

**MINISTRY OF FINANCE
ACADEMY OF FINANCE**



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**APPLICATIONS OF FAIR VALUE IN
ACCOUNTING PRACTICE OF VIETNAMESE
SECURITIES COMPANIES**

**MAJOR: ACCOUNTING
CODE NUMBER: 62.34.03.01**

SUMMARY OF THE DOCTORAL THESIS

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HANOI, 2021

This thesis was completed at: ACADEMY OF FINANCE

Hanoi - 2021

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INTRODUCTION

1. The necessity of the thesis

In theoretical terms, fair value is one of the scales used by the accountant to measure value for many accounting objects presented on the financial statements of the enterprise. Besides fair value, accountants can also use replacement prices, market prices ... Along with economic development, the system of internationally recognized accounting standards (IAS/IFRS) also has in the direction of applying more fair values. Many studies in the following Literature Review section have shown the role of the application of fair value in accounting in general countries and in particular businesses. From there, this leads to a natural need to find a better way to improve or apply fair values in corporate accounting. To achieve this goal, there have been many studies to learn about the factors affecting corporate accounting practices (of which fair value application is a constituent component). However, fair value is a fairly new concept in the history of world accounting development, so research on the factors affecting the application of fair values is not really rich. The theory for this content has not reached a high consensus.

In practical terms, along with the process of renewing the economy towards openness and integration, the units in the Vietnamese economy must also aim to open, transparent information, approach standards, international requirements. Over the past time, Vietnam has made accounting reforms in order to regulate and guide units in the economy towards those international standards. These include the promulgation of the Accounting Law in 2003 and the 26 accounting standards in the period 2001 - 2005. In particular, most recently, the Accounting Law No. 88 was enacted in 2015 and took effect from January 1st. 2017. One of the important changes of this Law is that it allows the application of fair values in accounting instead of just applying the principle of cost.

Up to now, fair value has only been commonly applied in Vietnam's securities companies under the guidance in Circular 210/2014/TT-BTC. The level of application of fair value in securities companies is not really high and there are still many gaps between groups of companies. There can be many reasons for this, however, there is a lack of reliable empirical evidence to complete the application of fair value in Vietnam's securities companies in particular and to advance. it is further to increase the level of fair value adoption in Vietnamese firms.

From the theoretical and practical issues raised above, the author thinks that the topic **"Applications of fair value in accounting practice of Vietnamese securities companies"** is necessary to be researched in the context of currently and choosed to be my research topic.

2. Literature Review and Research Gaps

2.1. Literature Review

+ *Researches on the effect of fair value application in corporate accounting on the aspects of the business (the role of practice of fair value in corporate accounting)*

+ *Studies on factors affecting the application of fair values in enterprise accounting*

2.2. Research Gaps

The author identifies two research gaps of this topic, respectively: (1) Understanding and evaluating the current situation of fair value application in the accounting system of securities companies in Vietnam and (2) Find out the factors affecting the application of fair value in the accounting system of securities companies in Vietnam.

3. Research Questions and Research Objectives

3.1. Research Questions

To fill in the research gaps above, the author identifies groups of research questions that need to be answered as follows:

First, what is fair value and how are the views on fair value being understood? Theoretical issues about fair value application in corporate accounting?

Second, experience in applying fair values in the corporate accounting system in some countries?

Third, how has Vietnam integrated regulations on fair value in the accounting system of securities companies? What is the reality of fair value accounting practices in Vietnamese securities companies?

Fourth, the reasons affecting the real situation of fair value accounting practice in Vietnam securities companies?

Fifth, what should be done to improve the application of fair value in the accounting system of Vietnamese securities companies?

3.2. Research Objectives

Corresponding to each of the research questions above, the author defines specific research objectives as follows:

First, to synthesize valuing models in accounting (including fair value), the setting views when putting fair values into accounting standard systems. Systematize general principles when applying fair values, regulations for applying fair values to the accounting objects concerned, methods and data used to determine fair values (*Objective 1*).

Second, to gather experiences in applying fair value in the corporate accounting system in some countries around the world and lessons for Vietnam (*Objective 2*).

Third, to systematize the regulations on fair value in accounting at securities companies in Vietnam; find out the current situation of fair value in accounting practice of Vietnamese securities companies (*Objective 3*).

Fourth, to propose and test a model of factors affecting the level of fair value application in accounting practice in Vietnamese securities companies (*Objective 4*).

Fifth, to propose solutions and recommendations to improve the application of fair value in accounting practice in Vietnamese securities companies (*Objective 5*).

4. Research Objects and Research Scopes

4.1. Research Objects

The research objects of this thesis are:

First, the basic theories of fair value.

Second, the current situation of fair value regulations in accounting and the current situation of fair value accounting practices in Vietnamese securities companies

Third, the relationship between the influencing factors with the degree of fair value application in accounting in Vietnamese securities companies.

4.2. Research Scope

The research scope of this thesis is restricted as follows:

First, in terms of content restrict. The author focuses on researching the general theoretical issues of fair value and the relationship between factors affecting the level of fair value application in enterprises.

Second, in terms of space restrict. The thesis focuses on research at 23 securities companies listed on the stock market of Vietnam.

Third, in terms of time restrict. To evaluate the current situation of applying fair value in accounting and for model construction and testing, the thesis uses a data set of 23 listed securities companies in 04 years 2016, 2017, 2018, and 2019.

5. Research method

5.1. Data used

This thesis combines primary data and secondary data.

5.1.1. Primary data

There are 02 primary data sources collected by the author:

One is the source of data collected through the survey questionnaire sent to 23 Vietnamese listed securities companies (List of 23 Vietnamese listed securities companies is presented in Appendix 01);

The other is the source of data collected through in-depth discussions with experts. There are two groups of experts conducted face-to-face discussions:

- Expert group 1: accounting practice experts working in 03 securities companies with the largest market share in Vietnam by the end of 2019.
- Expert group 2: Experts are accounting researchers.

