

# China Accounting Alert

September 2023

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

## Mainland news and updates

- ▶ China Securities Regulatory Commission (CSRC) issues *Accounting Regulatory Report on 2022 Annual Financial Reports of Listed Companies*

The CSRC has arranged special personnel for reviewing the 2022 annual financial reports of listed companies on a sampling basis and has issued the [\*Accounting Regulatory Report on 2022 Annual Financial Reports of Listed Companies\*](#). In general, Accounting Standards for Business Enterprises and rules on financial information disclosures are adequately implemented by listed companies, while there are still some accounting errors or issues in financial information disclosure regarding revenue, long-term equity investments and business combinations, financial instruments, impairment of assets, and non-recurring profit or loss.

► **CSRC issues 2022 Annual Analysis Report on Securities Audit**

In order to facilitate the understanding of the securities audit market for different market participants, the CSRC has issued the [2022 Annual Analysis Report on Securities Audit](#). The report mainly includes the basic information of audit firms engaged in securities services, the market condition of audit of securities in 2022, 2022 annual audit report analysis, and audit practice issues in the securities market.

► **National Equities Exchange and Quotations (NEEQ) issues and implements guidelines for correction of financial information and revises relevant guidelines and templates**

The NEEQ has formulated the [Guideline on Continuous Regulation of NEEQ-listed Companies No.5 - Correction of Financial Information](#) (NEEQ Announcement [2023] No.356, referred to as the Guideline on Correction of Financial Information), and revised the [Guideline on Continuous Disclosure of NEEQ-Listed Companies No.2 - Matters Related to Periodic Reports](#) (NEEQ Announcement [2023] No.357) and templates for provisional announcements, which became effective on 30 September 2023.

The *Guideline on Correction of Financial Information* is intended to provide guidance for NEEQ-listed companies to be strictly and seriously deal with financial data and to regulate their correction of financial statements, and to make a smooth transition for application for issuance and listing on the Beijing Stock Exchange during the listing stage. The Guideline also aims to alleviate part of the pressure from information disclosure of listed companies on the premise that the existing regulatory requirements are met.

- Firstly, it specifies requirements for providing special assurance. Audit firms shall issue special assurance reports on matters relating to the correction of accounting errors of listed companies. At the same time, differentiated arrangements shall be made for the types of assurance comments, i.e., audit firms shall issue special audit opinions with reasonable assurance on enterprises under coaching, and present the assurance conclusions in a positive way.
- Secondly, it specifies requirements for correction of periodic reports. Under normal circumstances, if the listed company corrects the financial statements in the periodic report that has been publicly disclosed, it is no longer required to synchronously correct the periodic report, but to disclose the corrected financial statements in the form of a provisional announcement. Therefore, the NEEQ has revised and improved the *Guideline on Continuous Disclosure of NEEQ-Listed Companies No.2 - Matters Related to Periodic Reports* and templates for provisional announcements of correction of accounting errors.
- Thirdly, it specifies the reporting periods on which correction is required. Generally, a listed company may correct the financial statements for the latest year and period only; however, enterprises applying for listing shall promptly verify the consistency of the financial data for the three years of the reporting period with the financial data of the disclosed periodic reports, and shall make corrections for any differences in the financial data promptly.

► **Announcement of the NEEQ on the issuance of *Measures for the Market Tier-Based Administration of Companies Listed on the National Equities Exchange and Quotations***

In order to further promote the high-quality development of the Beijing Stock Exchange and enhance the inclusiveness and adaptability of the tiered system of the NEEQ Market, the NEEQ has revised the *Measures for the Market Tier-Based Administration of Companies Listed on the National Equities Exchange and Quotations*, which has become effective upon release. The *Measures for the Market Tier-Based Administration of Companies Listed on the National Equities Exchange and Quotations* issued on 4 March 2022 have been repealed simultaneously. Please refer to the [Measures for the Market Tier-Based Administration of Companies Listed on the National Equities Exchange and Quotations \(NEEQ Announcement \[2023\] No.347\)](#).



## IASB news and updates

### ► *IFRIC Update for September 2023*

At its September 2023 meeting, the IFRS Interpretations Committee (IFRIC) discussed:

#### IFRIC's tentative agenda decisions

- Payments contingent on continued employment during handover periods (IFRS 3 *Business Combinations*)

#### Agenda decisions for the IASB's consideration

- Premiums receivable from an intermediary (IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*)
- Homes and home loans provided to employees
- Guarantee over a derivative contract (IFRS 9 *Financial Instruments*)

#### Other matters

- Work in progress

The [September 2023](#) issue of the *IFRIC Update* summarizes what you need to know about these and other issues discussed at the IFRIC's September 2023 meeting.

