages (page 16-19)
IQ2: How is the IAS 16 application in Vinamilk progressing?		Qualitative research.	1 page (page 20)
IQ 3: What tasks are being considered for Vinamilk to continue to implement IAS 16 and for other Vietnamese enterprises to start applying IAS 16?		Qualitative research.	5 pages (page 21-25)

1.3 Demarcation

The thesis will focus on tangible fixed assets (following IAS and VAS), because this is one of the most significant parts for companies. The author will address mainly the expenses, assets, depreciation, and time-using related to assets. This thesis will also mention fair values as they related to information under IAS 16 and VAS 03.

The scope of the thesis expected in bachelor's degree, so other parts such as profit and loss statements and cash-flow statements will not include.

1.4 Benefits

The thesis can become a part of a completed small research about the differences between VAS and IAS in tangible fixed assets, help the company in process of applying and adopting IFRS in financial report, and improve the comparison abilities and transparency of financial reporting.

The writer can improve accounting knowledge through the research for the thesis, especially about Vietnamese Accounting Standards. The writer will send this thesis to company, so this is not a huge contribution, but it is a way to apply what she has studied to her country.

1.5 Key concepts

The author is majoring in Financial Management and follows the thesis title “Converting from VAS to IFRS,” below will be key concepts related to the topic, and others will be updated during the writing process.

VAS (Vietnamese Accounting Standards) includes 26 Vietnamese Accounting Standards, issued by Ministry of Finance in Vietnam with 2 Circulars.

IFRS (International Financial Reporting Standards): “set out how a company prepares its financial statements”. (IFRS 2022).

Fixed assets (Property, Plant and Equipment): “are expected to be used more than one period for the purposes of the production or the supply of goods or services or for administrative purposes.” (Harrison, Horngren, & Thomas, 2014).

Fair value “is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available.” (International Financial Reporting Standards 13 paragraph 2).

1.6 Case company

Vietnam's top dairy enterprise, Vinamilk, was founded in 1976. The firm makes a broad variety of dairy products, such as milk, yogurt, cheese, and other items containing dairy. Vinamilk is a well-known brand in Vietnam and is growing its international market share by exporting to more than 50 nations. To guarantee the quality and safety of its goods, the firm has a vertically integrated supply chain and owns farms and processing facilities. Vinamilk is dedicated to sustainable business practices and has put in place several programs to lessen its environmental effect. It is also commended for its efforts in corporate social responsibility, which include funding educational and

community development initiatives in Vietnam. Vinamilk is one of the largest companies that is listed on the Ho Chi Minh Stock Exchange as of 2022 with the consolidated revenue of more than VND 60 000 billion (approximately USD 600 million). The company has experienced steady growth over the years and has consistently been listed among the top companies in Vietnam in terms of market capitalization. (Vinamilk 2023.)

2 Accounting standards in tangible fixed assets

This chapter will introduce the main theories and how the author will apply them to support the thesis content.

Research about VAS and IFRS in this part will be critical theoretically for this thesis writing process. The content for the theoretical framework includes both accounting standard overviews and detailed standards about tangible fixed assets in VAS and IFRS. In Vietnamese Accounting Standards, VAS 3 will be mentioned, mainly related to fixed assets. In IFRS, there is IAS 16, which will be mentioned and researched to support the theoretical framework. The researcher must summarize the differences between standards to support the processing of amendments.

Vietnamese government news about this topic will be a high-quality source that supports the theory because the Ministry of Finance in Vietnam issued a decision to approve the scheme to apply IFRS in Vietnam; from 2025, it will be compulsory for all listed companies (KPMG Vietnam 2021).

2.1 Fixed assets in Vietnamese Accounting Standards (VAS 03)

The objective of VAS 03 is to prescribe and guide accounting principles and methods for tangible fixed assets, including standards, recognition time, initial measurement, costs incurred after initial recognition, value determinate after initial recognition, depreciation, liquidation, and several other regulations, as a basis for recording accounting books and preparing financial statements.

2.1.1 Recognition

In VAS 03, tangible fixed assets are assets in the physical form held by enterprises for production and business activities in accordance with the standards.

Following Ministry of Finance in Vietnam and VAS 03 (Vietnamese Accounting Standards 3 paragraph 06), assets recognized as tangible fixed assets must simultaneously meet **all following four recognition criteria**:

- It is certain that future economic will be obtained from using the assets.
- The useful time is estimated more than 1 year.
- The historical cost of assets must be reliably determined and valued at 30 million Vietnam Dongs (around 1100 euros).
- Meet the value criteria according to current regulations.

2.1.2 Characteristics of tangible fixed assets affecting accounting

Fixed assets are often a key component of total assets and play essential roles in the reflection of the financial situation of enterprises, so the determination of whether an asset should be recognized as a tangible fixed asset, a production expense, or a business expense in the period shall affect the reporting of the enterprises' operations and business results (Vietnamese Accounting Standards 3 paragraph 08).

Fixed assets are classified into many different types depending on the forming factors, leading to the historical cost of the fixed assets will also be determined in different ways.

Fixed assets are characterized by participating in many production cycles and businesses; their value is gradually allocated to business expenses in each period according to appropriate criteria.

Every year, when preparing financial statements, enterprises must keep track of details for each fixed asset in three aspects: historical cost, depreciation value, and residual value.

In a particular case, the total cost of assets may be allocated to their components and separately accounted for each component. This case shall apply when each component of an asset has a different useful life or contributes to creating for the enterprise economic benefits that are assessed according to different criteria, so it may use a different depreciation method. (Vietnamese Accounting Standards 3 paragraph 12.)

2.1.3 Initial measurement

Tangible fixed assets must be initially valued at historical cost. In VAS 03, there are five cases for tangible fixed assets, and the historical costs will be determined on a case-by-case basis.

a. Procured tangible fixed assets.

