

China Accounting Alert

February 2024

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

Mainland news and updates

- Circular of the Ministry of Finance (MOF) General Office and National Financial Regulatory Administration (NFRA) General Office on Issuing the *Operational Guidelines for Bank Confirmations*

To further enhance the implementation of the *Circular on the Acceleration of the Standardization, Centralization and Digitalization of Bank Confirmations* (Cai Kuai [2022] No.39), and to provide further guidance on bank confirmations, the General Office of the MOF and the General Office of the NFRA have issued the [Operational Guidelines for Bank Confirmations](#), which will become effective on 1 July 2024.

After the implementation of these Guidelines, the *circular of Operational Guidelines for Bank Confirmations and Replies* (Caibankuai [2020] No.21) issued by the General Office of the MOF and the General Office of the former China Banking and Insurance Regulatory Commission (CBIRC) on 10 August 2020 will be repealed simultaneously.

► **Circular of MOF on Issuing the *Guiding Opinions on Enhancing the Management of Data Assets***

To standardize and strengthen the management of data assets and better promote the development of digital economy, the MOF has formulated and issued the [*Guiding Opinions on Enhancing the Management of Data Assets*](#) (Cai Zi [2023] No.141, the *Guiding Opinions*) on 31 December 2023. The *Guiding Opinions* mainly consists of 18 articles in three areas, including general requirements, main tasks and implementation guarantees.

- Firstly, clarifying working principles, including insisting on the combination of ensuring security and compliant utilization, insisting on the combination of separation of rights and empowerment and appreciation, insisting on the combination of classification and categorization and equal protection, insisting on the combination of an effective market and a promising government, and insisting on the combination of innovative approaches and leading pilot projects.
- Secondly, identifying the main tasks, including 12 aspects such as managing data assets in compliance with laws and regulations and clarifying the rights and responsibilities on data assets. In particular, targeted regulations are made for the management of public data assets with state-owned attributes, so as to better provide policy guidance for relevant entities to manage and use public data assets.
- Thirdly, enhancing the implementation guarantees, including strengthening organizational implementation, increasing policy support and actively encouraging pilot projects.

► **Circular of the Finance Department of MOF on the Compilation of Final Financial Statements of Financial Enterprises for the year 2023**

