



THE INITIAL REFORMATION OF VIETNAM ACCOUNTING

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We have done a lot of amendments to our accounting system with a view to making it suitable to the socio-economic development. But up to now, after 10 years of economic renovation, the realities of the situation demand for us to reform our accounting system once more in order to keep the scientific and practical features of accounting and our socio-economic development in proportion.

Many defects in present accounting system need to be corrected so as to improve the managerial skill and help the productive forces develop.

Looking at various aspects, accounting is defined as a science, a tool for economic management, an art of running business effectively and flexibly, a scientific method. Whatever viewpoints may be taken, our accounting system should be renovated basically in order to correct the following defects:

1. The present way of book-keeping didn't reflect in full many matters such as intangible assets, revaluation of assets and amounts receivable from debtors, opportunity cost and expenditure.

2. Accounting could help the owners and managers of a business very much but it had no close relation with calculation of GDP, changing from MPS to SNA.

3. The present accounting dis-

criminated an economic sector from another by making accounting for the public sector, non-public sector or private sector and there is no standard accounting system appropriate to international principles and practices accepted by the world.

4. Vietnam accounting system inherited many characteristics from the accounting system of the centrally planned economy in which there are only the public sector and corporate sector. So it isn't appropriate to a multi-sector economy operating in accordance with the market mechanism under the government's management.

5. In comparison with accounting system used by EU countries, Vietnam accounting system didn't detail all the transactions between supplier and consumer; companies, officials, the Treasury, insurance companies and other concerns, so by the end of accounting period, the system can't name due date or maturity of bill of exchange, promissory note, interest payment, etc.

6. Vietnam books of accounts are too complex and superfluous. It had too many columns and sections to be computerized.

Recognizing these defects, the Board of Accounting Reformation has studied and worked out a new system of accounts which was piloted in busi-

nesses of every sector all over the country according to the Decision No 1205TC/CĐKT issued by the Ministry of Finance on Dec 14, 1994. The new system of accounts will be put into effect in July 1995 after it is adjusted and perfected by the Ministry of Finance with helps from various government departments.

The new system of accounts applied in 1995 is a scientific work inheriting achievements in accounting of developed countries such as France and the US along with realities of Vietnam accounting business in the past 10 years. This new system is an attempt to correct the above-mentioned defects and adjust the achievements in accounting of the world to Vietnam's situation. It's also a step forward to the modernization of Vietnam accounting.

From the pilot scheme to the official application of the new system of accounts, we have a lot of tasks to do:

1. To study, adjust and adapt achievements of international accounting to Vietnam's socio-economic development level. Many problems inappropriate to Vietnam's development level could be justified, such as bill of exchange, exchange rate, influence of inflation, intangible assets, wear and tear, obsolescence, reserve for risk, reserve for price falling, etc.

2. To sum up completely and plan to stabilize the accounting for the next ten years in order to help businesses operate and develop at a rate of 10 per cent a year: We should not change the new account system in next decade because it could make difficulties for macro- and micro-management, calculation of GDP and application of SNA to Vietnam. This summing up demands accountants; managers; banking, financial and tax experts to put their shoulders to the wheel and lose no time in applying the new account system for the renovation of economic management of our country.

3. To prepare all kind of detailed instructions about applying the new system of accounts (forms of invoice, books of account, accounting summaries, etc.) for government's departments of economic management. The next step is to apply VAT, renovate statistics and planning sections in next decade.

4. To train (or give refresher courses to) accountants in applying the new system of accounts to Vietnam businesses or joint ventures: This training should provide knowledge of computer, accounting, independent audit, internal audit, finance and tax ■