

# China Accounting Alert

November 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

- ▶ **Notice of the National Equities Exchange and Quotations (NEEQ) on the revision of the *Templates for Provisional Announcements of NEEQ-listed Companies***

In order to continuously improve the quality of information disclosure in provisional reports and appropriately reduce the cost of information disclosure, the NEEQ has revised [Templates for Provisional Announcements of NEEQ-listed Companies \(NEEQ Announcement \[2022\] No. 80\)](#), which became effective on 14 November 2022. *Templates for Provisional Announcements* issued by the NEEQ on 29 March 2022 were repealed simultaneously. The specific revisions are as follows:

13 templates are added, 1 is deleted, and 41 existing templates are optimized according to relevant business rules. In addition, the text version and the XBRL version of the original announcement templates are combined into one, and special reminders for the preparation and disclosure of announcements are added.

- ▶ The People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC) revised and issued *Administrative Measures for Acceptance, Discount and Rediscount of Commercial Bills (Measures)*

To regulate the acceptance, discount and rediscount of commercial bills, the PBOC and the CBIRC have jointly revised and issued the [Administrative Measures for Acceptance, Discount and Rediscount of Commercial Bills \(Decree \[2022\] No. 4 of the PBOC and the CBIRC\)](#) on 18 November 2022. Based on the actual development of commercial bills in recent years, the Measures have revised and improved the administration system for acceptance, discount and rediscount of commercial bills for the purposes of clarifying the nature and classification of relevant bills, emphasizing authentic transaction relationships, strengthening information disclosure and credit constraint mechanism, and enhancing the risk control.

The Measures will become effective on 1 January 2023, with a one-year transition period for the bank acceptance bills and finance company acceptance bills to achieve the required proportional limit. *Interim Measures for the Administration of Acceptance, Discount and Rediscount of Commercial Bills* (Yin Fa [1997] No. 216) and *PBOC Notice on Effectively Strengthening the Administration of Acceptance, Discount and Rediscount of Commercial Bills* (Yin Fa [2001] No. 236) will be repealed simultaneously.

## IASB news and updates

- ▶ IASB Update for November 2022

The [November 2022](#) issue of the *IASB Update* contains the IASB staff summary of the IASB meeting held from 22 to 24 November 2022 when the board discussed:

### Research and standard-setting

- ▶ Post-implementation Review of IFRS 9 *Financial Instruments* - Classification and Measurement
- ▶ Dynamic Risk Management
- ▶ Rate-regulated Activities
- ▶ Amendments to the Classification and Measurement of Financial Instruments
- ▶ Goodwill and Impairment
- ▶ Business Combinations under Common Control
- ▶ Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures

### Maintenance and consistent application

- ▶ Maintenance and consistent application
- ▶ International Tax Reform - Pillar Two Model Rules: Potential standard-setting project
- ▶ Supplier Finance Arrangements



## EY publications

- ▶ **IFRS Developments Issue 208: IASB considers IFRS Interpretations Committee Agenda Decision - cash received via electronic transfer**

In September and October 2022, the IASB considered the IFRS IC's agenda decision on the accounting for cash received via electronic transfer as settlement for a financial asset. Learn more in *EY IFRS Developments* [Issue 208](#).