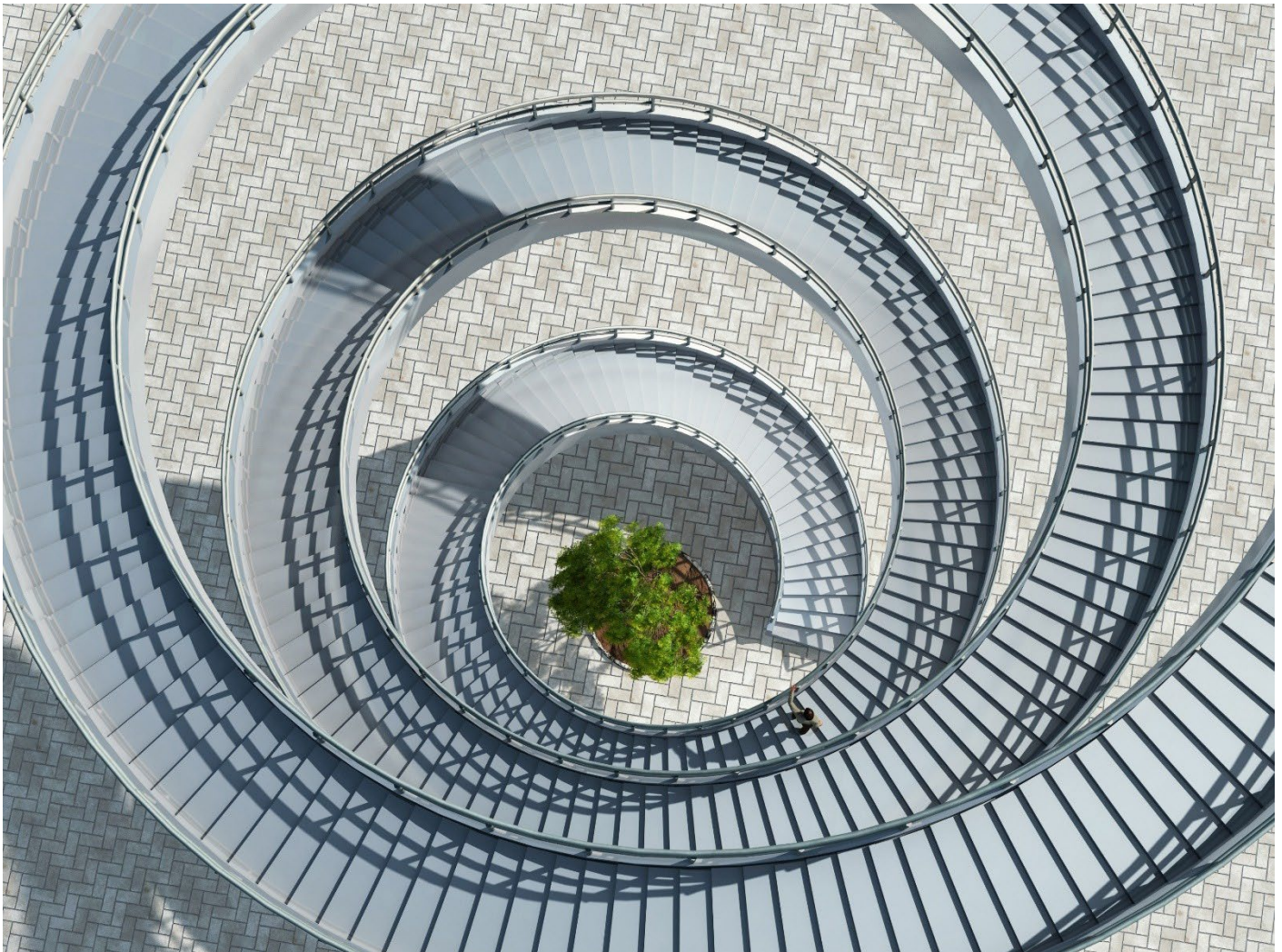
To facilitate the compilation of the final financial statements of financial enterprises for the year 2023 and obtain a timely understanding of the financial position, operating results, asset quality and other basic conditions of financial enterprises, the Finance Department of the MOF has separately issued six categories of *Final Financial Statements of Financial Enterprises for the year 2023* and the preparation instructions on 19 January 2024. The relevant categories are as follows:

- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Banking, Cai Jin \[2024\] No.6 \)*](#)
- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Securities, Cai Jin \[2024\] No.7\)*](#)
- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Insurance, Cai Jin \[2024\] No.8\)*](#)
- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Guarantee, Cai Jin \[2024\] No.9\)*](#)
- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Financial Asset Management Companies, Cai Jin \[2024\] No.10\)*](#)
- [*Final Financial Statements of Financial Enterprises for the year 2023 \(Financial Holding Companies, Financial Investment Operation Companies and Other Financial Enterprises, Cai Jin \[2024\] No.11\)*](#)

► China Securities Regulatory Commission (CSRC)
issues the *Guideline for the Application of
Regulatory Rules - Accounting No.4*

To further improve the regulatory ruling system of the capital market, enhance regulatory transparency, and promote the quality of accounting information disclosure of various business entities in the capital market, the CSRC has clarified accounting issues that have been reflected more frequently in the market recently, and issued the [*Guideline for the Application of Regulatory Rules - Accounting No.4 \(Accounting No.4\)*](#) on 8 February 2024. Accounting No.4 covers eight specific issues, including financial instruments, revenue, research and development (R&D) expenditures and long-term equity investments.