## ISSB news and updates

### ► *ISSB Update for September 2023*

The [September 2023](#) issue of the *ISSB Update* contains the ISSB staff summary of the ISSB meeting held on 14 September 2023 when the board discussed:

#### Research and standard-setting

- International applicability of the Sustainability Accounting Standards Board's (SASB) standards

## EY publications

### ► **IFRS Developments Issue 220: Amendments to IAS 21 – Lack of Exchangeability**

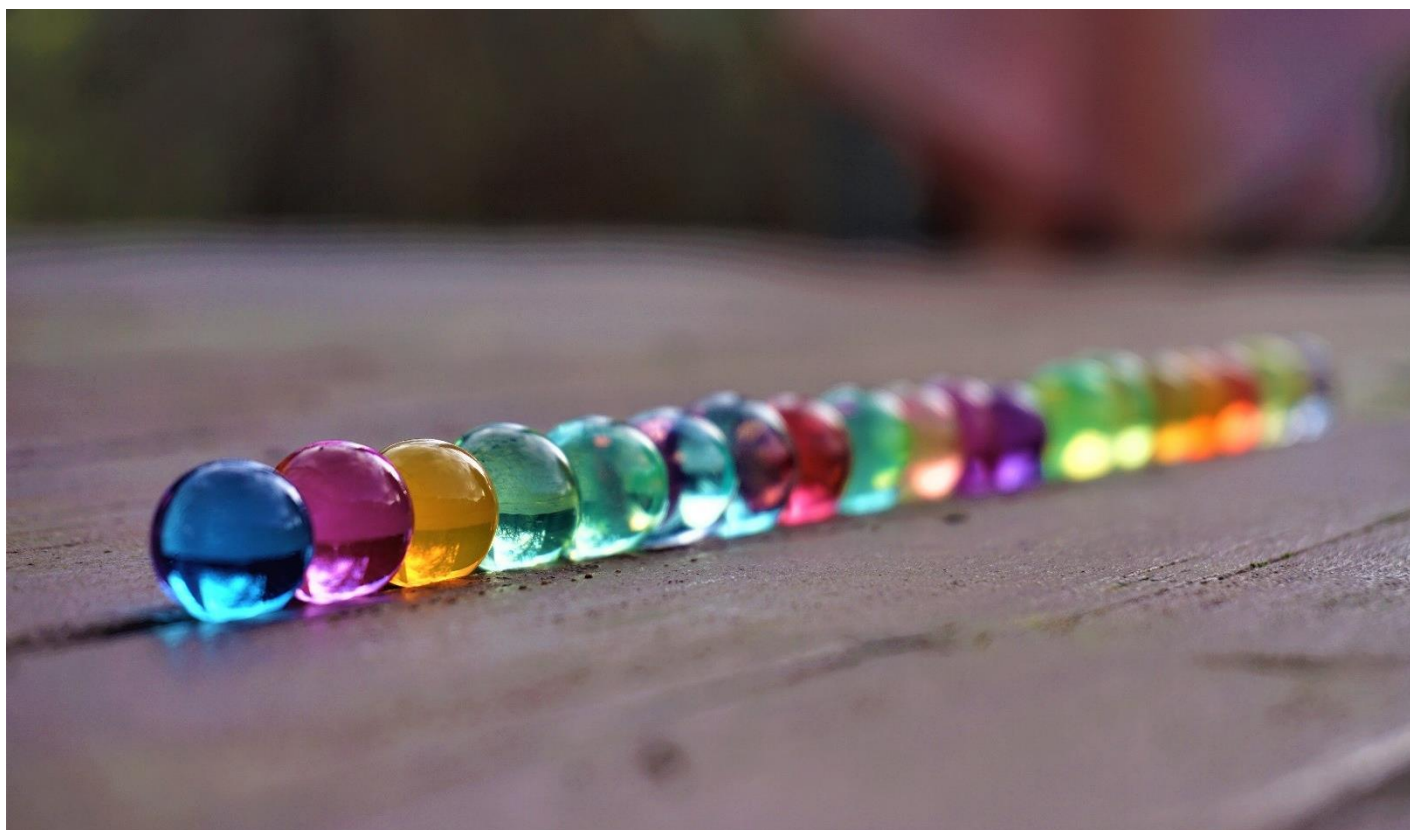
IAS 21 has been amended to specify how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. The IASB's amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. Learn more in EY *IFRS Developments* [Issue 220](#).

### ► **Applying IFRS: Accounting for climate change (Updated August 2023)**

This [edition](#) is intended to support entities in assessing and disclosing the extent to which climate change affects their financial statements prepared in accordance with IFRS. Significant judgement may be required to identify the accounting considerations that are relevant to the entity's specific facts and circumstances. The edition includes updates to the illustrations where possible and adding new illustrations. The edition also includes a new section to discuss considerations for carbon credits in both compliance and voluntary markets.

### ► **Good Group (International) Limited – Illustrative consolidated financial statements for the year ended 31 December 2023**

This [edition](#) contains illustrative consolidated financial statements for the year ending 31 December 2023. These illustrative financial statements are prepared in accordance with IFRS issued as at 30 June 2023 and effective for annual periods beginning on 1 January 2023.



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