This edition of *China Accounting Alert* provides news and updates about IFRS, financial reporting in Mainland China and EY publications.

**IASB news and updates**

- **IASB Update for December 2017**
  
  The [December 2017](#) issue of the IASB Update contains the IASB staff summary of the IASB meeting held from 13 to 14 December 2017 when the board discussed:

  - Primary Financial Statements
  - Disclosure Initiative—Principles of Disclosure
  - Goodwill and Impairment
  - Rate-regulated Activities
  - Dynamic Risk Management
  - Implementation Issues in IFRS Standards
  - Business Combinations under common control
Mainland news and updates

- MOF releases the revised presentation of financial statements of general business enterprises (the “format”)

In order to solve the practical issues that enterprises face in the preparation of financial reports under the Accounting Standards for Business Enterprises, to regulate the presentation of financial statements of business enterprises, and to enhance the quality of accounting information, the MOF has revised the presentation of financial statements of general business enterprises. Non-financial enterprises applying the Accounting Standards for Business Enterprises should prepare the financial statements for the year of 2017 and subsequent periods in accordance with the Accounting Standards for Business Enterprises and “the format”. Financial enterprises should make revisions in accordance with the revised presentation of financial statements of general business enterprises based on the nature and requirements of their operating activities. The major revisions are as follows:

- In accordance with Accounting Standard for Business Enterprises No.42 - Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations, line items "Assets held for sale" and "Liabilities held for sale" are added to the statement of financial position and line items "Net profit arising from continued operations" and "Net profit arising from discontinued operations" are added to the income statement

- In accordance with Accounting Standard for Business Enterprises No.16 - Government Grants, the line item "Other income" is added above the line item "Operating profit" in the income statement

- The line item "Gain on disposal of assets" is added above the line item "Operating profit" in the income statement

In January 2018, the MOF further released its interpretation on “the format” to clarify the requirements on the presentation of the following items: comparative information, losses from damage or obsolescence of non-current assets, current portion of non-current assets and net profits in consolidated income statements.

- MOF releases the announcement on inspection of accounting information quality for 2017

In 2017, the financial supervision commissioners’ offices of the MOF in various cities and local finance departments carried out inspection of key sectors including electric power, coal, aviation, finance and food grain, hot sectors such as retail, public transportation, medicine and health, and companies listed and IPO companies as well as accounting firms. At the end of December 2017, the MOF released the Announcement on Inspection of Accounting Information Quality for 2017.

- CSRC releases the announcement on matters related to the comprehensive implementation of new auditor’s reporting standards by capital market entities

Recently, the CSRC has issued the Announcement on the Comprehensive Implementation of New Auditor’s Reporting Standards by Capital Market Entities, requiring capital market entities to implement the new auditor’s reporting standards. The announcement sets out different timing requirements in applying the new auditor’s reporting standards regarding audits of IPO companies, audits of financial statements of target companies in asset restructuring which apply the Administrative Measures for the Major Asset Restructuring of Listed Companies and other entities in the capital market.

- CSRC revises the standards for the contents and formats of periodic reports

Recently, the CSRC has revised the standards for the contents and formats of information disclosure in annual reports and semi-annual reports of listed companies and released Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 - Contents and Formats of Semi-Annual Report (Revised in 2017). The major amendments are as follows:

- a hierarchical system of listed companies’ environmental information disclosure clearly set out
- new information disclosure requirements for poverty alleviation by listed companies added
- more comprehensive and new requirements for social responsibility, environmental information and other disclosures added
- focusing on entrusted asset management of listed companies
NEEQ releases Guidelines on Industry Information Disclosure for Software and Information Technology Services Companies

Recently, the National Equities Exchange and Quotations Co., Ltd. (the “NEEQ”) has released Guidelines on Industry Information Disclosure for Software and Information Technology Services Companies (the “Guidelines”) to regulate the preparation of and information disclosure in annual reports and interim reports of companies listed on the NEEQ, to improve the relevance and effectiveness of industry information disclosure and to meet investors’ needs for information. The Guidelines are effective upon release. Companies listed on the Innovation Market of the New Third Board are required to apply the Guidelines while companies listed on the Basic Market of the New Third Board are encouraged to apply them.


In January 2018, the Accounting Regulatory Department of the MOF, the Accounting Department of the CSRC and the Department of Listed Company Supervision of the CSRC, together with Shandong University of Finance and Economics, jointly issued the Report on the Analysis of the Implementation of the Enterprise Internal Control Standard System by Listed Companies in China 2016. The report aims to provide a comprehensive and in-depth overview of the implementation of the enterprise internal control standard system by listed companies, and consists of three parts, namely the implementation analysis for listed companies for the year ended 31 December 2016, major practical issues in implementation (concerning the disclosures in internal control self-assessment reports and disclosures in internal control audit reports) and relevant recommendations (for governments, enterprises and intermediaries).

EY publications

IFRS Developments Issue 132: US tax reform impact on 2017 IFRS reporting

The US House of Representatives and Senate have agreed the terms of the Tax Cuts and Jobs Act. The date when the new legislation is enacted will be critical for IFRS financial statements. Entities will need to prepare for the potential tax consequences and the impact on accounting and disclosures. IFRS Developments Issue 132 is based on the current proposals, which could change during the legislative process. Companies should monitor developments from regulatory bodies.

Applying IFRS: Accounting for the financial impact of natural disasters

As communities recover from a natural disaster, entities operating in those locations, or providing goods and services in them, need to assess the financial reporting effects. This edition of Applying IFRS provides a reminder of the existing accounting requirements to be considered when addressing those effects.

Applying IFRS: How the new revenue standard will affect life sciences entities

This edition of Applying IFRS considers the potential implications of IFRS 15 Revenue from Contracts with Customers for life sciences entities. It supplements EY’s Applying IFRS: A closer look at the new revenue recognition standard (October 2017) and should be read in conjunction with it.

Good Mining (International) Limited - Illustrative consolidated financial statements (December 2017)

Good Mining (International) Limited is a set of illustrative financial statements specific to the mining industry for the year ended 31 December 2017. It was prepared in accordance with IFRS issued as at 30 September 2017.