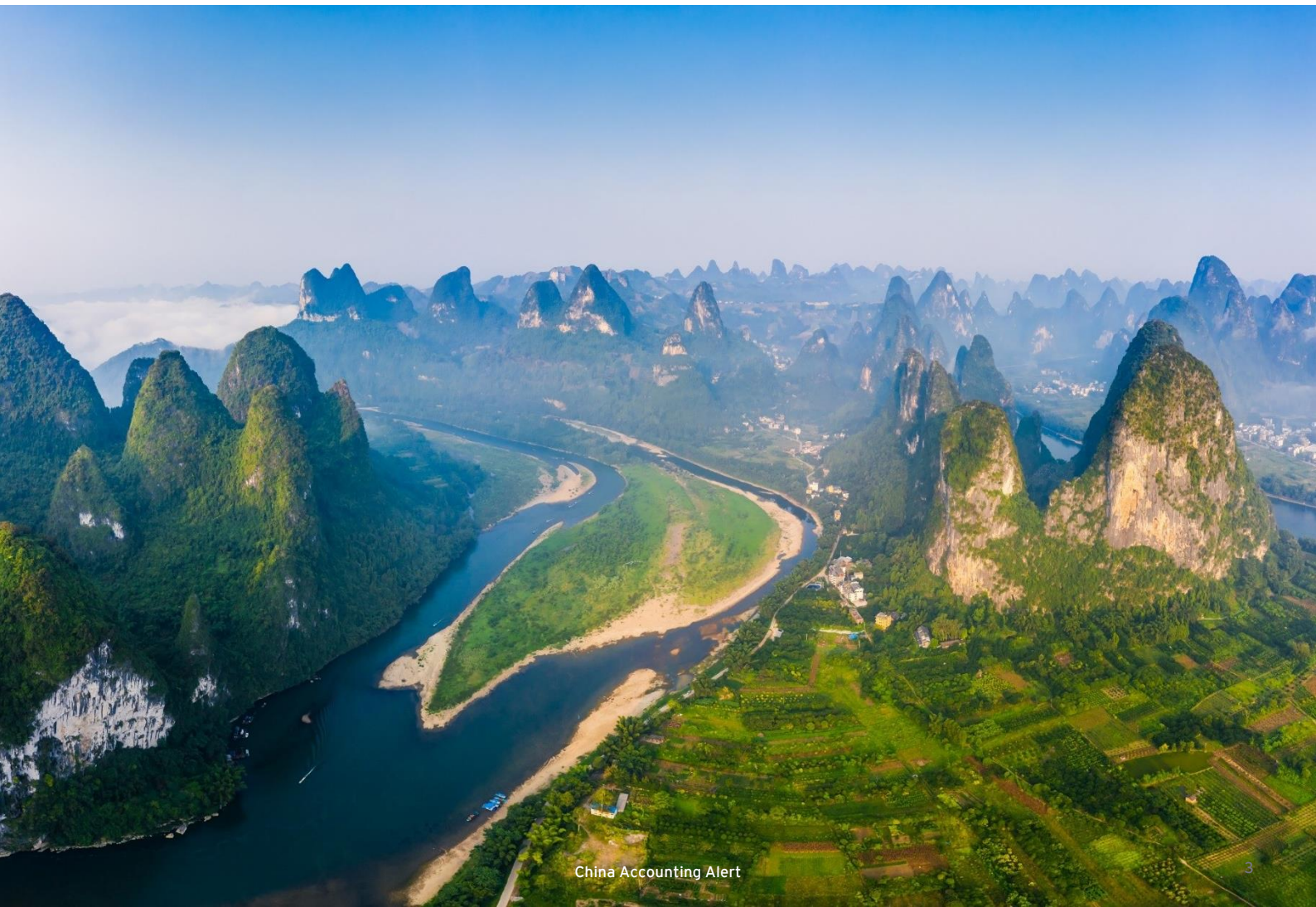
- ▶ **IFRS Developments Issue 209: IASB amends the requirements for classification of non-current liabilities with covenants**

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. Learn more in *EY IFRS Developments* [Issue 209](#).

- ▶ **Applying IFRS: The IASB has outlined its proposed new Dynamic Risk Management (DRM) accounting model**

The IASB has completed initial deliberations on the DRM model that may in future be used by banks to hedge account for interest rate risk. The IASB has sought to align the accounting model with the approach actually used for risk management, so as to limit any inconsistencies between them. In particular, the DRM model has moved away from traditional hedge accounting models that focus on a specific hedged amount, to a risk management strategy that sets out an acceptable range (using risk limits) within which the risk exposure can vary. Learn more in [this edition](#) of *Applying IFRS*.



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