

FINANCIAL INDICATOR SYSTEM OF BUILDING MATERIALS MANUFACTURING JOINT-STOCK FIRMS LISTED ON HANOI STOCK EXCHANGE: SITUATION AND SOLUTIONS

Pham Xuan Kien

School of Accounting and Auditing, National Economics University, Hanoi

Email: kienpx@neu.edu.vn

Received date: 19.02.16

Accepted date: 24.06.16

ABSTRACT

Currently, all joint-stock companies (JSCs) listed on securities exchanges publish their financial ratios system. Ministry of Finance (MOF) regulates this system both in Decision 13/2007/MOF (relating to a prospectus) and Circular 52/2012/MOF (relating to an annual report). However, the preciseness, transparency, comprehensiveness and objectiveness of a financial indicator system still need to be reconsidered. In other words, the current financial index system has some limitations due to objective and subjective reasons. From this fact, in order to improve the financial ratios system of JSCs listed on securities exchanges, it is necessary to identify reasons from inside and outside of enterprise, especially when Vietnam is integrating the regional and international economy. Therefore, this research investigates the current financial indicator system of building materials producing JSCs which are listed on Hanoi Stock Exchange (HNX). By doing this, this topic aims to provide the analysts with transparent, objective and precise information and thereby assist them in making effective and optimal decisions.

Keywords: Building material manufacturing, financial indicator system, financial statements, joint-stock company, securities market, stock exchange.

Hệ thống chỉ tiêu tài chính của các công ty Cổ phần sản xuất vật liệu xây dựng niêm yết trên Sở giao dịch chứng khoán Hà Nội: Thực trạng và giải pháp

TÓM TẮT

Hiện nay các công ty cổ phần (CTCP) có niêm yết trên các thị trường chứng khoán đều công bố hệ thống chỉ tiêu tài chính. Bộ Tài chính (BTC) đã quy định hệ thống này trong cả Quyết định 13/2007/QĐ-BTC (liên quan đến bản cáo bạch - BCB) và Thông tư 52/2012/TT-BTC (liên quan đến báo cáo thường niên - BCTN). Tuy nhiên tính chính xác, minh bạch, toàn diện và khách quan của hệ thống chỉ tiêu tài chính trong các báo cáo này vẫn cần phải xem xét lại. Nói cách khác, hệ thống chỉ tiêu tài chính hiện hành vẫn tồn tại một số hạn chế do cả lý do chủ quan và khách quan gây ra. Từ thực tế này, để cải thiện hệ thống chỉ tiêu tài chính của các CTCP niêm yết trên thị trường chứng khoán, cần phải xác định những lý do từ bên trong và bên ngoài doanh nghiệp, nhất là khi Việt Nam hội nhập vào nền kinh tế khu vực và thế giới. Vì vậy, nghiên cứu này sẽ tìm hiểu thực trạng hệ thống chỉ tiêu tài chính hiện hành của các CTCP sản xuất vật liệu xây dựng (SX VLXD) niêm yết trên Sở Giao dịch Chứng khoán Hà Nội (SGDCK HN). Qua đó, đề tài còn cung cấp cho các nhà phân tích những thông tin minh bạch, chính xác và khách quan nhằm giúp họ đưa ra những quyết định hiệu quả và tối ưu.

Từ khóa: Báo cáo tài chính, công ty cổ phần, hệ thống chỉ tiêu tài chính, sản xuất vật liệu xây dựng, sở giao dịch chứng khoán, thị trường chứng khoán.

1. INTRODUCTION

The financial indicators of companies generally and JSCs particularly are benchmark

to assess one company's financial situation, "healthy" or "weak". They are united into a system so as to provide a picture about a financial health of a firm to any interest person

