

MINISTRY OF EDUCATION AND TRAINING

MINISTRY OF FINANCE

ACADEMY OF FINANCE



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**IMPROVING ACCOUNTING FOR REVENUE, EXPENSES
AND DETERMINING BUSINESS RESULTS AT
PHARMACEUTICAL COMPANIES LISTED IN VIETNAM**

**SPECIALIZED: ACCOUNTING
CODE: 9.34.03.01**

SUMMARY OF DOCTORAL THESIS

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Hanoi – 2022

The thesis has been completed at the Academy of Finance

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The thesis is defended in front of Thesis Judgment Committee at Academic grade, meeting at Academy of Finance

At..... hour....., date..... month..... year 2022

The thesis may be searched in National Library and Library of Academy of Finance.

INTRODUCTION

1. The necessity of research topic

Vietnam's pharmaceutical industry is an economic sector that plays an important role in the national economy and has great social significance. In recent years, when the global crisis and epidemic led to the decline of many production and business industries, the pharmaceutical industry still had a high growth rate, with an average rate of about 18.8% per year during the period. in the period of 2009-2014, about 13.8%/year in the 5-year period 2015 - 2019, and only slowed down in the period of 2020-2021 due to the impact of the Covid-19 epidemic. The industry's contribution to the country's GDP has also increased over the years and is forecast to keep this trend in the next 5 years with drug consumption increasing to about \$16.1 billion by 2026.

In addition to remarkable growth results, Vietnam's pharmaceutical industry still has limitations affecting the sustainable development of the industry. The proportion of pharmaceutical imports is still high, accounting for more than 50% of the total demand of domestic consumers, especially in the high-value segment. Meanwhile, despite the great potential in terms of production scale and consumption market, domestically produced pharmaceutical products of Vietnamese pharmaceutical companies only account for about 45% of the market, export turnover is still very low. One of the important reasons affecting the competitiveness of Vietnamese pharmaceutical companies is that the system and method of consuming pharmaceutical products are still weak in terms of management technology and qualifications, and lack of information linkage.

Accounting for revenue, expenses and determining business results in an enterprise is a highly up-to-date content, in order to suit the diverse development of modern production methods and development tools. complex birth. The scheme on applying International Financial Reporting Standards in Vietnam approved by the Ministry of Finance on March 16, 2020 has a roadmap for the period of 2022-2025 for voluntary application and mandatory application after 2025 for some business object. The transition to International Financial Reporting Standards will pose many challenges and difficulties for businesses, especially in accounting for revenue, expenses and determining business results.

Pharmaceutical enterprises have their own characteristics in production and business activities and are certain different from other economic and technical industries. thereby affecting the financial and accounting information of the enterprise, especially listed pharmaceutical companies with high requirements on information

provided in financial statements. Improve the level of accounting system, especially accounting for revenue, expenses and determining business results at listed pharmaceutical companies will help provide timely and reliable information for business operators to come up with appropriate business plans.

Stemming from the above reasons, I have chosen the topic *"Improving accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam"* as my research topic.

2. Overview of studies related to the thesis topic

Research overview of the thesis is researched and synthesized by the author based on the issues of revenue and expense accounting and determination of business results in listed pharmaceutical companies , including: View of revenue, expenses and business results; the application of accounting methods for revenue, expenses and business results; Accounting research in listed pharmaceutical companies and research methods for accounting for revenue, expenses and business results.

After studying the published works at home and abroad on research related to revenue, expenses and business results accounting, the author draws the following conclusions:

Firstly, research works on accounting of revenue, expenses and business results have gradually shifted from the transaction-based approach to the contract-based approach. These studies have completed the theory of revenue from contracts with customers, but have not yet clarified and resolved the theory of contractual obligations, issues related to amendments and supplements. contracts, thereby affecting the way revenue and expenses are recognized and presented in the financial statements in the specific areas of activity studied.

Second, the research direction according to the cycle "Recognizing, identifying, recording and presenting information" has been mentioned in a number of recent domestic studies on revenue and expenses accounting, but the time when presenting and analyzing the reality, the above studies have not been developed on the basis of theory, but mainly based on Vietnamese accounting standards and regimes.

Thirdly, researches on accounting in pharmaceutical enterprises have shown that specific characteristics in production and business activities of pharmaceutical enterprises have certain differences with other economic and technical industries. thereby affecting the financial and accounting information of enterprises, especially listed pharmaceutical companies with high requirements on information provided in financial statements.

Fourth, a number of recent domestic studies on revenue, expenses and business results accounting also apply quantitative research methods. However, in which mainly research is from the perspective of management accounting, there have not been many studies on the financial accounting perspective that apply quantitative research to supplement and support the conclusions drawn in addition to qualitative research.

On the basis of inheriting the basic contents of accounting for revenue, expenses and determining business results of domestic and foreign studies. At the same time, starting from the gaps drawn above, the author will focus on research to consolidate, clarify and supplement theoretical and practical issues to improve accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam.

3. Research Objectives

The research objective of the topic "Improving accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam" is to systematize the theory of accounting for revenue, expenses and determining business results in enterprises from the point of view of the contract-based approach; analyzing the current situation of revenue and expense accounting and determining business results at listed pharmaceutical companies in Vietnam according to the following cycle: Identify, identify, record and present information on financial statements; combining qualitative and quantitative methods to study the influencing factors and draw judgments on the results, limitations of accounting for revenue, expenses and determining business results in pharmaceutical companies. products listed in Vietnam; then propose solutions and recommendations to improve accounting for revenue, expenses and determining business results in these enterprises.

