

# IFRS



## Roadmap to apply the Vietnamese Financial Reporting Standards (VFRS) in alignment with IFRS

Decision No. 345/QĐ-BTC, dated 16 March 2020

# OBJECTIVES

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- Develop financial and accounting legal framework; create effective and capable management tools for management in order to increase transparency, effectiveness of financial information and accountability of enterprises to users' financial statements
- Develop measures and route, publicize and provide assistance regarding application of international financial reporting standards (IFRS) in Vietnam
- Issue anew and organize implementation of Vietnamese financial reporting standards (VFRS)

# Roadmap for application

## Preparation phase 2020-2021

- By December 2020, completing IFRS translation into Vietnamese;
- Before 15 November 2021, issuing legal documents about how to apply IFRS and financial mechanisms related to IFRS application.

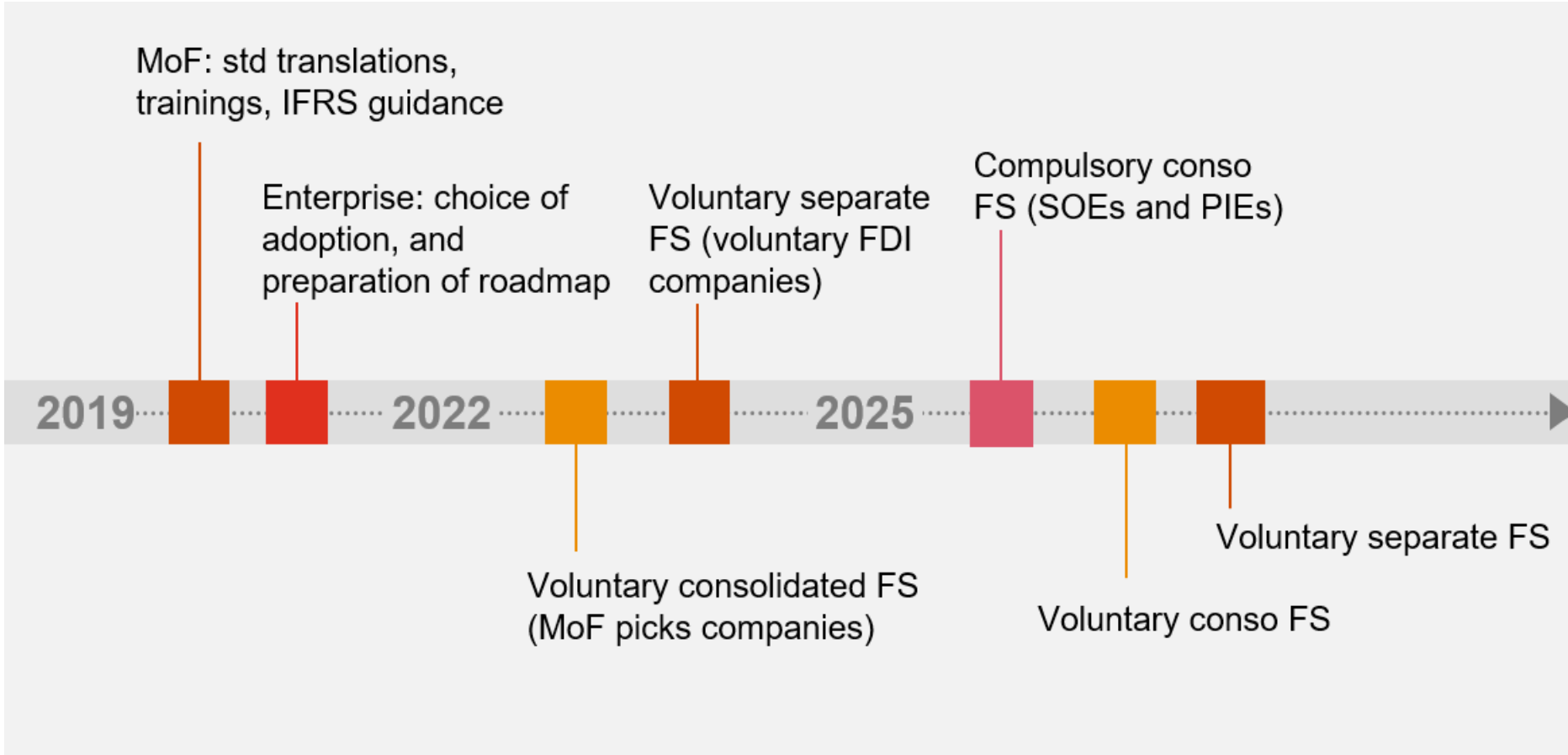
## Phase 1 Voluntary application 2022-2025 *(Having need and resources)*

- Applying IFRS to prepare consolidated financial statements:
- Parent companies of state-owned economic groups operating on a large scale or having loans funded by international financial institutions;
  - Parent companies which are listed companies;
  - Large-scale public companies which are unlisted parent companies; ...
- Foreign-invested enterprises which are subsidiaries of parent companies located overseas

## Phase 2 Compelled application After 2025

Ministry of Finance shall specify methods and initial period of compelled application of IFRS to each of group enterprises belonging to the subjects in **Phase 1** to prepare separated and consolidated financial statements

# Roadmap for application



# The potential negative impacts due to the following common challenges

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- The lack of resources to implement IFRS;
- The unawareness of financial impact when company moves from VAS to IFRS;
- The lack of required information to calculate the gap adjustments, leading to audit qualifications;
- The redundancy or unsuitability of internal procedures;
- Conflicted interest by different stakeholders when IFRS is implemented.

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