or economic entity. These indicators are used by both insiders and outsiders and classified into a certain group reflecting one concrete content, such as a solvency, efficiency, or profitability. Depending on their interest, analysts will choose any particular content. Currently, all JSCs listed on securities markets publish their financial ratios system. However, the preciseness, transparency, comprehensiveness and objectiveness of these indicators still need to be reconsidered. In other words, the current financial indexes system has some limitations due to objective and subjective reasons. As a result, many JSCs which publish their optimistic financial indicators are insolvent or un-profitable. The building materials producing companies are not exceptional. In fact, in recent years, there has been witnessed the bankruptcy of many big corporations both domestically and internationally, despite the fact that last one or two years, their financial indexes revealed no sign of concern. This matter has reduced investors' trust and made securities markets less interesting, thus it could not mobilize capital for firms through this channel. From this fact, in order to improve the financial ratio system of JSCs listed on securities exchange, it is necessary to indentify internal and external reasons of an enterprise, especially when Vietnam is integrating the regional and international economy. Thanks to this integration process, Vietnamese economy is developing rather fast with increasing demand of construction, for instance roads, bridges, buildings, houses, etc. As a result, the requirement of building materials also rises. Many building materials producing JSCs have been established to satisfy this huge demand and play a crucial role in constructing process of the country. Products of these firms are positively contributing not only to the infrastructure of Vietnam but also to the building demand of each builder or household. Therefore, this paper studies the current financial indicator system of building materials producing JSCs listed on Hanoi Stock Exchange (HNX), because the number of the listed firms of this sector on HNX dominates over those firms listed on Ho Chi Minh Stock Exchange.

By doing this, this topic aims to provide analysts with transparent, objective and precise information and helps them to make effective and optimal decisions. Besides, this study also proposes suggestions to assisting a stable development of JSCs and HNX.

2. LITERATURE REVIEW

In the study, Beaver (1966) found that ratios analysis involves the use of several ratios by variety of users- including credit lenders, credit-rating agencies, investors and managers. In spite of the ubiquity of ratios, little effort has been directed toward the formal empirical verification of their usefulness. The usefulness of ratio can only be tested with regard to some particular purpose. The purpose chosen here was the prediction of failure, since ratios are currently in widespread use as predictor of failure. This is not the only possible use of ratios but is a starting point from which to build an empirical verification of ratio analysis.

According to Wilcox (1971), comparatively little academic attention has been given to the use of financial accounting number in measuring risk. Several years ago Beaver (1966) reported an empirical study of various financial ratios as predictors of failure. Using matched samples of failed firms versus non-failed firms, he found that several easily available financial ratios were good predictors of failure, while others, probably more widely used, were mediocre predictors. Specifically, the ratio cash flow/total assets, net income/total assets, total debt/total assets, and particularly cash flow/total debt were good predictors of failure. The last ratio had predictive value even up to five years before the event. In contrast, such widely used ratios as the current ratio were of only mediocre value until the final year before failure, and even then inferior to the aforementioned ratios.

Financial ratios have played an important part in valuating the performance and financial condition of an entity. Over the years, empirical studies have repeatedly demonstrated the usefulness of financial ratios. For examples,

financial-distressed firms can be separated from the non-failed firms in the year before the declaration of bankruptcy at an accuracy rate of over 90% by examining financial ratios. In determining bond ratings, when financial ratios were the only variables used, the resulting ratings were virtually identical with institutional ratings. There is one recurring question with the use of financial ratios: which ratios, among hundreds that can be computed easily from the available financial data, should be analyzed to obtain the useful information for user. This study helps resolve the problem of ratio selection by examining ratios found useful in recent empirical studies; reconciling the differences in the ones found useful in these studies and categorizing them by certain factors. There are many useful ratios so it is necessary to identify a limited set of financial ratios. Because, different researchers use different ratios, therefore, result on the usefulness of specific ratios may vary (Chen and Shimerda, 1981).

In the study of Banes (1987), financial ratios were used for all kinds of purposes. These include the assessment of the ability of a firm to pay its debt, the evaluation of business and managerial success and even the statutory regulation of a firm's performance. Not surprisingly they become norms and actually affect performance. The traditional textbooks of financial analysis also emphasize the need for a firm to use industry-wide averages as target (Foulke, 1968) and there is evidence that firms do adjust their financial ratios to such target. Whittington (1980) identified two principal uses of financial ratios. The traditional, normative use of the measurement of a firm's ratio compared with a standard, and the positive use in estimating empirical relationships, usually for predictive purposes. The former dates back to the late nineteenth century and the increase in US bank credit given as a result of the Civil War when current and non-current items were segregated and the ratio of current assets to current liabilities were developed. From then the use of ratios both for credit purposes and managerial analysis, focusing on profitability

measures soon began. Around 1919, Du Pont Company began to use its famous ratio "triangle" system to evaluate its operating results, underpinning the modern interfirm comparison scheme introduced in the UK by the British Institute of Management and the British Productivity Council in 1959. The positive use of financial ratios has been of two types: by accountant and analysts to forecast future financial variables, e.g. estimated future profit by multiplying predicted sales by the profit margin (the profit/sales ratio), and, more recently, by researchers in statistical models for mainly predictive purposes such as corporate failure, credit rating, the assessment of risk, and the testing of economic hypotheses in which inputs are financial ratios.

