

**A**ccounting is an important tool for controlling capital and other assets, and supervising production process and operating result of a company. Besides, it supplies information to macro-economic management and control over activities of every branch and industry in the society.

To change accounting business in order to meet requirements of the market economic management is an urgent problem. On Dec 14, 1994, the Ministry of Finance issued Decision No 1205TC/CĐKT promulgating the system of accounts which would be applied temporarily in companies and piloted in some companies as from Jan 1, 1995. Compared with the system of accounts promulgated in Decision No 212TC/CĐKT on Dec 15, 1989, the new system of accounts proved to be better and could deal with changes in mechanism for management.

The new system of accounts includes new accounts and methods of making entries which are drawn from American or French accounting. The new system of accounts could certainly fulfil requirements of the economic management in the market mechanism and become appropriate to international practices.

We didn't do as American did,

ally, Vietnam's system of accounts can't be as detailed and perfect as French accounting which has come into being and developed for hundreds of years. For the time being, our system of accounts should be classified reasonably and scientifically. In classifying, number of accounts could increase but their increase is kept from disturbing the system. Classification of accounts should be appropriate to international standards and practices, and form a close relation to the "balance sheet" in order to evaluate the financial situation according to international practices. This classification should also enable us to work out total sales, expenses and results of operating activities according to accounting standards. In the new system of accounts, this classification was made reasonably. However, "other sales" and "other expenses" need not to be separated into two classes numbered 7 and 8 as done in the new system of accounts. Thus, our system can include the following:

- Class I: current assets
- Class II: fixed assets
- Class III: debts
- Class IV: owner's capital
- Class V: sales
- Class VI: expenses
- Class VII: calculating result.

accounts, accounts for payable payments includes: wage for leave of absence, capital repair of fixed assets, expenses during production stopped, etc. In American and French accounting, payable payments means expenses for realized works but they haven't been paid yet, meanwhile in our system of accounts, account for payable payments has content of reserve. Thus, if it is put in group two along with other payments, situation of settlement could be wrongly evaluated. We had better put this account aside or change it to account for reserve.

The account "difference in exchange rate" reflects the difference caused by changes in foreign exchange rate. This account is put in the group with account "retained profit". Whereas the account "revaluation of assets" is put in the group with the account "trading capital". Those two accounts (difference in exchange rate and revaluation of assets) have similar contents. One deals with assets valued in VND, the other deals with assets valued in foreign exchange, both of them are adjusting accounts.

Foreign accounting systems didn't deal with increase or decrease in value as we did now. Acting according to principle of cautiousness, they didn't adjust if the value increased, on the contrary, they would make reserve. In Vietnam, as for state enterprises, our way to deal with this problem is complex, along with the task "allocating and preserving capital" of the Government. Thus, we had better put these two accounts in the same group, and put this group after the group of account "trading capital" and "retained profit". These two accounts co-exist with the Government's control over capital of state enterprises.

As for number of accounts, the Ministry of Finance should study foreign systems of accounts, make a list of accounts of first level in full, forecast accounts which we don't use now but they certainly come into being in the market mechanism. Accounts of second level could be detailed and concretized afterwards.

The newly formed system of accounts will force many sciences to change accordingly. Our old system of accounts attached to "analysis of economic activities" subject. The American accounting system attached to "management accounting" subject. After official promulgation of the system of accounts, the Ministry of Finance had better give instruction in management accounting with a view to applying this science to business management ■

## SOME OPINIONS AIMING AT PERFECTING OUR SYSTEM OF ACCOUNTS

by NGUYỄN KHẮC HÙNG

that is, there is no system of compulsory accounts. Companies can select a set of accounts appropriate to their business basing on basic principles. We promulgated an identical system of accounts, discriminated between I level and II level accounts, that is, we kept to old tradition and being like French accounting in this point somehow.

When the present qualification of accountants in Vietnam is rather low, accounting business hasn't been put into order, the power of the law hasn't been strong enough in this business, so everything should be instructed carefully. The promulgation of the new system of accounts is necessary in the present situation. Natu-

In the draft of the system of accounts, arrangement of groups in each class is reasonable. In the Class I, however, group 4 with two accounts: advance and advance expenses, seem to have distant relation. Advance is what we will receive afterwards so it could be put in group of other receipts. Advance expenses, on the other hand, are expenditures really generated but aren't included in expenses of this accounting period, they are different from advance. In order to evaluate the financial situation of a company, we had better separate the account for advance expenses from the account for advance and put them after the group of accounts for stock in hand.

In the draft of the system of