Following VAS 03, the historical cost of a procured tangible fixed asset includes the purchase price (minus trade discounts or rebates), taxes (excluding refundable taxes), and expenses directly attributable to the acquisition. assets into the ready-to-use state, such as cost of site preparation; initial shipping and handling costs; cost of installation; test run (except (-) product and scrap recall due to test run); specialist costs; and other directly related costs.

For tangible fixed assets formed by construction investment by the method of contract assignment, the historical cost is the settlement price of the construction investment work, other directly related costs, and the registration fee (if any) (Vietnamese Accounting Standards 3 paragraph 14).

In cases where purchased tangible fixed assets are paid for by a deferred payment method, the historical cost of such fixed assets is recorded at the purchase price paid at the time of purchase. The difference between the total payable amount and the purchase price at sight is recognized as an expense according to the payment term unless such a difference is included in the historical cost of tangible fixed assets (capitalization) in accordance with the provisions of the Vietnamese accounting standard 16 - Borrowing costs (Vietnamese Accounting Standards 3 paragraph 15).

b. Self-constructed and self-manufactured tangible fixed assets

The historical cost of self-constructed and self-manufactured tangible fixed assets will be the actual cost of fixed assets, which includes installation and commissioning costs. If an enterprise uses its manufactured products to convert them into fixed assets, its historical cost is the cost of producing that product plus direct costs related to bringing the fixed asset into a ready-for-use state. (Vietnamese Accounting Standards 3 paragraph 18.)

c. Financial-leasing tangible fixed assets

In the case of leasing tangible fixed assets in the form of a financial lease, the historical cost of fixed assets is determined according to the provisions of VAS 06 Leases (Vietnamese Accounting Standards 3 paragraph 19).

d. Tangible fixed assets purchased in the form of exchange

According to VAS 03, the historical cost of fixed assets purchased in exchange for a dissimilar fixed asset or other asset is determined under the fair value of the fixed assets received, or the fair value of the assets brought into the exchange, after adjusting the amounts or cash equivalents paid to add or collect (Vietnamese Accounting Standards 3 paragraph 21).

e. Tangible fixed assets raised from other sources

Historical cost of sponsored, donated, and recognized fixed assets initial fair value. If the asset is not recorded at its initial fair value, it is recognized at its nominal value plus (+) costs directly attributable to bringing the asset into good condition and ready-for-use (Vietnamese Accounting Standards 3 paragraph 22).

2.1.4 Cost incurred after initial recognition

Costs incurred after the initial recognition of tangible fixed assets are recorded as an increase in the asset's cost if these costs are likely to increase future economic benefits from its use. Costs incurred that do not satisfy the above conditions must be recorded as production and business

expenses in the period. Classified by characteristics, there are three types of costs that are initially recognized:

- The cost of replacing parts of the tangible fixed assets to increase their useful life or their usable capacity.
- The cost of improving the parts of tangible fixed assets significantly increases the quality of manufactured products.
- The cost of applying new production technology reduces operating costs of assets compared to before.

Thereby, there are three principles for handling cost after the initial recognition: recording production and business expenses in the period, recording prepaid expenses, and making progress, allocating or accruing capitalization of fixed assets.

2.1.5 Measurement after initial recognition

VAS 03 permits only the cost model in accounting. After initial recognition, during the use process, tangible fixed assets are determined by their costs, accumulated depreciation, and resident values.

Depreciation method

Depreciation of fixed assets is the gradual decrease in value due to participation in production and business activities, natural erosion, technical progress, etc. in the process of operation of fixed assets. Depreciation of fixed assets is the calculation and allocation of the system of historical costs of fixed assets into production and business costs during the depreciation period of the fixed asset.

Following VAS 03, there are three methods of depreciation of tangible fixed assets that can be applied:

- Straight line method.
- Depreciation method according to the adjusted declining balance.
- Depreciation method according to quantity and volume of products (Vietnamese Accounting Standards 3 paragraph 32).

Enterprises shall not continue to calculate depreciation for tangible fixed assets that have been fully depreciated but are still used in production and business activities (Vietnamese Accounting Standards 3 paragraph 32). The useful life of tangible fixed assets shall be reviewed periodically, usually at the end of the financial year. If there is a significant change in the useful life evaluation, the depreciation rate should be adjusted. (Vietnamese Accounting Standards 3 paragraph 33.)

The depreciation method for tangible fixed assets must be reviewed periodically, usually at the end of the financial year. If there is a significant change in future economic benefits, the depreciation method and rates for the current and subsequent years may be changed (Vietnamese Accounting Standards 3 paragraph 36).

2.1.6 Disclosure

In the financial statement, the enterprise must present information on each type of tangible fixed asset: method of determination of historical cost; method of depreciation, the useful life of the depreciation rate; the historical cost, accumulated depreciation, and residual value; a written explanation (the section on tangible fixed assets)

The enterprises must present the nature and impact of the changes in accounting estimation that have a crucial influence on the current accounting period or subsequent period. The information must be presented when there are any changes in the accounting estimates related to the liquidated or to be liquidated tangible fixed assets, their useful life and depreciation methods.

2.2 Tangible fixed assets in International Financial Reporting Standards (IAS 16)

IAS 16 – Property, Plant and Equipment sets our regulations for the accounting of real estate, plant, and equipment. Property, plant, and equipment are initially recognized at historical cost, then measured against the cost or revaluation model, and systematically amortized over their useful lives. The first version of IAS 16 was issued in 1982.

The objective of IAS 16 is to describe the accounting method for property, plant, and equipment. Key principle issues in IAS 16 include: initial recognition of assets, which includes determining time and initial recognition value; change in asset value after initial recognition; depreciation charges; and impairment losses to be recognized.

2.2.1 Recognition

In IAS 16, tangible fixed assets are real property, plant, and machinery and equipment (PPE) that are physically held for use in production, service provision, or rental for at least more than 1 year. period.