In recent years there have been several important studies which have investigated the use of financial ratios in predicting business failure. This has been done both from a human information processing (HIP) point of view and from an environment predictability view point (e.g. Altman, 1968 and 1983; Deakin, 1972). These studies have provided evidence that financial ratios are useful in predicting business failure. While some users of financial analysis are keenly interested in the prediction of business failure (financial institutions being an obvious samples), others are more interested in the non-failure end of the failure/non-failure continuum (Houghton & Woodliff, 1987).

According to Laitinen (1991), financial ratios are intensively used by several interest groups for all kind of purposes. The positive use of financial ratios by researchers in statistical models has been mainly for predictive purposes such as failure of the firm. The studies of failure prediction are based on the original work of Beaver (1966) and Altman (1968). Beaver has made the most contributive univariate analysis of business failure. A univariate analysis involves in the use of a single financial ratio in a failure prediction model. Beaver (1966) analyzed several financial ratios separately and selected the cut-off point for each ratio so as

to maximize the number of accurate classification for a particular sample. This technique has become known as univariate classification analysis. However, Altman (1968) performed a multivariate analysis of failure by means of multiple discriminant analysis. The main idea of the multivariate analysis was to combine the information of several financial ratios into a single weighted index. Altman (1968) popularized his multivariate model as the Z-score model. Beaver (1966) and Altman (1968) have a number of successors who are aiming to improve the performance of failure analyses in several alternative ways.

3. METHODOLOGY

The study employed a practical survey to collect secondary data of 32 building materials manufacturing JSCs listed on HNX. These secondary data used in this study were financial statements, annual statements, prospectus and others of these JSCs in the period of five years, from 2009 to 2014. After that, this research mainly used a qualitative approach by taking a comparative analysis in order to assess the current situation of financial ratios system of

building materials manufacturing JSCs listed on HNX.

The surveyed firms had a listed date on HNX after the year of 2005. Concretely, there were 8 firms listed in 2006, 3 firms listed in 2007, 6 firms listed in 2008, 7 firms listed in each 2009 and 2010 and one firm listed in 2011. Despite many differences in region, capital, listing date and producing field, all surveyed firms constructed their financial statements based on one unified model and conform to Vietnam Accounting Standard (VAS) No 21 “Disclosure in the Financial Statements”. Beside VAS 21, MOF also issued Decision 13/2007/MOF (relating to a prospectus) and Circular 52/2012/MOF (relating to an annual report) which are considered as guidelines for these JSCs to build their financial ratios system. The listed firms with different scales of capital are displayed in Table 1. Among these firms, the highest authorized-capital firm is Vicem But Son Cement JSC (coded stock is BTS) with VND956 billion, a nearly one hundred times bigger than the lowest Viglacera Ha Long 1 JSC (coded stock is HLY) with more than VND10 billion.

Table 1. Capital scale of building materials manufacturing JSCs listed on HNX

Order	Capital scale (Billion VND)	Number of quantity	Percentage (%)
1	Over 900	2	6.25
2	Over 200 and under 720	4	12.5
3	Over 100 and under 200	6	18.75
4	Under 100	20	62.5
	<i>Total</i>	32	100

Source: Author's survey data

Table 2. Producing field of building materials manufacturing JSCs listed on HNX

Order	Producing field	Number of quantity	Percentage (%)
1	Cements	11	34.38
2	Bricks and tiles	9	28.13
3	Steels and irons	5	15.63
4	Constructing stones	2	6.23
5	Other	5	15.63
	<i>Total</i>	32	100

Source: Author's survey data

These 32 JSCs have different producing fields as shown in the Table 2. From this table, the majority of these building materials manufacturing JSCs is cements producing companies and they constitute more than 34% and also are high authorized-capital firms. Steels and irons producing firms account for over 28% and stand at the second position. The third group is bricks and tiles manufacturing companies which accounts for 15.63%.