5.1.2. Secondary data

Secondary data is obtained from many sources, but it can be classified into 2 groups of sources as follows:

First, the secondary data source is research results, reports, legal documents ...

Second, the secondary data source is collected from financial statements, annual reports, websites ... of 23 listed securities companies in 04 years 2016, 2017, 2018, 2019.

5.2. Data analysis method

5.2.1. Qualitative method

5.2.2. Quantitative method

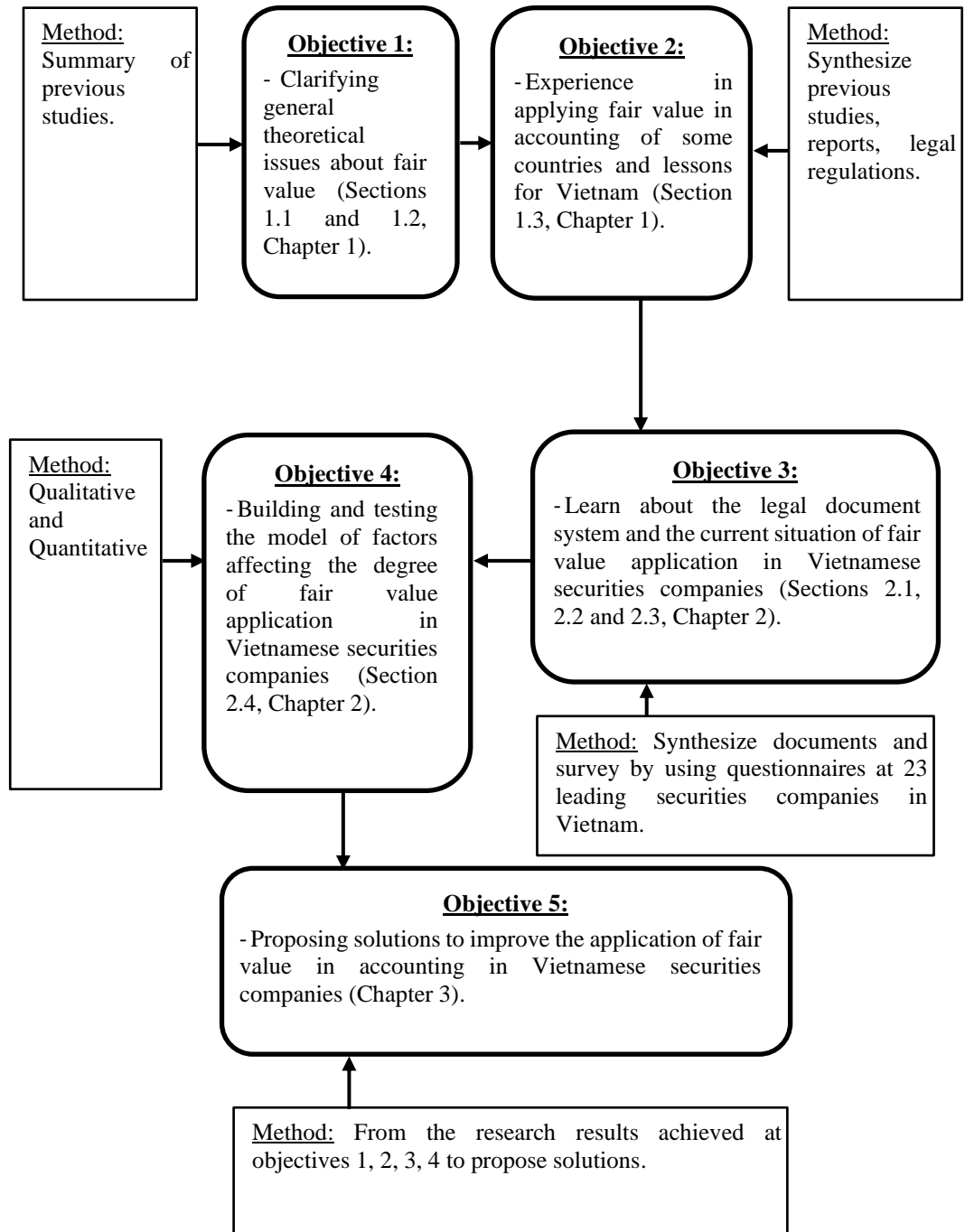
The secondary data source is synthesized on Excel software and then put into SPSS application to test according to the hypotheses given before.

6. The contribution of the thesis in terms of theory and practice

- In terms of theory:
 - + The thesis systematizes and clarifies a number of theoretical issues of fair value and fair value application in enterprise accounting.
 - + Provide more empirical evidence to reinforce the theoretical warehouse about the factors affecting accounting practice in enterprises.
- In terms of practice:
 - + The thesis assesses the current fair value accounting situation in listed securities companies of Vietnam.
 - + On the basis of the assessment of the current situation, the thesis proposes solutions to improve the application of fair value in accounting practice in listed securities companies in Vietnam..

7. Research framework

Diagram 0.1: Research framework



(Source: Propose of author)

CHAPTER 1 – GENERAL THEORY OF FAIR VALUE AND APPLICATION OF FAIR VALUE IN ENTERPRISE ACCOUNTING

1.1. Valuing basis and Valuing models in accounting

1.1.1. Overview of the basis of valuing in accounting

The basis of the valuing is the types of prices used in the valuing. The most useful value for evaluating an asset is the real economic value of the accounting object. However, it is impossible to determine this value with certainty and objectively because the determination of the real economic value depends on the each individual's purposes. Therefore, we do not use real economic value in valuing. In fact, there are many types of prices that are used instead of real economic values to determine their values such as historical costs, market prices, present values... Fair value mentioned by researchers recently is in fact the development of market prices..

1.1.2. Valuing models in accounting

1.1.2.1. Historical costs

The historical cost of an asset is the total cost of the entity actually spent on forming the asset. In other cases, historical cost is the fair value of an asset at the time of its formation.