For further details about Accounting No.4, please refer to EY WeChat: [*CSRC Newly Releases Guideline for the Application of Regulatory Rules - Accounting No.4.*](#)



IASB news and updates

▶ *International Accounting Standards Board (IASB) and joint IASB-International Sustainability Standards Board (ISSB) Update January 2024*

The [January](#) issue of the *IASB Update* highlights preliminary decisions of the IASB meeting held from 22 to 23 January 2024. In addition, the IASB held a joint meeting with the ISSB on 25 January 2024. The board discussed the following:

Research and standard-setting

- ▶ Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*
- ▶ Second Comprehensive Review of the IFRS for SMEs Accounting Standard
- ▶ Disclosure Initiative–Subsidiaries without Public Accountability: Disclosures

Maintenance and consistent application

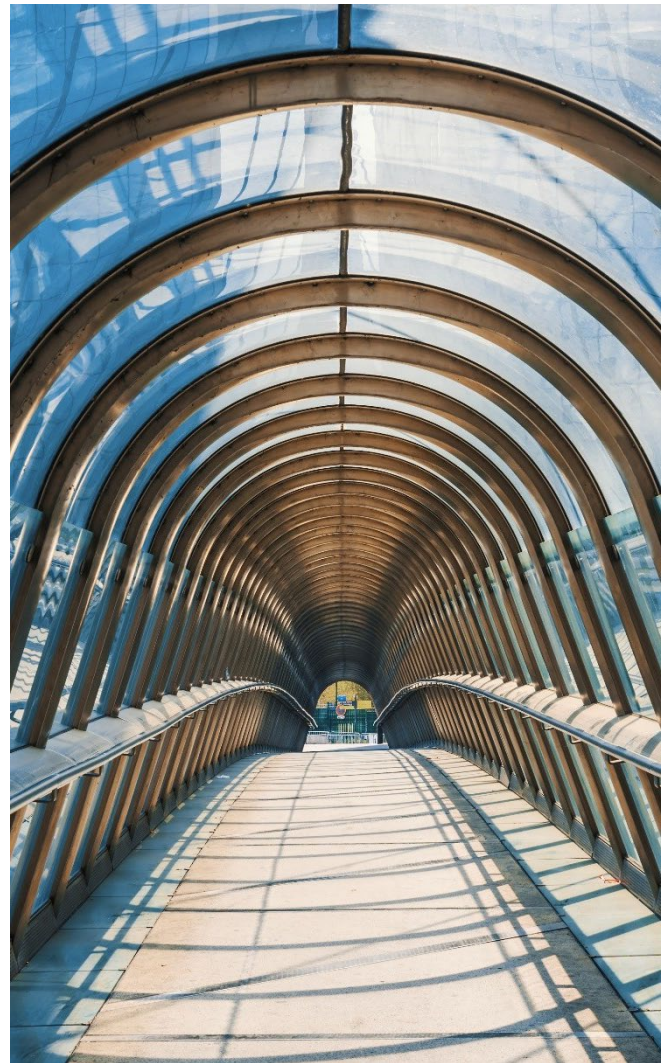
- ▶ Power purchase agreements
- ▶ Maintenance and consistent application
- ▶ Merger between a parent and its subsidiary in Separate Financial Statements (IAS 27 *Separate Financial Statements*)
- ▶ IFRIC Update November 2023
- ▶ Amendments to the classification and measurement of financial instruments
- ▶ Updating the subsidiaries without public accountability: Disclosures standard

Taxonomy

- ▶ IFRS Accounting Taxonomy Update– Amendments to IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*