4. SITUATIONS AND SOLUTIONS FOR IMPROVEMENT OF FINANCIAL RATIO SYSTEM OF BUILDING MATERIALS MANUFACTURING JSCs LISTED ON HNX

4.1. Situation of financial ratio system of building materials manufacturing JSCs listed on HNX

By re-calculating financial ratios of these JSCs surveys with data taken from financial statements and then compared with related ratios which are shown in their annual reports and prospectuses as well as confronted with legal documents from MOF, the research found some prominent issues as below.

Firstly, surveyed firms did not conform totally to the legal regulations issued by MOF except BCC and NHC. Concretely, JSCs built their annual report according to Circular 52/2012/MOF but in fact, none of them obeyed this circular accordingly. Some of them did not express all four directed contents, including solvency, capital structure, efficiency of operation and profitability.

For solvency ratios. All surveyed JSCs applied but with some differences about name and quantity of ratios. Some companies used the “Current ratio” instead of “Short-term debt-paying ratio” (as in Circular 52) including TXM, CCM and DNY. Only TXM added one more measure, the “Cash ratio”.

For capital structure ratios. All surveyed JSCs conformed to the Circular 52 except TXM. However, the calculation of these ratios was not consistent. For example, three companies, BCC, VHL and NHC followed the formulas given in

Circular 52 (by taking total debts divide total assets and owners’ equity, respectively); while CCM and DNY used other formulation (by taking total debts and owners’ equity divide total liabilities and owners’ equity, respectively). Moreover, CCM and DNY contributed ratios of assets structure (by taking current assets and non-current assets divide total assets, respectively).

For efficient operation ratios. All 32 firms calculated them, except CCM and TXM. Of these firms, only DNY did not use the name “Inventory turnover” but “Unfixed assets turnover” (an accounting concept which has been deleted after the year of 2005).

For profitability ratios. These surveyed JSCs applied in very different ways. Two enterprises (BCC and NHC) followed all four ratios; while three others (CCM, DNY and TXM) only calculated three of them (ROS, ROA and ROE); except VHL which did not present this content.

Secondly, a typical error of surveyed firms was a fault in calculating financial ratios. This happened to all building materials manufacturing JSCs. Despite using a right name and formula of a measure, wrong calculations still appeared in their annual reports.

Thirdly, due to unclear guidelines in Circular 52, indicators which relate to total assets or owners’ equity in the denominator were not calculated by average. For example in the formula of ROA, and ROE measures in this circular use the concept “Total assets” or “Owners’ Equity”. This leads to an inaccurate calculation of listed firms. Economically, in the numerator of ROA or ROE, a net income is a ratio reflecting a result of a period of time, hence, the component in the denominator must also be a period of time ratio. That is why the denominator must be formulated as an average of assets or owners’ equity. But in fact, when calculating these ratios, listed firms often took the data at the end of a year instead, except DNY. This really leads to an inaccuracy of calculation.

Fourthly, some companies took only one digit after comma of decimal number instead

of two digits, for example, BCC and VHL. This leads to an inexact and inconsistent result of calculation and it is impossible to compare exactly among JSCs. Normally, financial ratios are calculated at least two digits after comma of decimal number.

Fifthly, there was a fault in unit of measurement. Each group of financial indicators has its own measurement units. For example, ratios of capital or assets structure have their unit of measurement as percentage (%); while ratios of solvency have unit of measurement as “time”; ratios of efficient operation have unit of measurement as “round”. But VHL shows its table of main financial ratios with column “Year 2013” and “Year 2014” which has unit of measurement as “billion VND” for all kind of ratios. Other company presented other confusion between the name and a measurement unit of a ratio. For example, according to the name of the concept, the equivalent measurement unit must be “time” but turned out to be percentage (%) and vice versa. This error happened to all four

ratios of profitability of NHC’ annual report of 2010 and 2011.

Sixthly, according to documents of MOF, information presented in an annual report has to contain two years data (including the current year and the previous year). But some JSCs only expressed data of the current year like NHC and TXM.

Seventhly, according to Article 12 of Accounting Law, the digit grouping symbol from thousand onward, should be “dot” (.); the decimal symbol should be “comma” (,). However, NHC expressed the confusion between these two signs in all its annual reports.

Eighthly, there was inconsistent number in some ratios in annual reports of CCM and DNY. In CCM, all financial ratio values of 2012 in the annual report 2013 were different from those in annual report 2012. In DNY, the same error occurred with ratio of 2013.