Advantages and disadvantages of historical costs:

- Advantages
 - + Relevance of the information on an historical cost basis.
 - + The reliability of information.
- Disadvantages
 - + Doesn't reflect market changes
 - + Reliability level decreases when prices fluctuate.
 - + Relevance exists only in theory.

1.1.2.2. Present prices (input prices)

The present price (input price) is the market price from the buyer's perspective, that is, the price that the accounting unit would have to spend to acquire similar assets at the time of pricing.

Advantages and disadvantages of present prices (input prices):

- Advantages
 - + Reflects real profits in both short and long term.
 - + Allow to reflect in business results unrealistic expenses or income arising from fluctuations in input prices.
 - + Relatively reliable in the operating market conditions.
- Disadvantages

- + Not suitable for long-term assets not for sale.
- + The current prices of assets in use do not have a market that lacks objectivity and reliability.
- + Current price fluctuations do not demonstrate future economic benefits from the use of assets.
- + Inability to forecast future profits.

1.1.2.3. Market price (output prices)

The output price is the market price from the seller's perspective, the price the accounting unit gets from the realization of the value of the goods through the sales process.

Advantages and disadvantages of market prices (output prices):

- Advantages
 - + The synthesis and consistency in measurement.
 - + Objectivity in market conditions.
 - + The realism of enterprise value.
 - + There are no subjective estimates in the distribution of costs.
- Disadvantages
 - + Profits are too focused on converting the value of assets into the present but not reflect the business in the future.
 - + Difficult to reflect the value of assets with no active market or intangible assets.
 - + Difficult to reflect the value of assets with no active market or intangible assets.
 - + Inconsistency between the basis of asset assessment and liabilities.

1.1.2.4. Fair value

Along with its development history, practice language is also defined in many different forms.

Advantages and disadvantages of fair value:

- Advantages:
 - + Increasing ability to borrow capital.
 - + Easier to mobilize international capital.
 - + Improve liquidity, better reflect corporate value and stock prices.
 - + Helping state management agencies to control the raising of short capital in enterprises.
- Disadvantages: Applying fair value to underperforming markets by undetermined methods and unidentified data can lead to financial information crises (Example of the 2008 global economic crisis was shown in the Literature review section).

1.2. Application of fair value in corporate accounting

1.2.1. Identify accounting objects that apply fair value in enterprises

In terms of theory, any enterprise asset or liability can apply its fair value if one of the following four situations arises: (1) there is an exchange transaction in the record. or (2) there is a complex transaction

arising, or (3) there is a change in value after the initial recognition, or (4) there is a decrease in the value of asset.

1.2.1.1. Group of accounting objects is applied fair value when initially recorded

This group of objects is mainly assets and liabilities arising from a non-monetary exchange transaction. Non-monetary transactions have a high rate for assets such as real estate, factories, machinery ... Besides, another type of non-monetary transaction, less common but also needed the fair value for this type of asset will be applied to receive capital contributions or sponsorships from other individuals / organizations. Real estate, factories, machinery and equipment are also often the subjects of capital contribution or sponsorship.

In addition to assets that arise in non-monetary transactions, those that have a complicated time and process to form, can be affected by many external factors leading to the measurement of the value of these assets and liabilities at cost are often unreliable; require them to be given fair value.

1.2.1.2. Complex transactions are allowed to apply for transaction processing

An organization sometimes faces the need to allocate the total cost (or fair value) of a complex transaction. The most obvious example of a complex transaction is a business consolidation, where the buyer measuring the costs considered to be amortized is the cost of acquisition of assets and liabilities.

1.2.1.3. Tài sản và nợ phải trả được áp dụng GTHL sau ghi nhận ban đầu

Generally, assets and liabilities that have been assessed at fair value at the time of initial recognition have their fair values applied after the initial recognition. Therefore, the objects are mentioned in section 1.2.1.1. above also to be applied fair value after initial recognition too.

In addition to these objects, there are also objects that are initially recognized at historical cost but after the initial recognition are recognized under the fair value such as: financial assets, derivative financial instruments or other benefits for employees ...

1.2.1.4. Use fair value to evaluate impairment of asset value

Section 1.2.1.3 above presents assets and liabilities that have their fair values applied at the time after initial recognition under either value increase or decrease. As for this section 1.2.1.4, the following assets are only applicable to fair value in case of any decrease in value (conservatism principle).

1.2.2. Fair value measuring

1.2.2.1. Fair value measuring approaches

Market approach

According to the market approach, the information used for the fair value technical models is information on a market basis. In which the main information includes: market price, market interest rate ...

Cost approach

A cost approach is often used to determine the fair value of tangible assets that can be easily replaced such as properties, buildings, and equipments.

Income approach

The income approach is adopted using the discount cash flow (DCF) method.

1.2.2.2. Data used for fair value measuring

Characteristics of data used

- *Observable datas are datas on a market basis, collected from sources independent of the entity.*
- *Non-observable datas are datas on the reporting entity's assumptions about the market and market participants..*

Data Priority Tower

Priority level 1

Preferred group 1 data includes quoted prices for identical assets and liabilities in active market.

Priority level 2

Data with priority level 2 includes all observable data not classified in priority 1 mentioned above including: (i) Listed prices of assets / liabilities similar on market activities; (ii) Listed prices of assets / liabilities are exactly the same on the market other than the active market; (iii) Input data are not observable transaction prices relating to assets / liabilities in the active market.

Priority level 3

Priority level 3 data includes non-observable data for assets / liabilities.

1.2.3. Record and present information about accounting objects according to fair value

1.2.3.1. Initial recognition and presentation of accounting objects according to fair value

Case 1 - Transaction price correctly reflects the transaction value

When the transaction price accurately reflects the fair value, the transaction price will be used for initial recognition of the assets / liabilities. In this case, no income / loss will arise upon initial recognition of an asset / liability.

