

China Accounting Alert

April 2025

China Accounting Alert provides an overview of new accounting standards for business enterprises and regulatory rules in the Chinese mainland, updates on IFRS and EY publications.

Mainland news and updates

- The Accounting Regulatory Department of the MOF releases implementation Q&As and application example for the accounting standards for fixed assets and other standards

On 17 April 2025, the Accounting Regulatory Department of the MOF released four implementation Q&As and one application example for Accounting Standards for Business Enterprises. The implementation Q&As cover the accounting standards for fixed assets, intangible assets, accounting policies, changes in accounting estimates, and correction of errors, as well as the presentation of financial statements, while the application example involves the accounting standard for revenue. The details are as follows:

- [Question: Company A holds an office building \(including the glass curtain wall\). According to the Accounting Standard for Business Enterprises No. 4 - Fixed Assets and other relevant regulations, Company A recognized the building and the glass curtain wall as a single fixed asset with an original value of RMB1 billion. It was depreciated on a straight-line basis with a depreciation period of 35 years. As at the end of 2×24, the period of accumulated depreciation was 30 years. Since the building was constructed a long time ago, the original glass curtain wall has had a long service life and has posed a risk of detachment. Given the safety and other factors, Company A decided to renovate the glass curtain wall of the building, with an estimated renovation cost of RMB100 million, which is expected to be completed in 2×25. Company A believes that the safety hazards such as glass detachment will be eliminated after the renovation, so the service life of the building can be extended. Therefore, it plans to change the depreciation period of the building to 40 years and capitalize the renovation cost of the glass curtain wall into the original value of the building as an asset. Should Company A change the depreciation period of the building?](#)

- [Question: In accordance with the *Accounting Standard for Business Enterprises No. 6 - Intangible Assets* and the *Accounting Standards for Business Enterprises Interpretation No. 15*, Company A has expensed all the R&D expenditures that do not meet the capitalization conditions \(including the relevant expenditures on R&D of prototypes\) and included them in the current R&D expenses. In the subsequent period, Company A signed a sales contract with a customer who is willing to purchase the R&D prototypes and completed the sale. When signing the sales contract or selling the R&D prototypes, is it appropriate for Company A to reverse the amount of expensed R&D prototype expenditures from the previous period out of the current R&D expenses and then transfer the expenses to inventories \(if not yet sold\) or cost of sales \(if already sold\)?](#)
- [Question: According to laws and regulations, in 2×24, Company A should pay an additional RMB5 million of corporate income tax for 2×23. Based on the relevant facts and circumstances, and in accordance with the *Accounting Standard for Business Enterprises No. 28 - Accounting Policies, Changes in Accounting Estimates and Error Correction*, Company A made an analysis and concluded that it constituted a prior period error. This error is not material to the financial statements of Company A for the year 2×23, but it is material to the financial statements for the year 2×24. When preparing the financial statements for 2×24, should Company A treat this error as a material prior period error and retrospectively adjust the prior period comparative figures, or treat it as an immaterial prior period error and include the additional tax payment in the income tax expense for 2×24?](#)
- [Question: How should an enterprise present the provisions resulting from the assurance-type warranty with a term of more than one year or one operating cycle as current liabilities and non-current liabilities?](#)
- [Application example of revenue standard - revenue recognition for charging \(power supply\) business](#)
- **CSRC revises the *Administrative Measures for Information Disclosure by Listed Companies***
 In order to implement the new *Company Law of the People's Republic of China* (the "Company Law") and improve the information disclosure system of listed companies, the China Securities Regulatory Commission (CSRC) revised the [*Administrative Measures for Information Disclosure by Listed Companies*](#) (Zheng Jian Hui Ling No. 226), which will be effective on 1 July 2025. The *Administrative Measures for Information Disclosure by Listed Companies* (Zheng Jian Hui Ling No. 182) issued on 18 March 2021 will be repealed simultaneously. Its major revisions include:
 - Incorporating regulatory practices in information disclosure in recent years, including strengthening risk disclosure requirements, clarifying industry-specific disclosure standards, specifying rules for releasing information beyond trading hours, establishing policies for disclosure deferrals and exemptions, and requiring listed companies to publish sustainability reports in accordance with regulations of stock exchanges.
 - Enhancing supervision of key matters, including introducing new requirements for "outsourced" information disclosure by listed companies, optimizing disclosure timelines for significant events, refining the scope of the entities that make public commitments to fulfill the disclosure obligations.
 - Revising requirements on information disclosure related to listed companies' board of supervisors and supervisors in order to align with the new *Company Law*.

- CSRC revises the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* and the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 - Contents and Formats of Half-year Reports*

In order to improve the information disclosure system for listed companies and enhance the relevance and effectiveness of information disclosure by listed companies, the CSRC has revised the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* (Zheng Jian Hui Gong Gao [2025] No. 3) and the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 - Contents and Formats of Half-year Reports* (Zheng Jian Hui Gong Gao [2025] No. 4), which will become effective on 1 July 2025, among which:

The [*Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports*](#) (Zheng Jian Hui Gong Gao [2025] No. 3) has been revised mainly to focus on key information disclosure and reduce redundancy. Focusing on key information disclosure refers to:

- Refining the disclosure of key financial indicators. The requirements for disclosing "operating deductions" and retrospective adjustments of accounting data have been specified. The revision clarifies that companies with equity incentives or employee stock ownership plans may disclose net profit indicators net of the impact of share-based payments. The requirement to "disclose the reasons for changes to accounting policy and corrections of accounting errors" has been supplemented with "simultaneously present and disclose the underlying accounts and financial data before and after adjustments, along with a brief description of the adjustment process."
- Enhancing the management discussion and analysis.
- Strengthening the disclosure of corporate governance practices.
- Optimizing the disclosure of the use of raised funds.