In short, all above mentioned problems are summarized in the Table 3 below.

Table 3. Summarizing situation of financial ratio system of building materials manufacturing JSCs

Ratio	Situation	Reason
Ratios reflecting solvency, capital structure, efficiency of operation and profitability	Surveyed firms did not conform accordingly to legal regulations issued by MOF	Because a low perception of managers (or leaders) in JSCs and the publicity of these ratios on HNX
Some financial ratios	There was fault in calculating financial ratios.	Because of low qualification of accountants
ROA, ROE	The total assets or owners’ equity in the denominator were not calculated by average	Because of the unclear guidelines in Circular 52
Some financial ratios	Some companies took only one digit after comma of decimal number instead of two digits	Because of low perception of accountants
Some financial ratios relating to capital or assets structure, a solvency or efficient operation	There was fault in unit of measurement	Because of low perception of accountants
Ratios in an annual report must contain 2 years’ data continually	Some JSCs only expressed data of the current year	Because of low perception of managers (or leaders) and/or accountants
Digit symbol in each number according to Accounting Law	There was confusion between two signs (“dot” and “comma”) in all annual reports	Because of low perception of accountants
Some ratios in annual reports	There was inconsistent number in some ratios in annual reports of the current year in comparison with those in the prior year	Because of low qualification of accountants

4.2. Solutions for improvement of financial indicator system of building materials manufacturing JSCs listed on HNX

From all above analysis, it is easy to see that, financial indicator system of JSCs plays an important role in evaluating a current financial situation of any company by users. The improvement of this system shall bring a lot of benefits for not only JSCs themselves but also securities market generally and HNX particularly.

4.2.1. For building materials manufacturing joint-stock companies listed on Hanoi Stock Exchange

First of all, a very important and urgent work needs to be done immediately is to increase perception by managers/leaders in building materials manufacturing JSCs about financial indicators and the publicity of these ratios on HNX. This force needs to increase their qualifications of finance, accounting, auditing and analyzing, so they shall create favorable conditions for accountants to implement their works efficiently. As a result, accountants will receive a great supports and assistance in calculating, preliminary analyzing and publishing financial ratios of a firm on securities exchange timely, precisely and completely. Besides, this action also helps establish and strengthen a trust for investors. This is a really vital matter for any building materials manufacturing JSC. This movement also is effective way to self-advertising the image for each building materials manufacturing JSC on securities market without any cost.

Secondly, in primary conditions of HNX, many building materials manufacturing JSCs just focus on their short-term benefits and provide analysis and publicity of their financial ratios system formally. Therefore, these building materials manufacturing JSCs need to improve their current financial indicators system based on requirements from information users. In order to satisfy this demand, building materials manufacturing

JSCs should set up a financial analysis department which lies under a direct control of management board. Analyzing business operation and financial situation periodically is crucial task of this department. In case of inability to build or improve a current financial ratios, building materials manufacturing JSCs should request a support from State Securities Commission of Vietnam (SSC), HNX or related professional organizations.

Thirdly, all building materials manufacturing JSCs have to conform strictly and seriously legal documents from related government agencies (including: MOF, SSC and HNX). They have to calculate exactly, present completely and publish timely their financial indicators system.

Fourthly, so as to prepare a database for analysis, building materials manufacturing JSCs should apply a scientific and technical progress, such as calculating software which automatically updates data to calculate financial indicators. As a result, this would ensure a publicity of financial information precisely, timely and usefully for various users.

4.2.2. For Ministry of Finance

Firstly, to date, all related documents from MOF still contain their own mistakes. Concretely, both in the Decision 13/2007/MOF, the Appendix 2 regarding instruction for building a prospectus and Circular 52/2012/MOF. In the Appendix 2 directing for setting an annual report, there is a table of main financial indicators. However, the first big error here is the misunderstanding between a point of time ratio and a period of time ratio. Besides, this circular does not use the popular short form in English. For example, a ratio of net income on net sales can be used by ROS instead. These short forms nowadays are very popular and accepted all over the world. Therefore, MOF has to issue other circular to amend or replace the existing documents (including Decision 13/2007/MOF and Circular 52/2012/MOF). Concretely, the table of main financial ratios has to divide into two main groups (see Table 4). The first group includes

ratios which reflect a point of time, normally at the end of a fiscal year. Belonging to this group are ratios of solvency, capital structure or assets structure. The second group consists of ratios

which reflect a period of time, normally for a whole fiscal year. Belonging to this group are ratios of profitability, efficient operation, and ratios for investors.