4. Research question

To serve the research of the thesis topic, the author will conduct in-depth research to answer the following questions:

- (1). What are the contents of the theoretical basis for accounting for revenue, expenses and determining business results according to International Financial Reporting Standards?
- (2). What factors affect the accounting information of revenue, expenses and business results in listed enterprises?
- (3). What is the current status of accounting for revenue, expenses and determining business results in listed pharmaceutical companies in Vietnam?

(4). How is the influence of these factors on accounting for revenue, expenses and determining business results in listed pharmaceutical companies in Vietnam?

(5). What are the advantages, limitations and causes of limitations of accounting for revenue, expenses and determining business results in listed pharmaceutical companies in Vietnam?

(6). What solutions are there to help improve accounting for revenue, expenses and determining business results in listed pharmaceutical companies in Vietnam?

5. Object and scope of the study

5.1. Research object

The thesis delves into the theory and reality of accounting for revenue and expenses and determining business results at listed pharmaceutical companies in Vietnam. approach according to international practices and international financial reporting standards.

5.2. Research scope

- Regarding research content: The thesis focuses on studying the theoretical basis and actual accounting status of pharmaceutical distribution business activities as drugs and some specific activities arising at listed pharmaceutical companies in Vietnam. In it, the author will delve into accounting analysis for a number of arising contracts with distinctive characteristics of listed pharmaceutical companies. With the research object being listed pharmaceutical companies with high requirements on the information provided in the financial statements, in order to follow the research objectives, the thesis focuses on research from the perspective of financial accounting.

- About the research space: The thesis researched at 17 pharmaceutical companies listed in Vietnam on 02 Ho Chi Minh City Stock Exchanges (HOSE) and Hanoi Stock Exchange (HNX), Excluding the Stock Exchange of unlisted public companies (UPCOM) because the financial accounting data of enterprises on UPCOM is not reliable enough and has a low level of transparency. In particular, the thesis focuses on studying data at the parent company (not yet consolidated) of a number of large-scale companies and wide distribution areas such as Hau Giang Pharmaceutical Joint Stock Company, Imexpharm Pharmaceutical Joint Stock Company, Ham Ha Tay Pharmaceutical Joint Stock Company, Mediplantex Central Pharmaceutical Joint Stock Company, OPC Pharmaceutical Joint Stock Company, Binh Dinh Pharmaceutical and Medical Equipment Joint Stock Company,...

- About the research period: The thesis researches financial and accounting data (parent company) arising at the above listed pharmaceutical companies in the period

from 2016 to 2021.

6. Research Methods

To achieve the research objectives, the study uses the following research methods:

- Apply the methodology of dialectical materialism, historical materialism to study issues that are both comprehensive and specific, systematically ensuring the logic of research problems.

- Combination of qualitative and quantitative research methods.

- Actual survey method, data collection from 17 listed pharmaceutical companies.

- The method of data collection:

- + Primary data: The author collects primary data by different methods, suitable for each specific condition and technique.

- + Send questionnaires and surveys: The author sends questionnaires according to the survey form to 17 listed pharmaceutical companies in the research sample through many forms.

- Quantitative data analysis:

- + Collect and input survey data into SPSS 26 software.

- + Check the reliability of the scale by Cronbach's Alpha coefficient.

- + Exploratory Factor Analysis (EFA).

- + Multiple Linear Regression analysis.

- + Multivariate regression analysis.

7. Scientific and practical significance

- Scientific significance: The topic consolidates, clarifies and supplements the basic theories of accounting for revenue, expenses and determining business results in listed enterprises, some theoretical issues have not been fully and systematically studied.

- Practical significance: The topic of analyzing the reality of accounting for revenue, expenses and determining business results at listed pharmaceutical companies in Vietnam and evaluate the advantages as well as the limitations, and at the same time provide the underlying reasons leading to these limitations. Combined with the study of influencing factors, the topic proposes solutions and recommendations to improve accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam. The application of solutions and recommendations in a synchronous manner with appropriate application conditions will increase the

competitiveness of pharmaceutical companies, contributing to the achievement of the goal of sustainable development of the pharmaceutical industry in Vietnam.

8. Structure of the topic

In addition to the introduction, the list of abbreviations, the list of diagrams, tables, the list of references, the appendix, the thesis are structured into 3 chapters:

- Chapter 1: General theory about accounting for revenue, expenses and determining business results at listed enterprises

- Chapter 2: Reality of accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam

- Chapter 3: Improving accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam

CHAPTER 1

GENERAL THEORY ABOUT ACCOUNTING FOR REVENUE, EXPENSES AND DETERMINING BUSINESS RESULTS AT LISTED ENTERPRISES

1.1. Overview of the stock market, listed companies and the role of accounting for revenue, expenses and determining business results

1.1.1. Stock market

1.1.2. Listed Enterprises

1.1.3. The role of accounting for revenue, expenses and determining business results in listed enterprises

The thesis presents and analyzes the basic roles of accounting for revenue, expenses and determining business results in listed enterprises.