Case 2 - Transaction price does not reflect the fair value

When the actual transaction prices form assets or give rise to liabilities that do not accurately reflect their fair values. In this situation, the reporting entity (the accounting unit) must determine the fair value of the asset / liability for initial recognition. This situation can generate gains / loses in day one. Generally, these differences are recognized in the profit / loss statement unless otherwise stated (specified in specific accounting standards).

1.2.3.2. Recognition and presentation in fair value of accounting objects after initial recognition

Record fair value fluctuation in profit / loss statement

The recognition of fair value fluctuations in the current period's profit / loss report demonstrates the view of determining operating results from an economic approach.

Record fair value fluctuations in the comprehensive results report

Comprehensive results include not only realized returns from ordinary operations and other corporate operations, but also include revaluation of assets / liabilities in some cases.

Recording fair value fluctuations directly in owner's equity

1.3. Apply fair value in systems of accounting standards and lessons for Vietnam

1.3.1. The view on application of fair values of international accounting regulations

1.3.1.1. FASB's perspective about fair value

1.3.1.2. IASB's perspective about fair value

1.3.2. Apply fair value in accounting systems in several countries around the world

1.3.2.1. In the EU countries

1.3.2.2. In China

1.3.2.3. In Malaysia

1.3.2.4. In India

1.3.3. Lessons for the application of fair value in the accounting system of Vietnamese securities companies

6 lessons.

Conclusion of Chapter 1

In Chapter 1, the author has achieved Objective 1 and Objective 2 of the thesis, respectively: Clarifying general theoretical issues about fair value and applying fair value in enterprise accounting. (Sections 1.1 and 1.2); Experience in applying fair value in accounting of some countries and lessons for Vietnam (Section 1.3).

CHAPTER 2 – THE CURRENT SITUATION OF APPLICATION OF FAIR VALUE IN VIETNAMESE SECURITIES COMPANIES’ ACCOUNTING

2.1. An overview of Vietnam’s stock market and Vietnamese securities companies

Table 2.1: Overview of Vietnam's stock market in the period of 2013 - 2019

FIGURES ON THE STOCK MARKET 2013 - 2019								
Year	2000	2013	2014	2015	2016	2017	2018	2019
Market capitalization (bil. vnd)	1.247	538.791	764.946	947.508	1.156.000	2.174.050	2.880.268	4.384.000
Market capitalization/GDP	0,28%	23%	26%	37,9%	31,5%	34,5%	68,7%	72,6%
Listed value (bil. vnd)	1.504	540.868	718.770	932.054				
Number of listed companies	5		1.232	1.156		1.514	1.706	1.574
Average transaction value per day (bil. vnd)	1,4	1.491	2.158	2.962	2.966	2.500	6.200	9.139
Capital call (bil. vnd)	0	99.115	188.516	200.000	237.000	290.000	348.000	302.600
Number of securities companies	7	105	105	104	85	81	81	77

(Source: synthesized by author)

2.2. The current legal framework of fair value in accounting of securities companies

2.2.1. An overview of the fair value legal framework in the accounting system in Vietnam

2.2.1.1. An overview of the basis of valuing in the Vietnamese accounting system

Firstly, accounting information on the basis of historical cost does not fully reflect the financial position and business results of enterprises.

Second, an accounting system entirely based on the historical price model is no longer suitable.

Third, in order to ensure that the Vietnamese accounting system is in harmony and compatible with the accounting systems of other countries, it is essential to use the other basis of valuing than the historical price.

2.2.1.2. An overview of fair value according to the Vietnamese Accounting Standards

Bảng 2.2: VASs require the use of fair value

VAS	Object	Content

VAS 01 “Frameworks”	Assets	Assets must be recorded at cost. The cost of an asset is calculated by the amount or cash equivalents paid, payable or fair value of such assets at the time the assets are recognized.
VAS 03 “Tangible assets”	Tangible fixed assets purchased in the form of an exchange	Historical cost of a tangible fixed asset purchased in exchange for a dissimilar tangible fixed asset or another asset determined by the fair value of the tangible fixed asset received, or its value reasonable of exchanged property, after adjustment of the amount or equivalent of any additional payment or gain.
	Tangible fixed assets increased from other sources.	Cost of a sponsored tangible fixed asset is initially recognized at its original fair value. If the initial fair value is not recognized, the enterprise shall record it at nominal value plus (+) costs directly attributable to the ready-to-use state.
VAS 04 “Intangible assets”	Intangible fixed assets are formed from the exchange of documents related to the ownership of capital of the entity	If the intangible fixed asset forms from the exchange for payment of documents related to the ownership of the entity's equity, the historical cost of the intangible fixed asset is the fair value of the documents issued in association with the ownership of capital.
	Intangible fixed assets formed during the merger process	Historical cost of an intangible fixed asset formed during the merger process of an enterprise with the nature of acquisition is the fair value of such asset on the date of acquisition (date of merger). Fair values could be: - Listed price in active market. - Price of similar purchase and sale of intangible assets.
	Intangible fixed assets are granted by the state or	Historical cost of an intangible fixed asset allocated or donated by the State, is determined at its initial fair value plus (+) costs directly attributable to the intended use of the asset.
	Intangible fixed assets purchased in exchange for a dissimilar intangible fixed asset	Historical cost of an intangible fixed asset purchased in the form of an exchange with a dissimilar intangible asset or another asset determined by the fair value of the intangible fixed asset received or equal to the fair value of assets exchanged, after adjustment of payments or cash equivalents for additional payments or gains.
VAS 05 “Investment property”	Investmen properties	Historical cost is all of the monetary costs that the enterprise must spend or the fair value of the amounts offered for exchange in order to acquire investment property up to the time of purchasing or completing construction of that investment property.
VAS 06 “Leases”	Financial lease property	The lessee recognizes a finance lease as an asset and liability on the Balance Sheet with the same value equal to the fair value of the leased asset at the inception of the lease. If the fair value of the rental property is greater than the present value of the minimum rental payment, record the present value of the minimum rental payment.
VAS 10 “Effects of changes in foreign exchange rates”	Non-monetary foreign currency assets are initially recognized at fair value	Non-monetary items determined at fair value in a foreign currency must be reported at the exchange rate at the fair value date.