Following IAS 16, tangible fixed assets (property, plant, and equipment) must be recognized as assets if and only when the following two conditions are satisfied:

- "It is probable that future economic benefits will flow to the entity."
- The historical cost of this asset can be reliably measured.

In particular, to determine whether an expenditure is an asset or not, it is necessary to consider the economic benefits and the possibility of receiving those benefits. For normally purchased assets, future economic benefits can be determined by examining whether there is a market for these assets. For assets without a market, the economic benefits arising are considered when used together with other assets in the enterprise. At a minimum, future economic benefits can be scrapped from the asset. In addition, future economic benefits are considered for assets that do not generate benefits but are necessary for business operations, such as those used for safety and environmental protection, and enterprises can only operate businesses and generate profits when they have those assets.

To measure the historical cost of an asset, the second condition to be considered is its value.

2.2.2 Initial measurement

An item of property, plant, and equipment is initially stated at cost (International Accounting Standard 16 paragraph 15). The historical cost includes all costs necessary to bring the asset into working condition for its intended use. These costs are usually not just the initial purchase price but include preparation for delivery and handling, management of orders, installation, professional fees for architects, engineers, and costs related to dismantling the property, and restoring the assets are directly related to bringing the assets to a state of ready-to-use. (International Accounting Standard 16 paragraph 16.)

Recognized at the cost of assets: To recognize an expense as an asset, it is important to consider the value of that asset. According to International Accounting Standard 16 paragraph 16, the costs incurred to form the asset are the total of the purchase price, directly attributable costs, and costs of dismantling, relocating, and restoring.

2.2.3 Measurement after initial recognition

IAS 16 permits two accounting models to measure the value after initial recognition:

Cost model

According to International Accounting Standard 16 paragraph 30, "after recognition as an asset, an item of property, plant, and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses."

Revaluation model

According to International Accounting Standard 16 paragraph 31, "After recognition as an asset, an item of property, plant, and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period". The carrying amount presented in the balance sheet is the fair value at the time of revaluation minus accumulated depreciation minus the accumulated loss due to the decrease in value. In general, a revaluation should be done so that the carrying amount of an asset is not significantly different from its fair value.

According to IAS 16.36, the revaluation model does not apply to individual assets but to an entire class of property, plant, and equipment. There are two reasons to apply the revaluation model to asset classes rather than individual assets: to limit the manager's ability to select assets for evaluation and to ensure all assets within the same category are evaluated consistently.

If a carrying amount is increased because of revaluation, the increase must be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, this increase must be recognized in the profit or loss statement if it reverses a revaluation decrease previously recognized in profit or loss. (International Accounting Standard 16 paragraph 39.)

Depreciation method

The depreciation method should reflect the manner in which future economic benefits will be expected from the use of assets. The depreciation method applied to an asset shall be considered at least once a year at the end of the financial year, and if there is a significant change in the manner, the depreciation method must be changed. This change will be considered a change in accounting estimate in IAS 8. (International Accounting Standard 16 paragraphs 51&61.) There are a variety of depreciation methods that can be used to systematically allocate the depreciable value of an asset during its useful life:

- Straight-line method
- Diminishing balance method
- The units of production method

A depreciation method based on the revenue generated by an activity that includes the use of an asset is not appropriate. Revenue generated by an activity that includes the use of an asset

generally reflects factors other than the economic benefits of the asset. For example, revenue is affected by other inputs and processes, sale activity, and changes in sales volumes and prices. The price component may be affected by inflation, which is not affected by how an asset is consumed. (International Accounting Standard 16 paragraph 62A.)

2.2.4 Impairment and compensation for impairment

To determine whether an item of property, plant, and equipment is impaired, an entity applies IAS 36 Impairment of Assets (International Accounting Standard 16 paragraph 63).

Compensation from third parties that was impaired, lost, or given up shall be included in profit or loss when the compensation becomes receivable (International Accounting Standard 16 paragraph 65).

2.2.5 Derecognition

"The carrying amount of an item of property, plant and equipment shall be derecognized:"

- a) On disposal
- b) When no future economic benefits are expected from its use or disposal (International Accounting Standard 16 paragraph 67).

The gain or loss arising from derecognition shall be included in the profit or loss statement when the item is derecognized (unless IFRS 16 requires otherwise on sale or leaseback). Gains shall not be classified as revenue. (International Accounting Standard 16 paragraph 68.)

The gain or loss arising from derecognition shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item (International Accounting Standard 16 paragraph 71).

2.2.6 Disclosure

In accordance with IAS 16, disclosures are required about each class of property, plant, and equipment, which include the basics of measuring carry amount, depreciation method, gross carrying amount, useful life, impairment losses that affect profit or loss, net exchange differences arising from the translation of financial statements from the base currency to a different reporting currency, revaluation gain and loss, and third-party compensation for a decrease in asset value (International Accounting Standard 16 paragraph 73).

IAS 16 encourages more detailed disclosure and a number of additional disclosures, like restrictions on title and items pledged as security for liabilities, expenditures to construct property,

plant, and equipment during the period, contractual commitments to acquire property, plant, and equipment, and compensation from third parties for items of property, plant, and equipment that were impaired, lost, or given up that are included in profit or loss (IAS Plus s.a.).

3 The difference between VAS 03 and IAS 16

The first version of IAS 16 was issued in 1982 and has since undergone many additions and revisions. The objective of IAS 16 is to address issues related to real estate, plants, and machinery such as the recognition of assets, determination of carrying amounts, depreciation, and recognition of losses due to impairment of the assets. Based on the accounting standard system, in 2001, the Ministry of Finance in Vietnam issued VAS 03 to define and guide the principle for tangible fixed assets; details are presented in section 2.1. Until now, VAS 03 has not had any modifications. Appendix 1 presents the detailed process and development of IAS 16 and VAS 03.