Joint IASB-ISSB meeting

- ▶ ISSB Consultation on Agenda Priorities



EY publications

► *Applying IFRS: Accounting for payments from suppliers*

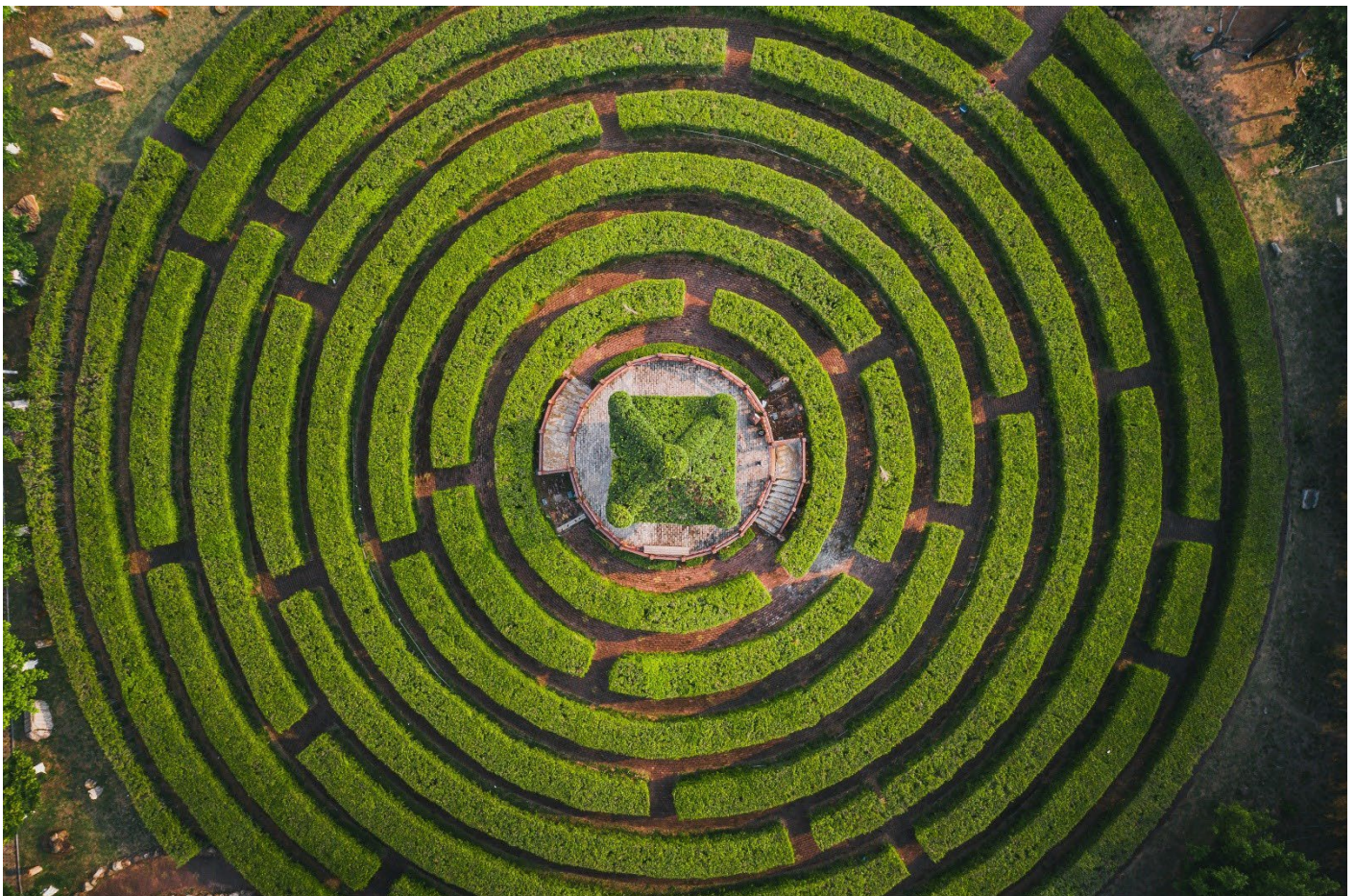
While IFRS accounting standards specifically address payments made by an entity to its customers, there is no one standard that addresses payments received by an entity from its suppliers. Instead, there are several requirements that might be applicable, depending on the specific facts and circumstances.

This [publication](#) outlines the steps to apply to payments received (or receivable) from suppliers, highlights where judgement may be needed and indicates the potential accounting consequences under IFRS.

► *International GAAP® 2024 - The global perspective on IFRS*

By setting IFRS in a relevant business context, *International GAAP® 2024* provides insights on how complex practical issues should be resolved in the real world of global corporate reporting. It is an important tool for anyone applying, auditing, interpreting, regulating, studying or teaching IFRS accounting and sustainability disclosure standards.

To obtain free access to *International GAAP® 2024* on EY Atlas Client Edition, please visit ey.com/eyatlas to get started.



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