Table 4. Analyzing some main financial ratios

Ratio	Ending year (Y-1)	Ending year Y	Change	
			+/-	%
	(1)	(2)	(3=2-1)	[4=(3/1)x100]
A. Assets structure				
1. Current assets				
2. Non-current assets				
B. Capital structure				
1. Liabilities				
2. Owners' equity				
C. Short-term debt				
1. Current ratio				
2. Quick ratio				
3. Cash ratio				
4. Cash to current assets ratio				
D. Long-term debt				
1. General debt-paying ratio				
2. Long-term debt-paying ratio				
3. Interest coverage ratio				
E. Accounts receivable				
1. Accounts receivable turnover				
2. Receivables collection period				
F. Accounts payable				
1. Accounts payable turnover				
2. Accounts payable days				
G. Efficient operation				
1. Inventory turnover				
2. Total assets turnover (TAT)				
H. Profitability				
1. ROS				
2. ROA				
3. ROTA				
4. ROE				
I. For investors				
1. EPS				
2. DPS				
3. P/E				

Source: Proposed by author

Secondly, Following table 4, MOF should order the listed JSCs that have to preliminary analyze situation of these financial ratio in Year Y (or ending of Year Y) in comparison with the Year (Y-1) [(or ending of Year (Y-1)]. In other words, this analysis has to identify reasons resulting in an achievement (or exceeding or lowering) of ratios in the analyzed period against the planned (or previous year) ratios. This movement shall help analysts easily see a change (or a difference) of each ratio and its underlying reasons. Information users, then, can easily explore a financial situation of a company and make their efficient and optimal economic decisions.

Thirdly, the amended (or replaced) documents has to remove the wrong accounting concept “Unfixed assets” in a formula calculating a current and quick ratio. There are two ratios in group of efficient operation but the second ratio does not have its name, just only its formula. So it is essential to give a name “Total Assets Turnover” or short term as TAT. By the way, many others popular financial short terms in English need to be updated to the amended (or replaced) documents. Concretely, ratios of profitability should be shortened as follows: Ratio of net income on net sales as ROS, ratio of net income on owners’ equity as ROE and ratio of net income on assets as ROA.

Fourthly, the amended (or replaced) documents should guide specifically a formula and calculation of each indicator in a table of main financial ratios, especially the calculation of some average measures, such as assets, owners’ equity, account receivable...This helps JSCs present their financial indexes easily and exactly in annual reports , making the ratios comparable among JSCs.

4.2.3. For other related government’ agencies

Firstly, SSC or HNX have to regulate a compulsory financial indicators system in annual report of building materials manufacturing JSCs clearly, completely, precisely and timely. In case of inexact, late or

inadequate publicity of financial indicators system, these JSCs hve to be punished (administrative or financial punishment).

Secondly, SSC or HNX should provide necessary timely technical supports and consultancies for building materials manufacturing JSCs in calculating exactly and publishing adequately financial ratios system.

Thirdly, SSC should cooperate with HNX to collect, calculate and summarize data from building materials manufacturing JSCs. This is a crucial basis for issuing reliable statistic data and the average data of this field. The average data of building materials manufacturing JSCs are really useful standard for building materials manufacturing JSCs themselves to assess their current financial situation. After that, these JSCs shall have suitable, feasible and effective solutions to improve their financial situation.

Fourthly, it is essential to define rights and responsibilities of each organ in SSC in order to avoid the overlap, especially in implementing the supervision and compulsory execution. Gradually simplifying administrative procedures so as to limit a role of SSC in market’ operation; increasing responsibilities of building materials manufacturing JSCs as well as helping them to shift from authorization to registration and report.

Fifthly, HNX should operate as a model of enterprise in an economy. HNX has to frequently check the laws in respect to building materials manufacturing JSCs and ensure that transactions of these JSCs are performed continuously and fluently. In addition, HNX should propose solutions to government and SSC so as to promulgate policies which accommodate securities market, suit developing trend and create a fair, open and legal business environment. HNX should protect legal rights of investors and detect and suggest SSC to handle violated operations timely.