VAS 11 “Business combination”	Business combination fee price	The Buyer will determine the cost of the business combination including: fair value at the exchange date of exchange, incurred or acknowledged liabilities, and equity instruments that the acquirer issues in exchange for control of the acquiree, plus (+) costs directly attributable to the business combination.
VAS 14 “Turnover and other incomes”	Turnover	Revenue is determined according to the fair value of revenues received or to be received.
VAS 15 “Construction contracts”	Turnover	Construction contract revenue is determined by the fair value of the amounts received or to be received

(Source: synthesized by author)

Up to now, there is no accounting standard that presents fair value in terms of definition; fair value grades; valuation methods; fair value application scope; fair value statements in financial statements.

2.2.1.3. An overview of fair values of other legal documents

In addition to the provisions of the Vietnamese accounting standards system, the legal practice is also prescribed in many other relevant legal documents.

2.2.2. Overview of specific regulations on fair value in the accounting system of securities companies in Vietnam

For assets

For equity

For turnover, expenses and other objects

2.2.3. Evaluation of fair value regulations in the corporate accounting system in general and in securities companies in Vietnam in particular

2.2.3.1. Advantages

- The concept of fair value was officially recognized in the Accounting Law.
- There are regulations on fair value accounting principles in a number of Vietnamese accounting standards.
- - There are guidelines on fair value accounting in the accounting regime for securities companies in Vietnam.
- The Vietnam Accounting - Auditing Strategy to 2020, vision to 2030 has been issued.

2.2.3.2. Disadvantages

- There is no specific standard to guide how to apply fair value in accounting.
- Lack of consistency and systematization in fair value related standards.
- Outdated rules / guidelines on fair value in specific standards.
- The regulations on fair value only mainly aim at initial recognition.
- Lack of databases and stakeholders' trust in fair values.

2.3. The situation of applying fair value in accounting in Vietnamese securities companies

2.3.1. An overview of the current situation of fair value application in accounting in Vietnamese securities companies

First, all Vietnam securities companies are applying fair values according to the guidelines of the Ministry of Finance.

Second, the majority of securities companies apply fair values in accounting work mainly for making economic decisions.

Thirdly, the majority of securities companies judged that the financial statements were made on the basis of fair value, which could better predict / reflect the stock price fluctuation of securities companies compared with the historical price.

Fourthly, the majority of securities companies believe that there are not enough bases to affirm that applying fair value can help increase the liquidity of securities companies or their ability to mobilize capital.

2.3.2. Detailed situation of fair value application in accounting in Vietnamese securities companies

2.3.2.1. The situation of identifying accounting objects that apply fair values in accounting Vietnamese securities companies

Vietnam securities companies only apply the real estate value to two types of subjects, namely fair value through profit / loss (FVTPL) and financial assets available-for-sale (AFS) when reclassified.

2.3.2.2. Current situation of fair value measuring in Vietnamese securities companies

About fair value approach

Survey results at 23 listed securities companies in Vietnam show that 100% of companies apply the market approach to measure fair value.

About data used for fair value measuring

Level 1 data - observable data on the market of activity (the exact same accounting object) as a basis for fair value determination and

Level 2 - data observable in the market but not classified as tier 1 data (specifically: Inputs are not observable transaction prices relative to assets / liabilities in active market).

2.3.2.3. The current situation of recording and presenting information about fair value accounting objects in Vietnamese securities companies

Current situation of recording and presenting FVTPL

- Initial recording:
- After initial recording:

Current situation of recording and presenting AFS

- Initial recording:
- After initial recording:

2.3.3. Evaluate the current situation of applying fair value in accounting in Vietnamese securities companies

2.3.3.1 Advantages

First, a number of accounting objects have been successfully applied fair values.

Second, the preparation and presentation of financial statements on the basis of applying fair values to a number of accounting objects has improved the quality of information presented in the financial statements.

2.3.3.2 Disadvantages

First, fair values have not been consistently applied.

Secondly, the accounting level of securities companies is not high.

Third, the application of fair values is still influenced by the principle of prudence.

Fourthly, the market database is rich, but except for data from the active markets such as the listed stock market and other stock markets, the remaining markets have not been standardized and organized widely and transparently.

2.4. Research the factors that influence the degree of fair value application of Vietnam securities companies

2.4.1. General research

2.4.1.1. Research model proposing

2.4.1.2. Qualitative research results on research model

2.4.1.3. Research hypotheses

2.4.2. Conducting detail research

2.4.2.1. Proposing scales by qualitative research

The scale results for the variables of the model are presented as follows:

Table 2.3: The table summarizes the scales for the variables of the model

No.	Var. Code	Variables	Scales (Measures)
I. Dependent variable			
1.	I	The degree of application of fair value of securities companies listed on Vietnam's stock market (Wallace, Naser, & Mora, 1994; Cooke, 1992; Hossain, Tan, & Adams, 1994)...	Unweighted approach: $I_j = \frac{\sum_{i=1}^{m_j} d_{ij}}{\sum_{i=1}^{n_j} d_{ij}}$ Trong đó: I _j : Fair value application of j th securities company (0 ≤ I _j ≤ 1)