The difference between IAS 16 and VAS 03 is a matter of concern because accounting to manage fixed assets is significant for businesses. In the future, the Ministry of Finance in Vietnam needs methods to diminish this difference and make the aforementioned accounting standards more harmonious to match the background of opening process economics (Nguyen, 2017). On the other hand, to attract foreign investment and cooperate with foreign businesses around the world, Vietnamese enterprises need to be consistent in providing financial information to other enterprises around the world. In this part, the author will present the points difference between IAS 16 and VAS 03.

Following VAS 03 and IAS 16, the biggest difference between both accounting standards is the measurement after the initial valuation of tangible fixed assets. IAS 16 allows businesses or accountants to use two accounting models: the cost model and the revaluation model, while VAS only allows the use of the cost model. The revaluation model is based on the fair value at the date of revaluation less subsequent depreciation and impairment (IAS Plus s.a.). In Vietnam, the fair value principle has been adopted and included in the provisions of Law on Accounting No.88/2015/QH13; however, understanding, and operating accounting according to fair value is strenuous.

It can be seen that the IAS 16 tends to asset measurement based on the fair value basis to ensure the relevance of accounting information with user objects, while the historical cost is still the sole measurement basis as regulated by VAS 03, and the asset measurement, as well as the solution related inquiries, will be completely complied with state regulations (Pham, 2014). In addition, the revaluation model will provide managers and investors with more useful information in evaluating the present value of tangible assets in any business because using the revaluation model requires enterprises to disclose information about the evaluation methods used, the assumptions about risk, the sensitivity of the information, and other issues related to financial statements (Gjorgieva - Trajkovska & Tem-janovski 2016, 6). The revaluation model also requests an assessment and applies based on the asset type. The fair value is also more appropriate for asset value reflection at

the market price; this is dominant when applying the revaluation model compared to the cost model because the cost model tends to provide past information, which is not suitable for the economic decision in the current business environment (Mai, 2016).

Although there are advantages to choosing between two models to measure the value of tangible fixed assets after initial recognition, IAS 16 still has limitations when applied in Vietnam. To apply IAS 16 with revaluation models, the assets must be measured in a reliable way; however, the market economy in Vietnam is still in the transition phase, and there is not really an active market for all types of assets, so the basis for determining fair value is not completely reliable. VAS also defines multiple estimates as having a lot of uncertainty, making the relevancy of the information on financial statements ineffective (Nguyen 2017). The revaluation model in VAS 16 also requires the enterprise to re-evaluate the value of assets annually with a significant change in fair value. On the contrary, with tangible fixed assets that do not have much change in fair value, there is still a need to re-evaluate every three or five years. This will increase the cost for enterprises, so this is a disadvantage when applying the revaluation model.

Secondly, there is a difference in the initial recognition of tangible fixed assets between VAS 03 and IAS 16. Following IAS 16, the historical cost of fixed assets must have additional provisions for the initial calculation of dismantling costs, transfer of assets, and restoration of existing conditions arising from purchase or use, which are usually reasonable and unavoidable at the endpoint of the asset's life cycle, while VAS 03 has no regulations on these expenses. This is included in the historical cost of tangible fixed assets, which will help businesses have a solid foundation to evaluate cash flows at the end of the project phase, increase the reliability of the project appraisal, and provide quality improvement information in the financial statements. These expenses will be depreciated over the useful life of assets.

IAS 16 has provisions for the recognition of a loss due to impaired assets, while VAS 03 does not mention anything related to this issue. The permission to recognize loss due to a decrease in asset value reflects the current resources of enterprises and avoids the situation where the residual value return on fixed assets is much higher than the net realizable value (NRV). This will also create favorable conditions for investors to assess the financial health of enterprises and make investment decisions more properly.

Related regulations to property, specifically land and land use rights, according to IAS 16, the land is classified as a tangible fixed asset with an indefinite useful life and no depreciation (except for some special cases such as quarries or landfills) (International Accounting Standard 16 paragraph 58). However, VAS 03 stipulated that land only recorded as land use rights and distributed should be included in intangible fixed assets with no depreciation. The cause comes from a factor in

management policy in Vietnam, the land is the common property of the country, managed by the government, so the enterprise only has the right to use it without ownership.

IAS 16 does not apply to the value of resource minerals, or rights to use minerals such as oil, natural gas, and other resources that cannot afford reproducibility (International Accounting Standard 16 paragraph 13) because the nature of the minerals is very complex, and the mining process needs to go through. Many stages lead to the emergence of different types of costs, such as the cost of searching, exploitation, and appraisal, and have many industry-specific characteristics. Therefore, the IASB issued IFRS 6 to prescribe separate information about this asset to evaluate its nature and value precisely. This contributes to an accurate and consistent reflection of the resources of the enterprises through financial statements. However, VAS 03 does not have any regulations or explain anything about this issue, which leads to the assets not being reflected in their nature and characteristics, leading to a decrease in the quality of financial reporting information.

There is appendix 2 to present a summary about the difference between VAS 03 and IAS 16.

3.1.1 Explanation about the difference between VAS 03 and IAS 16

IAS 16 was drafted, issued, and then updated and revised, while VAS has not yet had this flexible update (Appendix 1).

The difference in the basis of measurement between IAS 16 and VAS 03 accounts for most of the differences. Specifically, following part 3, IAS 16 increasingly aims to measure assets based on fair value to ensure the relevance of accounting information to users, while historical cost is the main measurement basis regulated by VAS 03. The use of many accounting estimates is considered by VAS to create a lot of uncertainty, so the relevance of the information on the financial statements from VAS compliance is not high. (HAA s.a.)