1.2. Identify and classify revenue, expenses and business results

1.2.1. Revenue and revenue classification

1.2.1.1. Revenue identification

Through different definitions and perspectives on revenue, the thesis presents the nature of revenue with some main characteristics: *(1) Revenue is the result of production and business activities; (2) Is an economic benefit to the enterprise and can be measured at recognized value; (3) Contributing to increase in owner's equity but excluding capital contribution of owners or shareholders.*

1.2.1.2. Revenue classification

Depending on the need to use accounting information about revenue in production and business activities, enterprises can rely on many different criteria to classify revenue, the basic criteria to classify revenue in the business. can mention: *(1) According to the economic content of the transaction generating revenue; (2) According to the origin of the inventory of sales products; (3) According to the classification of sales products; (4) According to the payment method; (5) According to the geographical limitation of the transaction that generates the revenue.*

1.2.2. Expenses and expenses classification

1.2.2.1. Expenses identification

Through different definitions and perspectives on expenses, the thesis presents the nature of expenses with the following 3 basic criteria: *(1) Expenses are the total expenditures that reduce the economic benefits of the enterprise in the period, in order to generate revenue and income for the enterprise, but do not include capital*

distributions to the owners; (2) Expenses can be recognized when the factors that reduce the economic benefits of the enterprise can be quantified on the basis of reliable evidence and are consistent with revenue; (3) Expenses will reduce assets or increase liabilities.

1.2.2.2. Expenses classification

The thesis provides some basic criteria to classify expenses according to purposes, economic uses and according to the content and economic nature of expenses. relationship of expenses with items on the financial statements. In addition, depending on the production characteristics, requirements and management level of enterprises, production costs can be classified into more detailed and specific factors.

1.2.3. Business results and business results classification

1.2.3.1. Business results identification

Through different definitions and perspectives on business results, The thesis gives the nature of revenue as the end result of all activities in the enterprise in which profit is a measure, is an indicator that reflects the business results of the enterprise.

1.2.3.2. Business results classification

The thesis presents some basic ways of classifying business results, related to the research purpose of the thesis based on: *(1) Operation of the enterprise; (2) Relationship with financial statements; (3) According to details by product, product group.*

1.3. Accounting for revenue and expenses and determining business results in listed enterprises

1.3.1. Revenue accounting

1.3.1.1. Determine revenue

The thesis presents the principle of recognizing revenue from contracts with customers on the basis of performing obligations and commitments in the contract, including 5 steps: *(1) Determine the contract with the customer; (2) Determine the obligation to perform in the contract; (3) Determining the value of the transaction; (4) Allocation of transaction value to performance obligations; (5) Revenue recognition.*

1.3.1.2. Revenue recognition

Presents revenue recognition on the basis of allocating the transaction's value to performance obligations. Revenue is recognized when the enterprise fully fulfills an obligation to deliver the promised goods or services to the customer.

1.3.2. Expense Accounting

1.3.2.1. Determine expense

The thesis presents the principle of cost accounting according to the principle of accrual accounting, the principle of matching with revenue. At the same time, clarify the identification of expenses incurred in the operation of listed enterprises on the basis of International Accounting Standards and International Financial Reporting Standards.

1.3.2.2. Expense recognition

The thesis presents the basic principles and organization of the collection of accounting information to record detailed expenses according to the content incurred.

1.3.3. Accounting for determining business results

The thesis presents the accounting principles for determining business results according to the accrual basis. Profit on the accrual basis is the difference between revenue earned and expenses incurred determined for an accounting period in the enterprise.

1.3.4. Present information on revenue, expenses and business results on financial statements

1.3.4.1. Information presentation basis

The thesis outlines the basis for presenting information on revenue, expenses and business results on the financial statements and the impact in case the enterprise changes its accounting policy.

1.3.4.2. Present information on revenue, expenses and business results on financial statements

The thesis analyzes and draws out some basic contents when presenting revenue, expense and business results on the financial statements for listed companies.

1.4. Factors influencing information accounting for revenue and expenses and determining business results in listed companies

1.4.1. Theoretical foundations

1.4.1.1. Institutional Theory

1.4.1.2. Random Theory

1.4.1.3. Delegation Theory

1.4.1.4. Signal Theory

1.4.1.5. Endogenous Growth Theory

1.4.1.6. Resource Dependency Theory

1.4.2. Some experimental research related

1.4.3. Influential factors

Through research on the theoretical basis and empirical studies, the author

synthesizes and outlining factors that have an impact on accounting information on revenue and expenses and determine business results in enterprises, including:

1.4.3.1. Regulations and policies for businesses

1.4.3.2. Business scale of the enterprise

1.4.3.3. Perspectives of business managers

1.4.3.4. Accounting personnel

1.5. Accounting for revenue, expenses and determining business results of foreign enterprises and lessons learned for listed companies in Vietnam

1.5.1. Foreign accounting systems

15.1.1. Anglo-Saxon School of Accountancy

1.5.1.2. Continental European School of Accountancy

1.5.1.3. Japanese Accounting System

1.5.2. Some foreign enterprises in Vietnam

1.5.3. Lessons learned to apply to accounting for revenue, expenses and determining business results at listed companies in Vietnam

Through research and experience accounting for revenue, expenses and determining business results of a number of accounting systems that are commonly applied in the world and typically in the United States, France and Japan. Along with the lessons learned from some foreign enterprises in Vietnam, the author draws some application orientations accounting for revenue, expenses and determining business results in enterprises in Vietnam.