			<p>$d = 1$ if the i^{th} fair value information item is published; $= 0$ if the i^{th} fair value information item is not published;</p> <p>m: number of fair value information items is published</p> <p>n: the maximum number of fair value information items may be published, $n \leq 32$</p>
II. Independent variables			
1.	TL	Proportion of members of the Board of Directors who are not managers (Chen & Jaggi, 2000; Haniffa & Cooke, 2002; Barako D. G., 2007)	Number of non-executive members of the Board of Directors / Total number of members of the Board of Directors
2.	ĐN	Heterogeneity between the Chairman and the CEO (Barako D. G., 2007; Forker J. J., 1992)	Dummy variable = 0 if concurrently Dummy variable = 1 if not concurrently
3.	ST	Number of members of the Board of Directors (Singhvi & Desai, 1971; Cooke, 1989)	Total number of members of the Board of Directors
4.	SS	Number of members of the Supervisory Board (Ho & Wong, 2001; McMullen, 1996)	Total number of members of the Supervisory Board.
5.	NN	Ownership of foreign shareholders (Haniffa & Cooke, 2002; Singhvi S. S., 1968; Depoers F. , 2000)	Foreign ownership proportion
6.	QM	Enterprise size (Cerf R. A., 1961; Singhvi & Desai, 1971; Firth M. , 1979; Cooke, 1989; Cooke, 1992; Wallace, Naser, & Mora, 1994) (Nguyễn Thanh Tùng, 2014; Ngô Thị Thơ, 2016)	QM1: Ln (Turnover in a financial year) QM2: Ln (Total assets at the day end of a financial year)
7.	ĐB	Leverage (Carson & Simnett, 1997; Hossain, Tan, & Adams, 1994; Barako D. G., 2007; Bradbury, 1992; Malone, Fries, & Jones, 1993; Naser, Al-khatib, & Karbhari, 2002)	Total liabilities / Owner's equity
8.	LN	Profitability (Singhvi S. S., 1968; Wallace & Naser, 1995; Belkaoui & Kahl, 1978; McNally, Eng, & Hasselding, 1982)	LN1: ROA LN2: ROE LN3: ROS LN4: Turnover growth
9.	TT	Acid ratio (Barako D. G., 2007; Cerf R. A., 1961; Singhvi & Desai, 1971; Raffournier, 1995; Hossain, 2001)	Current assets/Current liabilities
10.	SN	Listing time (Camfferman & Cooke, 2002; Akhtarudin, 2005; Alsaeed, 2006)	Total number of listed year
11.	NY	Stock Exchange (Firth M. , 1979; Cooke, 1992; Malone, Fries, & Jones, 1993; Raffournier, 1995; Haniffa & Cooke, 2002)	Dummy variable = 0 if listed on HNX Dummy variable = 1 if listed on HOSE
12.	KT	Audit (Singhvi S. S., 1968; Firth M. , 1979; Hossain, Tan, & Adams, 1994)	Dummy variable = 0 if audited by Big4 Dummy variable = 1 if not audited by Big4

13.	CC	Number of subsidiaries (Cooke, 1989; Haniffa & Cooke, 2002)	Number of subsidiaries
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(Source: synthesized by author)

2.4.2.2. Measuring variables and collect data

2.4.2.3. Design a quantitative research

- Pearson correlation analysis
- OLS regression analysis

2.4.2.4. Regression model

2.4.3. Research results and discussions

2.4.3.1. Descriptive statistics

Descriptive statistics for fair value application index (I) (I)

- (1) The degree of application of fair value in securities companies listed on Vietnam's stock market is not high.
- (2) There is great variation in applying fair value between years.
- (3) The level of application of fair value of securities companies listed on HOSE is higher than HNX
- (4) The degree of application of fair value of securities companies audited by Big4 is higher than those not audited by Big4.

The statistic describes some independent variables in the model

2.4.3.2. Pearson correlation analysis

There are 08 independent variables that are retained for further regression testing, including: "NN - Foreign ownership", "QM2 - Total assets", "LN3 - ROS", "TT - Acid ratio", "SN - Listing time", "NY - Stock exchange", "KT - Audit", "CC - Number of subsidiaries".

2.4.3.3. OLS regression analysis

The model is tested as appropriate and reliable with 04 independent variables affecting 01 dependent variable. The regression model has no multicollinearity phenomenon and is rewritten as follows:

$$I_{it} = -0,407 + 0,318.QM2_{it} + 0,311.SN_{it} + 0,222.NY_{it} + 0,282.CC_{it}$$

2.4.3.4. Discuss research results

Conclusion of Chapter 2

At the end of Chapter 2, the thesis has achieved the next two objectives, Objective 3 and Objective 4, specifically: (i) Find out the system of anti-legal documents and the current situation of applying fair values at securities companies in Vietnam (Sections 2.1, 2.2 and 2.3); (ii) Develop and test a model of factors affecting fair value application in Vietnamese securities companies (Section 2.4).

CHAPTER 3 – SOLUTIONS TO COMPLETE THE APPLICATION OF FAIR VALUE IN ACCOUNTING AT VIETNAMESE SECURITIES COMPANIES

3.1. Context governing the application of quality control in Vietnamese accounting

3.1.1. Stock market

3.1.2. Real estate market

3.1.3. Price appraisal service market

3.1.3.1. *The number of price appraisers, as well as the number of companies licensed to practice valuation services is increasing day by day*

3.1.3.2. *The system of legal documents in management as well as guidance on appraisal services has been increasingly completed*

3.1.3.3. *Appraisal process, as well as valuation methods are guided relatively detailed and complete.*

3.2. Complete solutions for applying fair value in accounting in Vietnamese securities companies

3.2.1. A view to building legal regulations on fair values in the general corporate accounting system in Vietnam

3.2.2. Applying fair value to the Vietnamese Accounting Standards System

3.2.2.1. Proposing to develop Vietnamese accounting standards: Fair value measurement

The author proposes the general structure of Vietnamese accounting standards on fair values including:

Table 3.1: Proposing the general structure of Vietnamese accounting standard for fair value

Standard's name	Fair value measurement
General regulations	The purpose of the standard
	The scope of the standard
	Definitions
Provisions of standards	- Detailed regulations on fair value determination; fair value method; - Approach; database to determine fair values; Fair value model; - Guidance on the application of fair value to specific accounting objects such as financial assets, non-financial assets, debts, equity ... - Guide special cases on determining fair value;
Disclosure and notes to financial statements	- This section provides for disclosures related to the determination of fair value;
Appendix	Guide some illustrative cases on determining the problem of practice.