The starting point, as well as the level of development of Vietnam's economy compared to developed countries such as EU countries, has a huge difference, so Vietnam's capital market is not connected with the capital markets of the world. IAS 16 was developed according to the system of fully market-supported and fully market accounting standards, a system of accounting standards for the common good that is of high quality, easy to understand, and applicable across the world, to help participants in the world's different capital markets make economic decisions. Therefore, the development orientation of VAS 03 to serve Vietnamese businesses is not as strong as IAS 16. In addition, in Vietnam today, many users of financial statements do not have a strong need for high-quality financial information because financial information plays only a secondary role in their decision-making. (HAA s.a.)

The Vietnamese government has an important role in accounting control in terms of methods of measurement, evaluation, preparation, and presentation of reports. The drafting and promulgation of accounting standards and implementation guidelines must be carried out by government agencies and placed in codes or legal documents under the law. Meanwhile, in IAS-developed countries, accounting principles and bases do not refer to the national accounting regime. Government control is exercised through the interpretation of accounting objectives, principles, methods of measurement, evaluation, preparation, and presentation of financial statements. Accounting standards and principles are often established by private professional organizations, which allows them to be more practical and innovative, and most of them are not directly regulated further in legal documents. (HAA s.a.)

3.1.2 General affect when applying IAS 16 in Vietnam

IAS 16 does not include the minimum value criteria for an asset to be recognized as a tangible asset, which would result in a substantial increase in the balance of current assets on the financial statements.

The revaluation model, which, if applicable, may increase or decrease the value of the entity's tangible assets, reflects the fair value of the assets at the revaluation date. The impact of the revaluation model will be presented on the other Statement of Comprehensive Income (as introduced in IAS 1 - Financial Statements). The fair value assessment by revaluation is presented in IFRS 13 - Measurement of fair value.

By applying IAS 16, assets will not be recognized at more than their recoverable value (above their fair value). This regulation is required when the asset is not reaching its maximum capacity or there is a decrease in the profitability of the service or product generated from the asset.

The accounting policy for the depreciation of tools and other tangible assets currently recorded as a prepaid expense under VAS will change as IAS 16 - Property, Plant and Equipment is applied. For example, businesses operating in warehouse management may have a large stock of barcode scanners, - recorded as prepaid as required by current accounting standards. By adopting IAS 16, these barcode scanners can be recognized as equipment and amortized over a longer period depending on future benefits to be generated from the asset, while Vietnamese current accounting standards only allow amortization of up to 3 years for prepaid expenses. (Crowe s.a.)

4 Research Methodology

4.1 Research type

The type of thesis is research-based thesis. The type where the data collection happens conducts empirical research – the researcher will engage in data by herself from primary data, secondary data.

Primary data and secondary data can be found on official websites from International Financial Reporting Standards, Ministry of Finance in Vietnam, handbook about Vietnamese financial reporting.

4.2 Research Design and Research Method

The thesis process is divided into three phrases. In the first phase, the author will focus on similarities and differences between fixed assets in VAS and IFRS. The data collection method will be mainly literature research from Decision No. 3 from the Ministry of Finance in Vietnam and the IFRS website with statistical analysis. Besides that, there are also research from the published articles and research in newspaper. After phase 1, the author aims to answer the first investigation question and mention information about the second investigation question. The author will conduct research to collect information about the general effect if Vietnamese enterprises apply IAS 16 from financial professional articles and government websites.

Phase 2 will focus on the status of the IAS 16 application of the case company through qualitative research. From company financial statements, the author will be able to compare the difference between applying VAS 03 and IAS 16. The status of the IAS 16 application will also be discussed through an interview between the author and a representative from the company.

To complete phase 3, the author will conduct research based on the result of the comparison that has been done through phase 2. Combining with the interview with the representative of the company – Accounting Manager in Vinamilk for 12 years, the author will be able to answer IQ.3.

4.3 Reliability of source

To strengthen the reliability of the data, the author attempted to gather information from government websites. The data to analyse the difference between both accounting standards has also been taken from published articles and research. The author also decided to utilize financial statements and annual reports that had been independently examined by an audit company. This is so because when they sign the audit report, certified public accountants are accountable for the reliable of the financial accounts. The official websites of the government and the IASB are the sources for the other two accounting standards that are utilized in this thesis.

5 Research analysis and results

5.1 Comparison between VAS 03 and IAS 16 when applying in Vinamilk annual report.

Vinamilk's annual report started including an IFRS statement of financial income in the fiscal year 2016. Since 2017, the group has prepared financial statements, including a balance sheet, an income statement, and cash flow statement. However, the financial statements prepared under IFRS do not include the note for the financial statement. The table below is presented the impact of tangible fixed assets when applying IAS 16 compared to VAS 03 in the balance sheet. '

Table 2. Vinamilk's tangible fixed assets in consolidated financial statement from 2017-2022 (Vinamilk 2018-2023)

Tangible fixed assets	Applying VAS 03 (VND)	Impact of applying IAS 16 (VND)	Apply IAS 16 (VND)
2022	10,860,366,507,422	722,099,492,578	11,582,466,000,000
2021	11,620,094,589,519	164,588,410,481	11,784,683,000,000
2020	12,717,306,878,414	148,832,121,586	12,866,139,000,000
2019	13,743,909,618,601	67,063,381,399	13,810,973,000,000
2018	13,047,771,431,436	182,750,568,564	13,230,522,000,000
2017	10,290,516,618,864	1,302,645,381,136	11,593,162,000,000

From 2017 to 2019, Vinamilk published the IFRS financial statement as a small part of the end of the annual report; besides that, there were no other items mentioned related to IFRS. In its 2020 annual report, the Group started mentioning in the Board of Direction report that the company has carried out some IFRS update sessions for executives, specialists, and employees in preparation for the IFRS pilot adoption starting in 2022, according to the Ministry of Finance's roadmap.

As we can see in table 2, when applying IAS 16, the amount of tangible fixed assets increased. However, the tangible fixed assets when applying IAS 16 included land use rights assets (which were intangible fixed assets when applying VAS 03). It shows that the tangible fixed assets when applying IAS 16 are less than when applying VAS 03.