CHAPTER 2

REALITY OF ACCOUNTING FOR REVENUE, EXPENSES AND DETERMINING BUSINESS RESULTS AT PHARMACEUTICAL COMPANIES LISTED IN VIETNAM

2.1. Overview of pharmaceutical companies listed in Vietnam

2.1.1. The formation, development and scale of pharmaceutical companies listed in Vietnam

2.1.1.1. The formation and development of the pharmaceutical industry in Vietnam

The thesis presents an overview of the formation and development of the pharmaceutical industry in Vietnam with an increasing scale and in harmony with the

globalization process, through three main stages as follows: (1) *Phase 1 from 1975 to 1990*; (2) *Phase 2 from 1990 to 2005*; (3) *Phase 3 from 2005 to present*.

2.1.1.2. Scale of pharmaceutical companies listed in Vietnam

By January 2022, the Vietnamese stock market had 17 pharmaceutical companies listed on 02 Ho Chi Minh City Stock Exchanges (HOSE). and Hanoi Stock Exchange (HNX), Excluding the Stock Exchange of unlisted public companies (UPCOM) because the financial accounting data of enterprises on UPCOM is not reliable enough and has a low level of transparency.

2.1.2. Production and business characteristics and management organization affect accounting for revenue, expenses and determining business results of pharmaceutical companies listed in Vietnam

2.1.2.1. Characteristics of the pharmaceutical industry

The thesis presents some specific characteristics of the pharmaceutical business that affect the accounting of revenue, expenses and determination of business results: (1) *The pharmaceutical industry is a conditional business and production industry*; (2) *Subject to the specific management of the State*; (3) *Pharmaceutical products are a special kind of goods*; (4) *Research and development (R&D) activities of pharmaceutical companies*; (5) *Consumer habits of pharmaceutical products in Vietnam*; (6) *Distribution channels and markets for pharmaceutical products*; (7) *Pharmaceutical companies are exposed to high exchange rate risk*.

2.1.2.2. Characteristics of organization of product distribution and consumption

2.1.2.3. Characteristics of management organization and accounting organization

2.1.2.4. Features of financial accounting information

The thesis presents some characteristics of product distribution and consumption, management organization, accounting organization and financial accounting information characteristics of listed pharmaceutical companies in Vietnam, have an impact on accounting for revenue, expenses and determining business results.

2.2. Research reality of accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam

2.2.1. Reality of revenue accounting

2.2.1.1. Revenue and revenue classification

Pharmaceutical companies listed in Vietnam all determine sales revenue at the fair value of amounts received or to be received.

Sales revenue is mainly from domestic consumption, export revenue is small due to uncompetitive selling prices.

Revenue from financial activities includes interest on deposits, loans, and interest on exchange rate differences, which have not been realized and realized.

Other incomes are revenues from the sale of scrap, liquidation of fixed assets, compensation for breach of contract, etc., which account for only a small part of the total revenue.

2.2.1.2. Determine và recognize revenue

The thesis presents the current situation of revenue recognition accounting in pharmaceutical companies listed in Vietnam, basically in accordance with the Vietnamese accounting standard system (VAS). and the accounting regime promulgated in Circular 200/2014/TT-BTC dated December 22, 2014 of the Ministry of Finance, including revenue accounting information system and the accounts, books of account and procedures for recognizing sales revenue, financial revenue and revenue deductions at listed pharmaceutical joint stock companies in Vietnam.

2.2.1.3. Reality of revenue accounting for some contracts with customers

Vietnam has issued a project to apply IFRS with the goal of perfecting the legal framework on finance and accounting, creating an effective and effective management tool for corporate governance and administration. as well as the management and supervision of State authorities in the new period. Accordingly, the project has developed a roadmap to apply IFRS in Vietnam, which is implemented in 2 phases: Voluntary application from 2022 to 2025; Compulsory application from 2025 onwards for a number of subjects including listed pharmaceutical companies.

Through the survey, some of the following types of contracts arise in the production and business activities of pharmaceutical joint stock companies listed in Vietnam and have their own distinctive characteristics. The author will focus on studying the reality of revenue and expense accounting for these types of contracts with the approach of IFRS 15. From there, draw conclusions and suggest solutions for improvement in the following section.

(1) The contract has many performance obligations

When the goods are delivered to the customer, and all procedures and sales documents are completed between the parties, the goods are determined to be sold. The price paid is the amount on the supply of goods that the buyer has paid or accepted for payment. However, in many sales contracts, in addition to the content of the product sale, there are other accompanying contents such as storage services, transportation, etc.

According to the survey, 17/17 (100%) listed pharmaceutical companies all have sales contracts with regulations on storage and transportation services.

Illustrations No. 2.2.1.3.1a and **No. 2.2.1.3.1b** present the reality of determining revenue, expenses and recognition on accounts and accounting books for contracts to sell goods with storage and transportation services at Hau Giang Pharmaceutical Joint Stock Company and Imexpharm Pharmaceutical Joint Stock Company.

(2) Contracts with variable payment prices

In many pharmaceutical sales contracts, the contract value can change due to discounts, rebates, rebates, subsidy credits, price incentives, incentives, performance bonuses or penalties, etc. The amount of the promised return may also change if the claim of the item received depends on whether or not a future event occurs.