The [*Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 - Contents and Formats of Half-year Reports*](#) (Zheng Jian Hui Gong Gao [2025] No. 4) has been revised mainly to:

- Focus on key information disclosure. The revision clarifies that companies with equity incentives or employee stock ownership plans may disclose net profit indicators net of the impact of share-based payments to meet the disclosure requirements for new business activities.
- Reduce redundant disclosure. The revision requires companies to adjust report structure and remove the information disclosure related to general meetings, and consolidate certain sections.

The *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* (Revised in 2021) (Zheng Jian Hui Gong Gao [2021] No. 15) and the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 - Contents and Formats of Half-year Reports* (Revised in 2021) (Zheng Jian Hui Gong Gao [2021] No. 16) will be repealed simultaneously.

- **Stock exchanges revise key points of review**

In order to further optimize the supervision on corporate bond issuance and financing, the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), and the Beijing Stock Exchange (BSE) have respectively revised the [*Guidelines for the Application of Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 3 - Key Points of Review \(Revised in 2025\)*](#) (Shang Zheng Fa [2025] No. 45), the [*Business Guidelines of the Shenzhen Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 2 - Key Points of Review \(Revised in 2025\)*](#) (Shen Zheng Shang [2025] No. 266), and the [*Guidelines for the Application of Rules of the Beijing Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 3 - Key Points of Review*](#) (Bei Zheng Gong Gao [2025] No. 5). These guidelines were effective upon release on 28 March 2025.

The *Guidelines for the Application of Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 3 - Key Points of Review (Revised in 2023)* (Shang Zheng Fa [2023] No. 169), the *Business Guidelines of the Shenzhen Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 2 - Key Points of Review (Revised in 2023)* (Shen Zheng Shang [2023] No. 985), and the *Guidelines for the Application of Rules of the Beijing Stock Exchange for Review of Issuance and Listing of Corporate Bonds No. 3 - Key Points of Review* (Bei Zheng Gong Gao [2023] No. 86), which were issued on 20 October 2023, have been repealed simultaneously.

■ **NEEQ revises the Measures for the Disclosure of Information of STAQ, NET and Delisted Companies**

The National Equities Exchange and Quotations (NEEQ) has revised the [Measures for the Disclosure of Information of Securities Trading Automated Quotations System \(STAQ\), National Exchange and Trading System \(NET\) and Delisted Companies](#) (Gu Zhuan Gong Gao [2025] No. 115), which were effective upon release on 28 March 2025. The *Measures for the Disclosure of Information of STAQ, NET and Delisted Companies* (Gu Zhuan Gong Gao [2022] No. 345) have been repealed simultaneously.

International Accounting Standards Board (IASB) news and updates

IASB Update [April 2025](#)

Research and standard setting

- Business combinations – Disclosures, goodwill and impairment

Maintenance and consistent application

- Consistent application activities
- Guarantees issued on obligations of other entities
- Recognition of revenue from tuition fees (IFRS 15 *Revenue from Contracts with Customers*)
- Recognition of intangible assets resulting from climate-related expenditure (IAS 38 *Intangible Assets*)
- Updates to agenda decisions for IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRIC update March 2025
- Climate-related and other uncertainties in the financial statements

IASB Update [March 2025](#)

Work plan overview

- IASB work plan update

Research and standard setting

- Post-implementation review of IFRS 16 *Leases*
- Rate-regulated activities
- Intangible assets
- Business combinations – disclosures, goodwill and impairment
- Statement of cash flows and related matters

Maintenance and consistent application

- Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Strategy and governance

- Fourth agenda consultation

ISSB Update [April 2025](#)

Research and standard setting

- Biodiversity, ecosystems and ecosystem services
- Human capital

ISSB Update [March 2025](#)

Research and standard setting

- Biodiversity, ecosystems and ecosystem services
- Human capital
- Enhancing the Sustainability Accounting Standards Board's (SASB) standards

EY publications

■ Good Group Climate (International) Limited

Climate related disclosure for Good Group Climate (International) Limited and subsidiaries for the reporting period ending 31 December 2025

This [edition](#) contains an illustrative consolidated sustainability-related financial disclosure for Good Group Climate (International) Limited and its subsidiaries (the Group) that is prepared in accordance with IFRS Sustainability Disclosure Standards, issued by the International Sustainability Standards Board (ISSB) at 31 December 2024 and effective for annual periods beginning on or after 1 January 2024.

■ IFRS Core Tool: IFRS update of standards and interpretations in issue as at 31 March 2025

This [edition](#) provides an overview of the upcoming changes in standards and interpretations (pronouncements). It also provides an update on selected active projects. It does not attempt to provide an in-depth analysis or discussion of the topics. Rather, the objective is to highlight key aspects of these changes. Reference should be made to the text of the pronouncements before taking any decisions or actions.

■ IFRS Quarterly Tax Developments 31 March 2025

This [edition](#) is designed to help identify changes in tax law and other tax developments that may impact tax accounting and reporting. It includes summaries of certain enacted and substantively enacted and effective tax legislation, through 17 March 2025 (except as noted), as well as regulatory developments, legislative proposals and other items to consider as you review or prepare income tax provisions.



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