

China Accounting Alert

August 2022

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

Mainland news and updates

▶ CSRC publishes Accounting Regulatory Report on 2021 Annual Financial Reports of Listed Companies

Departments of CSRC have jointly reviewed the 2021 annual financial reports of 682 listed companies on a sampling basis and have recently published the [Accounting Regulatory Report on 2021 Annual Financial Reports of Listed Companies](#). The report covers issues regarding the implementation of accounting standards by listed companies and rules on financial information disclosures which mainly include but not limited to:

- ▶ Inappropriate revenue recognition and measurement
- ▶ Inaccurate classification and subsequent measurement of financial instruments
- ▶ Unreasonable recognition and measurement of contingent consideration
- ▶ Improper timing of recognition of gains or losses on debt reconstructing
- ▶ Improper testing of goodwill impairment
- ▶ Incorrect presentation of deposits of Group Finance Companies

► **CSRC publishes 2021 Annual Analysis Report on Securities Audit**

In order to facilitate the understanding of the audit of securities market for various parties in the market, the CSRC has published the [2021 Annual Analysis Report on Securities Audit](#) on 19 August 2022. The content of the report mainly includes the basic information of accounting firms engaged in securities services, the audit of securities market, changes in auditors, audit opinions, key audit matters, and issues in securities audit practice in 2021.

► **CSRC publishes Decision on Abolishing Certain Normative Documents on Securities and Futures**

To facilitate the implementation of the requirements including Provision for Formulation Procedures of Securities and Futures Regulation, the CSRC has organized the annual review of rules and regulations on securities, and issued the [Decision on Abolishing Certain Normative Documents on Securities and Futures](#) (CSRC Announcement [2022] No.42), which abolished seven normative documents. The Decision became effective upon release on 12 August 2022.

Largely due to the changes in regulatory practice or higher-level rules and completion and update of regulated matters, the CSRC has abolished seven normative documents, including *Guidelines on Public Offering of Securities Investment Funds for Investment in NEEQ-listed Stocks*, *Information Disclosure Explanatory Announcement No.3 for Companies Offering Securities to the Public: Disclosure of Impairment of Available-for-Sale Financial Assets in the Notes to Financial Statements*, *Announcement on Matters relating to Supporting Listed Companies in the Audit and Disclosure of Annual Reports*, and *Requirements on Regular Rotation of Signing Certified Public Accountants in Audits of Securities and Futures*.

► **CSRC and MOF enter into audit oversight cooperation agreement with PCAOB**

CSRC, MOF and PCAOB signed an [audit oversight cooperation agreement](#) on 26 August 2022 and will advance the related cooperation in the near future. The agreement establishes a cooperation framework in line with the respective laws and regulatory mandates of the authorities, and sets out specific arrangements for conducting inspections and investigations by both sides over relevant audit firms.

EY publications

► **IFRS Developments Issue 204: Third Agenda Consultation - IASB issues Feedback Statement**

The IASB has issued a feedback statement on the Third Agenda Consultation, following publication of a Request for Information in March 2021. The Feedback Statement summarizes the input received on the IASB's six key activities and work plan for the period from 2022 to 2026, and the IASB's response to the comments and suggestions made by stakeholders. Learn more in [EY IFRS Developments Issue 204](#).

► **Good Group (International) Limited - Illustrative consolidated financial statements for the year ended 31 December 2022**

[This edition](#) contains the illustrative consolidated financial statements of Good Group (International) Limited and its subsidiaries for the year ending 31 December 2022. The illustrative financial statements are prepared in accordance with IFRS in issue as at 30 June 2022 and effective for annual periods beginning on or after 1 January 2022.

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