According to the survey, 17/17 (100%) listed pharmaceutical companies all have sales contracts with commercial discounts based on sales or accumulated products during the contract implementation process. A normal trade discount is a discount when a customer purchases a large quantity of goods.

Illustration No. 2.2.1.3.2 presents the reality of determining revenue, expenses and recognition on accounts and accounting books for the contract of sale of goods, the payment unit price varies depending on the total quantity of goods performed at the time of contract termination at Ha Tay Pharmaceutical Joint Stock Company.

(3) Many contracts tied together

Pharmaceutical goods are characterized by being able to be used in combination because each medicinal drug has a certain function and is often used in combination. Therefore, in the production and distribution of drugs by listed pharmaceutical companies, there are also items that are classified in the same group with a certain degree of relevance.

According to the survey, 10/17 (70%) of the listed pharmaceutical companies have had sales contracts with terms for other related products.

Illustration No. 2.2.1.3.3 presents the reality of determining revenue, expenses and recognition on accounts and accounting books for two contracts to sell goods whose payment price depends on the conditions of another contract at OPC Pharmaceutical Joint Stock Company.

(4) Modified contract

A contract modification is a change in scope or price, or both, adopted by the parties to the contract. A modified contract may affect the obligations specified in the contract or create new obligations for the parties to the contract.

Through the survey, there are 08/17 (47%) listed pharmaceutical companies having sales contracts with terms for other related products.

Illustration No. 2.2.1.3.4 presents the reality of determining revenue, expenses and recognition on accounts and accounting books for the contract of sale of goods modified in terms of price and volume while being performed at Ha Tay Pharmaceutical Joint Stock Company.

(5) The contract includes the right to return

A sales contract with the right of return is when the enterprise has transferred control of the product or goods to the customer, but the customer has the right to return the product or goods for a certain reason, or receive a discount or a refund. refund for a part of the product or goods provided.

Through the survey, 17/17 (100%) listed pharmaceutical companies have sales contracts with return clauses in some specific cases.

Illustration No. 2.2.1.3.5 presents the reality of determining revenue, expenses and recognition on accounts and accounting books for the contract of sale of goods with the right of return at Mediplantex Central Pharmaceutical Joint Stock Company.

2.2.2. Reality of expenses accounting

2.2.2.1. Expenses and expenses classification

Pharmaceutical companies listed in Vietnam have fully identified production costs, selling expenses, corporate management, financial expenses and other expenses.

2.2.2.2. Determine và recognize expenses

The thesis gives classification of expenses by object and method of collecting expenses, expenses by period; system for obtaining cost information and presenting expense recognition on accounts and accounting books at listed pharmaceutical companies in Vietnam.

2.2.2.3. Reality of accounting for some separate expenses in listed pharmaceutical companies in Vietnam

(1) Research and development (R&D) expenses

Through a survey of 17 listed pharmaceutical companies in Vietnam, 15/17 (88%) of the companies set up separate departments and divisions for R&D activities.

For R&D cost accounting, VAS 04 and IAS 38 provide basic criteria to consider the possibility of capitalizing expenses from R&D activities, in other words, whether an Intangible Asset is generated from R&D activities or not. This assessment is based on the distinction between the research and development phases of R&D activities.

Survey results of 17 listed pharmaceutical companies in Vietnam, 15/17 (88%) companies track and aggregate R&D expenses by centralized research department, only 03/17 (17%) track and aggregate R&D expenses by research project and no company (0%) tracked and aggregated R&D expenses divided by 2 research and implementation phases.

However, through survey and study of documents, accountants at listed pharmaceutical companies in Vietnam have not recorded the value of intangible fixed assets formed from the R&D process, the cost between the research and development stages has not been separated yet, but all expenses have been recorded in the administrative expenses of the enterprises using Account642.

(2) Expenses for stock issuance under employee options program (ESOP)

Through the survey, there are 07/17 (50%) listed pharmaceutical companies having ESOP stock issuance activities. The expenses of ESOP shares issued at these companies mainly include conference, communication and financial expenses. These expenses are recorded in Account635 – financial expenses.

Illustration 2.2.2.3 presents the reality of determining and recording expenses incurred on accounts and accounting books for the issuance of shares under the Employee Options Program (ESOP) at Ha Tay Pharmaceutical Joint Stock Company.

2.2.3. Reality of accounting for determining business results

Through the survey results, 17 out of 17 (100%) listed pharmaceutical companies recorded and determined in detail the results of production and business activities, financial activities on a quarterly, semi-annual and annual basis, in which 15/17 (88%) listed pharmaceutical companies recorded and determined each month.

2.2.4. Presenting accounting information on revenue, expenses and business results on financial statements

In pharmaceutical companies listed in Vietnam, the financial reporting system is prepared including interim financial statements (quarterly, semi-annual) and annual financial statements.

The information on revenue, expenses and business results are fully presented by listed pharmaceutical companies in Vietnam on the income statement and explain additional information in the Notes to the Financial Statements as required. However, the financial statements of the research companies have not explained in depth the composition of revenue, expenses and business results based on the nature of formation.

2.3. Researching the factors affecting information of accounting for revenue,

expenses and determining business results at pharmaceutical companies listed in Vietnam

2.3.1. Research models

On the basis of studying the underlying theories, empirical studies and analyzing the unique characteristics of listed pharmaceutical companies, the author discussed with a number of experts in the research field to propose research model of factors affecting information of accounting for revenue, expenses and determining business results at listed pharmaceutical companies in Vietnam.