Sixthly, HNX should check and remind building materials manufacturing JSCs in publishing their information in securities market. Especially, a financial indicators

system should be issued transparently in order to establish a fair environment of investment and provide essential information for users. Moreover, HNX has to raise quality and content and diversify instruments of publishing information which ensure that the information are adequate, timely, precise and traceable.

5. CONCLUSIONS

Improving a financial indicators system of JSCs listed on HNX is an urgent work at the moment. This action is totally suitable with the Strategy for Developing Vietnamese Security Market in the period of 2011 - 2020. In an effort to contribute to improvement of JSCs' financial indicator system, this topic researches on the current financial indicator system of building materials manufacturing joint-stock firms listed on HNX. From this research, the author has drawn some solutions related to four main bodies, building materials manufacturing JSCs, MOF, SSC and HNX. If there is an effective and strict co-operation among these bodies, financial ratios system of JSCs shall be promoted on its important role and this will contribute to a stable development of securities market.

REFERENCES

- Altman, E. (1968). 'Financial Ratios Discriminant Analysis and the Prediction of Corporate Bankruptcy', *The Journal of Finance*, 23(4): 589-609.
- Barnes, P. (1987). 'The Analysis and Use of Financial Ratios: A Review Article', *Journal of Business Finance & Accounting*, 14(4): 449-461.
- Beaver, W. (1966). 'Financial Ratios as Predictors of Failure', *Journal of Accounting Research*, 4: 71-111.
- Bộ Tài chính (2007). Quyết định số 13/2007/QĐ-BTC ban hành mẫu báo cáo bạch trong hồ sơ đăng ký chào bán chứng khoán ra công chúng và hồ sơ đăng ký niêm yết chứng khoán tại sở giao dịch chứng khoán, trung tâm giao dịch chứng khoán, ban hành ngày 13 tháng 03 năm 2007.
- Bộ Tài chính (2012). Thông tư số 52/2012/TT-BTC hướng dẫn việc công bố thông tin trên thị trường chứng khoán, ban hành ngày 05 tháng 04 năm 2012.
- Chen, K. H. and Shimerda T. A. (1981). 'An Empirical Analysis of Useful Financial Ratios', *Financial Management*, 10(1): 51-60.
- Deakin, E. (1972). 'A Discriminant Analysis of Predictors of Business Failure', *Journal of Accounting Research*, 10(1): 167-179.
- Foulke, R. A., (1968). *Practical Financial Statement Analysis*, 1st Ed., Mc McGraw Hill International Edition.
- Gibson, C. H. (2001). *Financial Reporting Analysis: Using Financial Accounting Information*, 8th Ed., South-Western College Publishing, Thomson Learning.
- Houghton, K. A. and Woodliff, D. R. (1987). 'Financial Ratios: the Prediction of Corporate 'Success' and Failure', *Journal of Business Finance and Accounting*, 14(4): 537-554.
- Laitinen, E. K. (1991). 'Financial Ratios and Different failure processes', *Journal of Business Finance and Accounting*, 18(5): 649-673.
- Libby, R. (1975). 'Accounting Ratios and the Prediction of Failure: Some Behavioral Evidence', *Journal of Accounting Research*, 13(1): 150-161.
- Neter, J. (1966). 'Discussion of Financial Ratios as Predictors of Failure', *Journal of Accounting Research*, 4: 112-118.
- Ohlson J. (1980). 'Financial Ratios and the Probabilistic Prediction of Bankruptcy', *Journal of Accounting Research*, 18(1): 109-131.
- Sharma, S., and Mahajan, V. (1980). 'Early Warning Indicators for Business Failures', *Journal of Marketing*, 44(4): 80-89.
- Subramanyam, K.R. and Wild, J.J. (2009). *Financial Statement Analysis*, 10th Ed., McGraw Hill International Edition.
- Thủ tướng Chính phủ (2012). Quyết định số 252/2012/QĐ-TTg phê duyệt Chiến lược Phát triển Thị trường chứng khoán Việt Nam giai đoạn 2011 - 2020, ban hành ngày 01 tháng 03 năm 2012.
- Walton, P. (2000). *Financial Statement Analysis*, 1st edition, Business Press, Thomson Learning.
- Whittington, G. (1980). 'Some Basic Properties of Accounting Ratios', *Journal of Business Finance and Accounting*, 7(2): 219-232.
- Wilcox, J. W. (1971). 'A Simple Theory of Financial Ratios As Predictors of Failure', *Journal of Accounting Research*, 9(2): 389-395.