(Source: Author proposes)

3.2.2.2. *Proposing to complete the system of Vietnamese Accounting Standards in the direction of applying fair value*

Table 3.2: Proposing to apply fair values in the system of Vietnamese accounting standards

VASs	Orientation to apply fair value
Framework	<ul style="list-style-type: none"> - The current VAS 01 only stipulates the principle of cost applied in evaluating assets and liabilities. Therefore, the author proposes to amend and supplement this standard. - The standard needs to add more principles and basis for evaluating. In which, the fair value should be determined as a basis for evaluating of the Vietnamese accounting standards system. - Specific accounting objects and specific time to apply fair value will be shown in specific accounting standards.
Non-current assets held for sale	<ul style="list-style-type: none"> - Currently, the Vietnamese accounting standards system does not have this standard. We recommend building accounting standards for Non-current assets held for sale; - Non-current assets held for sale are assessed at each time of the financial statements preparation at their fair values minus selling expenses; - Fluctuations in fair value between accounting periods are recognized in other incomes and expenses on the comprehensive income statement.
Tangible fixed assets	<ul style="list-style-type: none"> - The current Tangible Fixed Asset Standard (VAS 03) prescribes the evaluation of tangible fixed assets according to the historical cost model at the time of initial recognition and after initial recognition; - With the orientation of revising this standard to conform to international practice (IAS 16), tangible fixed assets can be evaluated according to the reevaluation model. Accordingly, the revalued price is the fair value of the asset minus (-) any loss or decrease in price; - Changes due to re-evaluation between accounting periods and financial statements should be recognized as expenses and other income on the comprehensive income statement.
Intangible fixed assets	<ul style="list-style-type: none"> - VAS 04 currently stipulates that intangible assets are recognized at cost; - The author recommends modifying intangible fixed assets in the direction of applying the revaluation model, in which intangible assets are recognized each time financial statements are prepared at fair value minus losses. . - Movements in fair value of intangible assets between periods are recognized in other expenses and income on the comprehensive statement.
Investment property	<ul style="list-style-type: none"> - VAS 05 - investment property standard requires that all investment properties are recognized and evaluated according to the original cost and amortization model. - With the view of putting fair value into application, the author recommends applying the fair value model when evaluating and presenting information about investment properties on the financial statements; - Movements in fair value of investment property are recorded in profit-loss statement
Impairment of Assets	<ul style="list-style-type: none"> - The current Vietnamese accounting standards system does not yet have accounting standards for asset price reductions. On the basis of promulgating accounting standards

	<p>on measurement of fair value, the author recommends building and supplementing this standard into the system of Vietnamese accounting standards.</p> <ul style="list-style-type: none"> - Loss of assets is recognized when the carrying amount of an asset is greater than its fair value ... In addition, loss recognition is also considered for goodwill formed in a transaction. Business consolidation and indefinite assets - Asset value lost due to impaired fair value at each time of making financial statements is recognized in the enterprise's profit / loss statement.
Agriculture	<ul style="list-style-type: none"> - The current Vietnamese accounting standards system does not have a separate accounting standard in the agricultural sector. Biological assets and inventories in the agricultural sector are currently regulated in relevant accounting standards such as: Intangible fixed assets; inventory standards. Accordingly, these assets are accounted for under the cost model. - The thesis recommends building separate accounting standards for "agriculture". In which, biological assets and agricultural products are accounted for according to the fair value model; - Fluctuations in fair value between the time of preparing the financial statements are recognized in other income / expenses in the comprehensive business result report;
Share-based payment	<ul style="list-style-type: none"> - Currently, the Vietnamese accounting standards system does not have its own standards for settlement transactions on a stock basis. The author recommends building this standard in the roadmap for completing the Vietnamese accounting standards system: - For employee transactions, the fair value of services received from employees will be determined on the basis of an estimate of the fair value of the instruments on a stock basis. The fair value of these services was not directly estimated. - For payment transactions with non-employees, the value of received goods and services will be measured according to the fair value of the respective liabilities. Until debt is settled, fair value will be reviewed at the end of each reporting period.
Financial Instruments	<ul style="list-style-type: none"> - Currently, Vietnam has not issued accounting standards for financial instruments. The author recommends to issue this standard in the future. Accordingly, the fair values used in this standard are as follows: - Financial assets are initially recorded at fair value. After initial recognition, the application of pricing models depends on the type of financial instrument. Financial assets are recognized at fair value or recognized at cost to amortized. Movements in fair values of financial assets are recognized either through a profit / loss statement or in a comprehensive income statement. - For financial liabilities and equity instruments, initial recognition at fair value. However, the determination of fair value of debts and equity can be done indirectly through fair value of assets, goods and services received. After initial recognition, fluctuations in the fair value of some financial liabilities are recognized in the profit / loss statement. - For derivative tools, initial recognition is at fair value. After initial recognition, fluctuations in fair value are recognized in the profit / loss statement except in specific cases.
Business combinations	<ul style="list-style-type: none"> - The current Vietnam Business Consolidation Standard (VAS 11) stipulates the use of fair values in business combination accounting related to the valuation of business combination fees, and fair value of the net assets of the acquiree ...