Land was not recorded in tangible fixed assets, and the reason was explained by the author, who compared the difference between VAS 03 and IAS 16 in Part 3.

In Vinamilk's annual report, the note on the financial statement under IFRS was not published. However, in the notes about tangible fixed assets in the VAS financial statements, the company applied VAS 03 to identify the cost of the assets. Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes, and any directly attributable costs of

bringing the asset to its working condition for its intended use, as well as the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance, and overhaul costs, is charged to the consolidated statement of income in the year in which the costs are incurred. (Vinamilk 2023.)

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Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

Form B 09 - DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

6	Tangible fixed assets						
	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	5,798,921,373,703	18,523,813,151,891	1,287,446,830,696	695,422,998,913	1,332,765,153,288	6,973,557,065	27,645,343,065,556
Additions	69,460,350,225	244,560,219,566	73,283,959,166	25,697,946,425	24,169,683,324	3,450,344,269	440,622,502,975
Transfer from construction in progress	134,729,741,863	428,285,052,278	9,835,619,499	7,984,885,669	50,560,031,785	-	631,395,331,094
Transfer from inventories	-	-	-	-	480,417,563,007	-	480,417,563,007
Disposals/write off	(128,561,724,666)	(82,643,119,203)	(21,220,430,308)	(3,454,935,062)	(376,379,977,637)	(434,307,670)	(612,694,494,546)
Other (decreases)/increases	(861,329,206)	-	84,000,000	-	(127,646,265,081)	-	(128,423,594,287)
Currency translation differences	7,328,107,711	33,307,089,473	2,946,271,230	835,603,721	1,066,049,479	13,775,454	45,496,897,068
Closing balance	5,881,016,519,630	19,147,322,394,005	1,352,376,250,283	726,486,499,666	1,384,952,238,165	10,003,369,118	28,502,157,270,867
Accumulated depreciation							
Opening balance	2,454,289,028,622	11,723,803,078,841	854,667,448,628	534,597,616,580	451,333,596,700	6,557,706,666	16,025,248,476,037
Charge for the year	293,540,883,687	1,379,727,690,078	105,145,650,434	46,560,248,013	213,260,555,246	638,876,749	2,038,873,904,207
Disposals/write off	(103,782,029,640)	(73,605,429,807)	(21,298,478,682)	(3,422,435,057)	(184,553,817,255)	(434,307,669)	(387,096,498,110)
Other (decreases)/increases	(291,588,063)	714,520,991	94,348	-	(62,578,482,027)	-	(62,155,454,751)
Currency translation differences	3,125,200,889	20,639,819,335	2,072,163,397	735,377,698	342,215,037	5,559,706	26,920,336,062
Closing balance	2,646,881,495,495	13,051,279,679,438	940,586,878,125	578,470,807,234	417,804,067,701	6,767,835,452	17,641,790,763,445
Net book value							
Opening balance	3,344,632,345,081	6,800,010,073,050	432,779,382,068	160,825,382,333	881,431,556,588	415,850,399	11,620,094,589,519
Closing balance	3,234,135,024,135	6,096,042,714,567	411,789,372,158	148,015,692,432	967,148,170,464	3,235,533,666	10,860,366,507,422

Included in the cost of tangible fixed assets were assets costing VND6,688,784 million which were fully depreciated as at 31 December 2022 (1/1/2022: VND5,686,436 million), but which are still in active use.

Figure 1. Tangible fixed assets in Vinamilk annual report 2022 (Vinamilk 2023).

5.2 Results from interview with Vinamilk finance department representative

An interview was used to perform the empirical research. The interview was conducted through a phone call and the person being interviewed was a part of Vinamilk in the process of applying IAS 16 into their annual report, who works as an Accounting Manager in Vinamilk for around 12 years.

The interview was mainly focused on tangible fixed assets, so other expenses were not mentioned. Vinamilk's presenter in the finance department has explained the causes of the differences in tangible fixed assets when applying VAS 03 and IAS 16 in their financial statements. The main differences are due to the different methods of calculating depreciation used in each standard. Under VAS 03, Vinamilk applies the straight-line method of depreciation based on the estimated useful

life of each asset, which results in a consistent annual depreciation charge over the asset's life. This method assumes that the asset will depreciate evenly over its useful life. On the other hand, under IAS 16, Vinamilk applies the reducing balance method of depreciation, which results in a higher depreciation charge in the early years of an asset's life and a lower charge in later years.

As a result of these different depreciation methods, the carrying value of tangible fixed assets in Vinamilk's financial statements can differ significantly between VAS 03 and IAS 16. For example, the depreciation charge for a newly acquired asset will be higher under IAS 16 than under VAS 03, resulting in a lower carrying value for the asset in the financial statements. The interviewee also mentioned that it is important to note that the differences between VAS 03 and IAS 16 do not necessarily indicate better or worse financial performance but rather reflect the different accounting treatments required by each standard.

Besides that, the interviewee also mentioned that the IAS 16 standard requires assessing the carrying amount of fixed assets regularly and updating it according to changes in related factors. Meanwhile, the VAS 03 standard only requires an assessment of the carrying amount of a fixed asset when that asset is depreciated or withdrawn. This also led to a difference in the financial year 2021 in the value of fixed assets when reporting the financial statement following IAS 16 and VAS 03.

To apply, Vinamilk had to estimate the useful life of their property, plant, and equipment in accordance with IAS 16. Vinamilk works in the dairy sector, where technology and equipment are continuously changing, and this has been difficult. Under IAS 16, Vinamilk employs a depreciation method that considers how an item will be used to generate future financial gains. Given the complexity of its dairy production operations, Vinamilk has had trouble choosing the right depreciation method for its assets. Valuing property, plants, and equipment also challenged Vinamilk because the company has many assets that are spread across multiple locations in Vietnam. The company had to rely on external appraisers to help with the valuation of its assets. Finally, IAS 16 has several disclosure requirements, which can be time-consuming and challenging to comply with. Vinamilk also had to invest additional resources to ensure that it was following these disclosure requirements.