2.3.2. Check the reliability of the scale by Cronbach's Alpha coefficient

Through testing the reliability of the scale by Cronbach's Alpha coefficient, all the scales of the set of observed variables meet the reliability.

2.3.3. Exploratory Factor Analysis (EFA)

Continuing with the results of the exploratory factor analysis, there is a Rotated component matrix in which the characteristic variables all have a factor loading coefficient greater than 0.55. There are four factors that represent influence.

2.3.4. Multiple Linear Regression analysis

The results show that all Pearson correlation sig values between the independent variables and the dependent variable are less than 0.05. Thus, the independent variables are all linearly correlated with the dependent variable.

2.3.5. Multivariate regression analysis

Regression results show that all variables have an impact on the dependent variable because the sig t test of each independent variable is less than 0.05. The VIF coefficients of the independent variables are all less than 10, so there is no multicollinearity.

So the normalized regression equation is:

$$\mathbf{TT = 0,11 + 0,362CS + 0,145QM + 0,323QT + 0,354NS}$$

2.3.6. Discuss the results

With 4 factors affecting revenue, cost and business results accounting in pharmaceutical companies listed in Vietnam according to the degree of influence from largest to smallest, respectively: Regulations and policies for enterprises; Accounting personnel; Perspectives of business managers; Business scale of the enterprise. However, the model with 4 representative factors only reflects 68.2% of the research problem, which means that there will be other factors, other observed variables that may also affect accounting for revenue, expenses and business results in pharmaceutical companies listed in Vietnam, but this study has not been

included in the current research model due to the limitation of research scope and time.

2.4. Assessing the reality of accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam

2.4.1. Achievements

- *First:* Most of the surveyed listed pharmaceutical companies have a relatively strict accounting system in line with the characteristics of pharmaceutical production and business. The number of economic transactions is large, but the revenue recognition is still ensured according to the accounting principles and systematically monitored.

- *Second:* Accounting for revenue and expenses and determining business results are basically in compliance with Vietnamese Accounting Standards and the accounting regime promulgated in Circular No. 200/2014/TT-BTC dated December 22, 2014 of the Ministry of Finance. The tracking and recording of economic transactions are relatively detailed for each type of activity.

- *Third:* Regarding accounting papers, the use and circulation of papers when there are arising economic operations are reflected in a timely and complete manner. The papers used to reflect the sales operations are strictly in accordance with the prescribed financial regime.

- *Fourth:* The financial statement system of the surveyed companies has provided basic information on revenue, expenses and business results in the reporting period.

2.4.2. Limitations

- *First:* Accounting for revenue and expenses of some contracts with customers has separate points that have not been specified in VAS and the current accounting regime. As a result, a number of revenue and expense items have not been recognized and reflected closely to the nature of the financial statements at the end of the period.

Detail:

The value received has not been properly allocated to each separate obligation in the contract to reflect revenue.

There are no suitable accounting estimates to reflect the revenue recognized during the period for contracts with variable settlement prices.

Contracts with related obligations have not been combined to properly allocate and recognize the receipts from arising obligations.

There has not been an appropriate assessment of the scope and payment price of the contract modification to determine the amount received for future obligations.

Revenue has not been recognized conservatively on the basis of realizable estimates for sales contracts with a right of return.

- *Second:* Accounting to record expenses for a number of separate activities is not appropriate to the nature of the arising, specifically: In R&D activities, the expenses between the research and implementation stages have not been tracked in detail for each project in order to have a basis for recording the value of the formed intangible fixed assets; in the issuance of ESOP shares, has not yet fully reflected the expenses on the basis of determining the fair value of the committed equity instrument.

- *Third:* Although there is a roadmap according to the regulations of the Ministry of Finance on the compulsory application of IFRS from 2025. However, listed pharmaceutical joint stock companies do not have a plan to implement accounting in general and accounting for revenue, expenses and determining business results in particular.

- *Fourth:* Information on revenue, expenses and business results reflected in the new financial statements is the basic information required by the mandatory requirements. There is no additional information to better reflect the composition and change process of these indicators such as: In-depth explanation of revenue, cost and business results based on the nature of formation; detailing performance estimates and assumptions affecting revenue and expense recognition; principles of distribution of receipts of different types of contracts.

2.4.3. Analysis of the causes of limitations

On the basis of the achieved results and the remaining limitations through the status assessment, the author combined with the research results on the factors affecting information accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam to draw out the main causes associated with factors with a large degree of influence. From there, analyze and clarify these causes as the basis for giving appropriate and corresponding solutions and a roadmap for mobilizing resources to implement solutions in a logical order to best address the stated limitations.

CHAPTER 3

IMPROVING ACCOUNTING FOR REVENUE, EXPENSES AND DETERMINING BUSINESS RESULTS AT PHARMACEUTICAL COMPANIES LISTED IN VIETNAM

3.1. Development orientation and improvement requirements accounting for revenue, expenses and determining business results at pharmaceutical companies listed in Vietnam

3.1.1. Định hướng phát triển ngành dược phẩm Việt Nam

The thesis has stated development orientation as a basis for implementing solutions.