	<p>- However, VAS 11 only guides the general principle of determining fair value, but does not instruct a specific technical model on determining fair value. When a separate accounting standard on determining fair value has been issued separately, guidelines on fair value of specific accounting standards including VAS 11 are not necessary.</p> <p>- Besides, goodwill arising in a business combination transaction is currently recognized to be recognized in expenses or amortized gradually. The author proposes a regulation similar to international accounting standard No. 03, whereby goodwill is re-evaluated every time financial statements are prepared according to fair value.</p>
Presentation of financial statements	<p>- VAS 21 - Presentation of Vietnam's current financial statements guidance on business results reporting only includes the contents to determine the profit and loss of the business.</p> <p>- When fair value is applied, in order to present fluctuations in fair value in cases recorded in other comprehensive income, financial statement presentation standards need to be amended and supplemented in accordance with regulations on comprehensive results report. Accordingly, the comprehensive results report consists of 2 parts:</p> <ul style="list-style-type: none"> + Profit / loss + Other comprehensive expenses and income <p>- In many cases, fluctuations in fair value are regulated to be recorded in equity, leading to much volatility in equity during the period. Investors need information about these movements. The author proposes to supplement the regulations on the reporting of equity fluctuations in line with current international practices.</p>

(Source: Author proposes)

3.2.3. Completing the application of fair value in accounting at Vietnamese securities companies

Table 3.3: The summary table of solutions to apply fair value in accounting at Vietnamese securities companies

No.	Accounting objects applied	Cases applied			Method and data used			Differences due to reevaluation according to fair value	
					Observable		Unobservable		
		Initial record	After initial record	Assets impairment	Level 1	Level 2	Level 3	Through Profit / Loss	Through equity (Comprehensive income statements)
I. Financial assets and liabilities									
1	FVTPL		X		X	X		X	
2	AFS		X		X	X		X	
3	HTM		X	X	X	X		X	
4	Loans and receivables		X	X	X	X		X	
5	Convertible bonds	X	X						X
6	Bonus shares	X	X		X	X		X	
7	Investment in subsidiaries, associates, joint ventures		X						X
8	Derivative financial instruments (such as: futures, forward contracts, options and swap)		X		X	X		X	
II. Non-financial assets									
9	Tangible and Intangible fixed assets	X	X		X	X		X	X
10	Financial lease fixed assets	X		X	X	X		X	
11	Property handed over by the State	X			X	X			
12	Investment property	X	X		X	X		X	X

(Source: Author proposes)

Details of complete solutions according to (i) applicable objects, (ii) measurement methods, (iii) recording and presentation are presented as follows:

3.2.3.1 Expanding the subjects applying fair value at securities companies

3.2.3.2 Completing methods of determining fair value at securities companies

3.2.3.3. Complete recording and presenting information about fair value accounting objects in Vietnamese securities companies

3.2.3.4. The solutions promote the advantages and minimize the limitations of determining fair value in securities companies

3.2.3.5. The roadmap for application of solutions to Vietnam securities companies

The quantitative research results in Chapter 2 show that securities companies that (i) have a large scale, (ii) have many years of listing, (iii) have many subsidiaries and (iv) listed on HOSE will have a fair value application level is higher than other securities companies. This suggests to the author a roadmap to apply fair value in securities companies to ensure the feasibility of the solutions proposed above. Specifically:

- Securities companies with the above characteristics will be required to apply fair values to expanded accounting objects first.

- The remaining securities companies will be selected to apply fair value to expanded accounting objects; and will eventually be required to apply when the time is right.

This roadmap requires the Ministry of Finance to determine the scales for determining what is a large-scale securities company, how many years to list is considered long enough, how many subsidiaries are supposed to be. much.

3.3. Recommended to stakeholders

3.3.1. On the side of professional associations

3.3.2. For training institutions

3.3.3. For the Ministry of Finance

3.3.4. On the business side

3.3.5. Impacts of applying fair value on accounting-related entities in Vietnam

CONCLUSION

In turn, through 03 chapters, the thesis has achieved 05 initial set objectives. Chapter 1 systematized the basic theoretical issues of fair value and applied fair value in enterprise accounting. The lessons learned from different countries in applying IFRS / fair value are very valuable to Vietnam. The research results of Chapter 1 are theoretical orientation for the studies in Chapter 2.

After synthesizing accounting regulations / guidelines on fair value in the Vietnamese accounting system for securities companies, by fact survey method with qualitative survey questionnaires and in-depth interviews with expert groups, the thesis has partly presented the situation of fair value application in accounting in Vietnam securities companies. Also in chapter 2, the thesis gives an assessment of the above situation and opens up the need to investigate the causes leading to those situations in order to have appropriate complete solutions. The investigation of the causes leading to the situation of fair value application in securities companies is resolved in the final part of Chapter 2 with quantitative research methods such as, correlation analysis, OLS regression analysis. The results of this series of quantitative analysis show the influence of four factors on the application level of practice value in Vietnam securities companies, including: "Size" (specifically measured by total assets), "Number of years of listing", "Number of subsidiaries" and "Listing status". All four factors have a positive impact on the level of fair value application in securities companies.

Based on the assessment of the current status of legal documents system and the situation of applying fair value in Vietnam securities companies, Chapter 3 has proposed solutions and recommendations to improve the application of legal practice in Vietnam securities companies. Solutions towards completing the legal framework of accounting, in which the focus is on improving the system of Vietnamese accounting standards as well as solutions to promote the application of fair value in securities companies in particular.

However, besides the achieved results, the thesis still has a number of limitations and suggestions for the next research:

Researching in-depth accounting process at securities companies to apply fair value, thereby proposing specific solutions to promote the application of fair value in accounting in particular securities companies and enterprises in Vietnam in general, in the process of Vietnamese accounting integration according to international practices.

Researching the effects of other factors on the degree of fair value application in securities companies. In which, the factors that this study have not had conditions to mention such as: accounting staff qualification, technology application level in accounting work ...

To achieve the results of the thesis, i would like to thank my supervisor Assoc., PhD. Mai Ngoc Anh; scientists in Department of Financial Accounting, Faculty of Accounting and Academy of Finance have created favorable conditions and provided scientific suggestions for me during the research and completion of the thesis./.

LIST OF PUBLISHED ARTICLES OF THE AUTHOR RELATED TO THE THESIS

1. Title of the article: "The point of setting and the theoretical framework on fair value application in corporate accounting" published in Journal of Accounting & Auditing, No. Month: 08/2020; pages 33-36.
2. Title of article "Applying the principle of fair value in securities companies: Current situation and solutions" published in Journal of Accounting & Auditing, No. Month: 08/2020; pages 53-56.