From 2017, when Vinamilk started to apply IAS 16 in particular and IFRS in general to release IFRS financial statements in its annual report, the revaluation model was also applied to some of the milk factories, buildings, and land, which are expected to appreciate in value over time, so the value of assets shown in the financial statements is also less than when applying the cost model following VAS 03. Vinamilk also realized that, following the revaluation model, the value of tangible assets would be more accurate.

Following the interviewee's opinion, it is critical to note that IAS 16 may be a broadly acknowledged international accounting standard, and most companies, counting Vinamilk, are required to comply with it in 2025. While applying IAS 16 may have presented a few challenges for Vinamilk, it is important to consider the benefits of complying with the standard. By following the standard, Vinamilk can supply straightforward and dependable money-related articulations that can be easily caught on by partners, including speculators, lenders, and regulatory specialists. This could help in constructing belief and certainty within the company and may contribute to its long-term benefits. Moreover, the interviewee believes that complying with IAS 16 can help Vinamilk adjust to international accounting practices, making it simpler to compare its budgetary execution with that of other companies within the same industry.

According to Vinamilk's presenter, there are still more measures to enhance their IFRS system and continue integrating IAS 16 into their financial report in the future. Vinamilk is deciding to continue using the revaluation model under IAS 16, so the company understands that it will need to conduct regular revaluations of its assets to ensure that they are being reported at their fair values. Regular revaluations can help to avoid a significant distortion in the financial statements, which will provide stakeholders with more reliable and relevant information. To ensure accurate reporting of tangible fixed assets, Vinamilk is also improving its asset tracking and management systems since it will be critical to ensure that all assets are recorded accurately and that any disposals or transfers of assets are appropriately accounted for. Vinamilk is also developing and updating its financial reporting policies and procedures to ensure that they are consistent with the requirements of IAS 16 to ensure consistency in reporting and prevent errors or omissions in the financial statements. Vinamilk also strives to improve its disclosure of information related to tangible fixed assets in the notes to the financial statements to provide stakeholders with additional information about the type and carrying amounts of its assets. In addition, Vinamilk is also making efforts to provide training to its employees about the requirements of IAS 16 and the implications of its application on the financial statements.

The interview was extremely close to what the theory suggested. The author sought a realistic understanding of the ramifications and adjustments from the interview to increase the validity and dependability of my research and to better understand the actual effects of IAS 16. The most important and practical analysis finding from this research is that IAS 16 is much more detail-oriented and has a greater influence on evaluating tangible fixed assets.

6 Conclusion

Extensive regional and world integration trends have created many opportunities for Vietnamese while also posing no small challenge in the issue of accounting logistics for financial reporting. A clear understanding of the differences in accounting between Vietnamese accounting and international accounting standards is a prerequisite for facilitating the international convergence of accounting as well as meeting the need for the use of information on the financial statements of stakeholders. In addition, IFRS contributes significantly to the sustainability of the global economy, as IFRS increases transparency while helping to increase the accountability of the company, thereby reducing the information gap between inside and outside the company. That is also one of the reasons that Vinamilk wants to release two sets of reports, one mandatory according to VAS and one voluntary according to IFRS, for the purpose of publishing information abroad, demonstrating that the preparation of financial statements under IFRS more accurately reflects the information or financial situation of the company.

This thesis focuses on evaluating the possibility of applying IAS 16 to Vietnam enterprises, specifically Vinamilk, with the following key contributions: First, the study has synthesized the scale and situation of IFRS application in Vietnam, thus recognizing the need for application in Vietnam. The thesis also focuses on analysing and discussing the differences between IAS 16 and VAS 03. From that, VAS and IAS/IFRS still have significant differences; one of the reasons is that VAS 03 has had no modifications from its first release until now (Appendix 1). Secondly, based on the theoretical framework, the study examines the impact of applying IAS 16 to financial information, through an assessment of the fluctuations in the indicators on Vinamilk's financial statements. The results show that the adoption of IAS 16 affects both income reporting, financial status reporting.

Third, the author conducted an in-depth interview with the presenter and manager in Vinamilk's finance department and practical experts to identify the necessary and fundamental factors about continuing to apply IAS 16 to their financial reports while also pointing out the difficulties that enterprises encounter and therefore proposing solutions and recommendations for the problem of applying IAS 16 in Vietnam. The results show that after 2025, Vinamilk and Vietnamese enterprises in general will be able to apply IAS 16 despite not having sufficient convergence of the necessary provisions. In particular, the objects that the Ministry of Finance has listed in the roadmap should rely on the results achieved in Phase 1 to be assessed and adjusted according to the actual conditions.

6.1 Suggested tasks for Vietnamese enterprises

In parallel with the adjustment from the government, Vietnamese enterprises also need to carry out work to prepare for the adjustment of VAS 03, or the application of IAS 16 a few years later. So, in enterprises, these tasks are not limited to the accounting staff but also include the leaders of these companies, as they are responsible for approving financial statements.

Enterprises applying IAS 16 will have to set up a separate IAS implementation project team, including staff who are highly trained in IAS 16, because it will be very difficult for the current accounting team of the companies to apply IAS. If enterprises use IAS, they must do both accounting work under VAS (in the transition period). In addition, personnel assigned to implement IAS also need to have a high level of English to be able to study IAS regulations and interpretations on their own in case the IAS guidelines in Vietnamese have not been fully translated.

In addition, according to Decision No. 345/QĐ-BTC, enterprises applying IFRS will prepare consolidated financial statements under IFRS, which means that their subsidiaries and associates will also be required to prepare sets of financial statements for the purpose of preparing the parent company's consolidated financial statements under IFRS. Therefore, these subsidiaries and associates also need to recruit and train accountants who can prepare sets of financial information for IFRS consolidation purposes (Deloitte 2020).