3.1.2. Complete request accounting for revenue, expenses and determining business results at Pharmaceutical companies listed in Vietnam

In order to complete accounting for revenue, expenses and determine business results, it is necessary to satisfy the following basic requirements: (1) *Requirements on regulatory compliance and in accordance with common practices;* (2) *Conformity requirements;* (4) *Uniform requirements;* (5) *Economical and efficient requirements;* (6) *Requests are honest, complete and timely.*

3.2. Complete content accounting for revenue, expenses and determining business results at Pharmaceutical companies listed in Vietnam

3.2.1. General solution to complete revenue and expense accounting and determine business results

Firstly, perfecting revenue and expense accounting and determining business results in accordance with the characteristics of business operations and management requirements of listed pharmaceutical companies in Vietnam;

Second, perfecting revenue and cost accounting and determining business results in harmony with international accounting principles, standards and practices;

Thirdly, perfecting revenue and cost accounting and determining business results towards providing complete, timely, reliable and close information to the financial situation of the business to users. use.

3.2.2. Adjustment of financial statements prepared under VAS to financial statements prepared under IFRS

The application of IFRS will improve the transparency and reliability of financial information of enterprises,

This is a necessary and objective requirement for listed companies in general and listed pharmaceutical companies in particular. However, not all businesses are ready and qualified to fully apply IFRS. From there, the thesis proposes a solution to adjust the financial statements prepared according to VAS to IFRS in order to be able to provide honest and reasonable information on revenue, expenses and business results, and to be more consistent with the information. international rate.

The adjustment method includes the following basic contents: First, to evaluate the impact of IFRS on the financial statements of the enterprise; Second, identify and quantify arising transactions that differ between VAS and IFRS; Third, complete, check and control newly prepared financial statements according to IFRS standards.

3.2.3. Finalize revenue accounting for some contracts with customers

3.2.3.1. The contract has many performance obligations

The thesis provides a basis for determining the obligations to be performed in a signed contract with a customer as the basis for the allocation of transaction value and revenue recognition when the obligation has been fulfilled under IFRS. At the time of contract establishment, the business must evaluate the goods or services committed in the contract with the customer and identify each delivery commitment to the customer. Determining how many obligations to perform in a contract, enterprises must base themselves on the terms of the contract and how products, goods or services are delivered and need to make transaction price allocation for performance obligations.

Applying to **illustration No. 2.2.1.3.1a** and **No. 2.2.1.3.1b** presented accounting determines and recognizes revenue and expenses in accordance with IFRS principles for contracts for the sale of goods with storage services and shipping service at Hau Giang Pharmaceutical Joint Stock Company and Imexpharm Pharmaceutical Joint Stock Company.

3.2.3.2. Contracts with variable payment prices

The thesis provides the principle of determining and accounting for the received items committed in the contract with a variable payment price and estimating the value of the received items to which the enterprise is entitled in exchange for the delivery of goods or services committed to the customer in accordance with IFRS.

Applying to **illustration No. 2.2.1.3.2** presented accounting determines and recognizes revenue and expenses according to the IFRS principle for the contract of sale of goods, the payment unit price varies depending on the total quantity of goods performed at the end of the contract at Ha Tay Pharmaceutical Joint Stock Company.

3.2.3.3. Many contracts tied together

The thesis sets out the conditions for combining two or more business contracts signed at the same time or near the same time with the same customer and accounting for those contracts as a single contract.

Applying to **illustration No. 2.2.1.3.3** presenting accounting for determining and recording revenue and expenses according to IFRS principles for two contracts to sell goods whose payment price depends on the conditions of another contract at OPC Pharmaceutical Joint Stock Company.

3.2.3.4. Modified contract

The thesis provides the principles of determining and accounting for the rights and obligations that have new effect, or change the rights and obligations and existing enforceable obligations of the contracting parties in contract amendments under IFRS.

Applying to **illustration No. 2.2.1.3.4** presenting accounting determination and recognition of revenue and expenses according to the principles of IFRS accounting for the contract of sale of goods modified in terms of price and volume during implementation at Ha Tay Pharmaceutical Joint Stock Company.

3.2.3.5. The contract includes the right to return

The thesis provides the principles of determining and accounting for the received or will be received by the enterprise; potentially ineligible amounts (trade discounts, rebates, rebates, returns, etc and revenue recognition for the business benefits. For items that are likely to be returned or refunded, businesses must track them on a separate account under IFRS.

Applying to **illustration No. 2.2.1.3.5** presenting accounting for determining and recording revenue and expenses according to the principles of IFRS accounting for the contract of sale of goods with the right of return at Mediplantex Central Pharmaceutical Joint Stock Company

3.2.4. Completing accounting for some separate expenses

3.2.4.1. Research and development (R&D) expenses

In order to determine and record R&D expenses in accordance with international practices, specifically IAS 38, pharmaceutical companies first need to track and aggregate expenses arising from their R&D activities. . In each company's accounting period, there is not only one product, but many products that are researched and developed at the same time, accountants need to track and estimate aggregated cost allocations by product and project type. There are products that are R&D successful, there are also products that fail, resulting in different accounting records, need to track and aggregate R&D expenses for each

project and product.

3.2.4.2. Expenses for issuing shares under the employee option program

The thesis introduces the accounting principles of stock issuance under the employee selection program under IFRS 2 – Payment on the basis of shares. For an ESOP transaction, the employee's stock call option will be measured at the fair value of the pledged equity instrument. Because it is practically impossible to estimate reliably the fair value of services rendered to the company by employees, in some cases market value may be used as the basis of fair value determination. At the same time, the difference between the issue price of the ESOP and the market price of the shares must be recognized in the cost of staff salaries and reduced profits.

Applying to **illustration No. 2.2.4.2b** presents accounting for determining and recording incurred expenses for the issuance of ESOP shares at Ha Tay Pharmaceutical Joint Stock Company according to the principles of IFRS.

3.2.5. Complete information presentation accounting for revenue, expenses and business results on Financial Statements

The thesis provides some additional information about revenue and expenses arising from contracts with customers that need to be presented in the financial statements according to the principles of IFRS.

3.3. Some conditions to improve accounting for revenue, expenses and determining business results at Pharmaceutical companies listed in Vietnam

3.3.1. On the State side

3.3.3.1. General conditions

First: The State and functional agencies need to continue to develop and supplement and complete documents on the Accounting Law and accounting policies.

Second: The State needs to curb inflation, stabilize monetary policy, and stabilize the exchange rate to reduce the financial burden on businesses and create conditions for them to develop.

Third: the documents guiding the implementation of the financial mechanism need to be issued in a synchronous and uniform manner and ensure the implementation ability of enterprises.

Fourth: The State and functional agencies need to review to amend, supplement or remove regulations that are no longer suitable with the characteristics of production and business activities in the integrated economic environment.

Fifth: The State should have preferential policies such as tax for voluntary enterprises and soon apply IFRS.

Sixth: The State and functional agencies need to develop and promote human resource training plans and programs. In addition, it is necessary to encourage the development of high-quality financial, accounting and auditing consulting services.

Seventh: The State and functional agencies need to have regulations and policies to bring professional associations in accounting and auditing into the life of production and business activities in a practical way.

Eighth: Create conditions for businesses to exchange with domestic and foreign enterprises in the same industry to learn, absorb management experience, and organize the accounting apparatus. .

3.3.3.2. Supplementing and amending the theoretical frameworks and legal regulations for the application of the accounting standard system in accordance with international practices

In the short term, it is necessary to implement solutions to quickly overcome the immediate limitations of the current financial reporting system.

In the long term, comprehensively upgrade the corporate financial reporting system, develop an implementation plan with specific timelines associated with harmonization goals, and proceed to fully apply IFRS and international practices.

3.3.2. For pharmaceutical companies listed in Vietnam

In addition, the support and facilitation of state management agencies in completing the legal corridor, policies, guiding documents, the initiative and effort of each enterprise itself is a decisive factor to the quality of accounting work in general and accounting for revenue and expenses and determining business results in particular. Pharmaceutical companies listed in Vietnam need to meet the following requirements: *The first is to get ready for the transition from VAS to IFRS; The second is to reorganize the management apparatus and operational processes; The third is training and developing human resources; The Fourth is to strengthen the information technology system; The fifth is to pay attention to the welfare of employees; The sixth is to strengthen cooperation relations with the outside.*

CONCLUSION

In the context of Vietnam increasingly integrating into the international economy, Vietnam's pharmaceutical industry is not an exception to that trend. With the roadmap for mandatory application of International Financial Reporting Standards from 2025 onwards for listed companies, general accounting and accounting for revenue, expenses and determining business results in particular also needs to be perfected. Within the scope of the research, the thesis has achieved the following results:

Firstly, systematize and clarify the theory of revenue, cost and business results accounting in listed enterprises; strengthen the theory of factors affecting information of accounting for revenue, expenses and determining business results in listed companies. Present and analyze different viewpoints and concepts to clarify the nature of revenue, cost and business results accounting according to the approach of International Financial Reporting Standards.

Secondly, through the actual survey of production and business activities at listed pharmaceutical joint stock companies in Vietnam, the thesis presented the reality of accounting for revenue, expenses and business results on the basis of the contract with the customer, in which specific analysis of some types of contracts and specific expenses in pharmaceutical companies listed in Vietnam. Combined with qualitative analysis results on factors affecting information of accounting for revenue, expenses and determining business results in pharmaceutical companies listed in Vietnam to evaluate and analyze the results achieved, restrictions still exist and the main causes of the limitations compared with international practices.

Thirdly, the thesis has proposed some solutions to improve accounting for revenue, expenses and determining business results in pharmaceutical joint stock companies listed in Vietnam to achieve the goal of reflecting truthful, reasonable and close to nature information.

**LIST OF PUBLISHED SCIENTIFIC WORKS
RELATED TO THE AUTHOR'S THESIS**

1. Applying a management model to reduce waste in small and medium enterprises in Vietnam, Journal of Accounting and Finance Research (No 01- 2015)
2. Some issues on state administrative reform in the field of foreign economic affairs, Financial Inspector Review (No 02-2015)
3. Improving the quality of cost management accounting information at the listed pharmaceutical companies when applying the International Financial Reporting Standards (IFRS), Journal of Accounting and Finance Research (No 03-2022)
- 4 Some solutions for organization of accountancy work to convert from Vietnam Accounting Standards (VAS) to International Financial Reporting Standards (IFRS), Journal of Accounting and Auditing (Month 3/2022)
5. Applying International Financial Reporting Standards: Solutions to improve internal audit efficiency in listed pharmaceutical companies, State Tax Magazine (No 13-892)