On the other hand, Vietnamese enterprises also need to consider choosing an accounting policy for each type of asset: the historical cost model or the revaluation model. For the assets mentioned above, the business needs to make an inventory to ensure their existence and actual quantity. Enterprises could also develop a forecast of the impact on cash flow and their financial situation of the application of the new standard. (Deloitte 2021, 42.)

Enterprises need to develop an appropriate method to measure the fair value of assets (through professional valuation services) to meet the requirements of the standard. So, it is impossible not to mention the team of auditors who will directly participate in the audits of the consolidated financial statements under IFRS of the companies. Currently, most auditors with intensive training in IFRS are located at auditing firms belonging to large auditing firms because they have many clients who have applied to IFRS, and some are in auditing firms. The auditor is a member of other international auditing firms. Even in large auditing firms, the number of auditors involved in the audits of complete sets of financial statements prepared under IFRS is not large, as many companies have invested capital. Foreigners are only required to prepare sets of reports for corporations prepared under IFRS instead of complete sets of financial statements under IFRS. Thus, at present, the number of auditors with in-depth knowledge of IFRS is still very small, not enough to meet the

requirements of the market when the mandatory period for applying IFRS starts in 2025. Auditing firms also need to start implementing training programs for their employees to be ready to meet the requirements of their audit clients in the next few years. (KPMG s.a.)

6.2 Limitations

The biggest limitation of this thesis topic is that the author was not able to assess more detailed data from Vinamilk as it was confidential. As a result, the thesis could not fully highlight the specific statistics that would have demonstrated the obvious distinction between these two accounting methods.

Vietnam is also just in the process of adopting and applying IAS 16, so this is still quite a new topic and has not been applied to small companies. At a big firm like Vinamilk, there are also some initiatives to develop and become more in line with IAS 16.

Additionally, the information is impacted by the author's limited understanding of IFRS and IAS 16 and should be further explored in the future. The relationship between the author and the business's presenter can also develop and deepen, but because the author's timetable was not managed well, the working process between the author and the firm was hurried and prevented more material from being analysed to support the thesis content.

6.3 Reflection

The author's comprehension of IAS 16 and the Vietnamese accounting system has improved because of authoring this thesis. Additionally, it improves the author's connection with Vietnamese enterprises since she was going abroad after high school. The author will greatly benefit from this in her future employment and academic pursuits. Even though the author had several challenges while writing, which is not her strength, she views them as a useful lesson for her. The author was also introduced to materials that she had never seen before, such as notes on financial statements. In addition, the author also had the chance to research more about Vietnamese accounting during the process of adopting IFRS in Vietnam. A deeper grasp of the fundamentals of Vietnamese accounting legislation has also aided the author in determining the direction of his future career in Vietnam.

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Appendices

Appendix 1. The process and development of IAS 16 and VAS 03 (Ministry of Finance in Vietnam 2001 & IAS plus s.a)

IAS 16	Timeline	VAS 03
IAS 16 was issued – Property, Plant and Equipment	03/1982	Based on the international accounting standard system, especially IAS 16 on Property, Plant and Equipment, the Ministry of Finance in Vietnam issued VAS 03 on tangible fixed assets on December 31, 2001, and no modifications until now.
IASB issued IAS 16 replaced the standard issued in 3/1982	12/1993	
Supplement and amend some regulations of IAS 16 issued in 12/1993. This supplement document valid for accounting periods beginning 01/01/2025	12/2003	
IAS 16 has been supplemented under the program “Improvements to IFRSs” (routine sales of assets held for rental).	05/2008	
IAS 16 amended by “Annual Improvements to IFRSs 2010-2012 Cycle”.	12/2013	
IAS 16 amended by “Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 41)” and “Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)”.	2014	
IAS 16 amended by “Property, Plant and Equipment –	05/2020	

Proceeds before Intended Use (Amendments to IAS 16)".		
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Appendix 2. Summary about the difference between IAS 16 and VAS 03

Content comparison	IAS 16	VAS 03	Explanation
Measurement after initial recognition	Applied two accounting models: cost model and revaluation model.	Only applied cost model.	The use of the revaluation model allows assets to be reflected at fair value, so it is suitable with market value.
The historical cost of tangible fixed assets	The historical cost must have additional provisions such as initial estimates of dismantling costs, transfer property and restoring the property incurred upon purchases or use.	The initial estimates of dismantling costs, transfer property and restoring the property incurred upon purchases or use expenses are not recognized in historical cost.	This difference will support enterprises and investors in evaluating accurately cash flows of projects in the endpoint of business lifetime.
Loss recognition due to decrease in asset value	Allows loss recognition due to decrease in asset value	No mention about loss recognition	It reflects the current resource of enterprises, avoiding the situation of residual value return on fixed assets is much higher than net realizable value (NRV).
Land recognition and right of use	Land is classified in tangible fixed assets	Land only recognized in right of use and classified in intangible fixed assets	The reason of this difference come from management policy in Vietnam

The regulation about minerals value	IAS 16 does not apply to minerals resource value or minerals resource rights and mineral reserves such as oil, natural gas, and other non-renewable resources	No regulation related to minerals	The nature of these assets is complex, and the mining process needs to go through, so there is a need for a separate standard.
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Appendix 3. The interview questions

1. How did Vinamilk implement IAS 16 to evaluate tangible fixed assets?
2. Has the implementation of IAS 16 had any impact on the annual report?
3. Has there been any difficulties with implementing IAS 16, if yes, which ones?
4. Is there something in your specific industry that has been changed or affected significantly because of IAS 16?
5. In the upcoming plan, what do you going to consider for more complete in IAS 16?
6. What do you think of the change? Do you think it has been worth the trouble?