International Convergence of Chinese Accounting Standards

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01 Development of the CAS
Development of the CAS

The development of the Chinese Accounting Standards (CAS) is based on the demand of the China’s economic development and internationalization.

- Construction of the China’s market economy
- Establishment and development of the China’ capital markets
- Improvement of the enterprises’ corporate governance
- “Going-out” of the Chinese enterprises
Development of the CAS (continued)

Due Process of Chinese Accounting Standards setting

- **Phase 01**: Setting up the project
- **Phase 02**: Drafting DP or ED
- **Phase 03**: Consultation (near-final draft)
- **Phase 04**: Approved and issued by MoF

Chinese Accounting Standards
Development of the CAS (continued)

1985
Accounting law of the People’s Republic of China

1992
Accounting Standard - Basic Standard (effective since 1st July, 1993)

1997-2001
16 Specific Standards

2006
revised Basic Standard and issued 38 new Specific Standards (effective since 1st January, 2007)

2014
revised 5 Specific Standards and issued 3 new Specific Standards

2019
revised 2 Specific Standards

2018
revised the Standards on Leases, and issued the ED on Insurance Contracts

2017
revised 6 Specific Standards and issued 1 new Standards
Development of the CAS (continued)

Accounting Law of People’s Republic of China

Basic Standard

ASBE1
ASBE2
......
ASBE42

Implementation Guidances

Interpretation No.1
Interpretation No.2
......
Interpretation No.12
02 International Convergence of CAS
International Convergence of CAS

- the Accounting Law of P. R. China
- Chinese Language

“Convergence” Strategy in China

- the practical habits of the Chinese accountants on the Account Titles and the format of the financial statements
- timely solving the China's own practical issues
Joint Statement issued by the CASC and the IASB
- the ASBEs Substantially converged with the IFRSs

MoF of P. R. China issued
- Roadmap for continuing Convergence of the ASBEs with the IFRSs

MoF of P. R. China and the IFRS Foundation made a joint statement
- the ASBEs would keep fully and continuously converge to the IFRSs

International Convergence of CAS (continued)

- fully praises and supports the unremitting efforts made by the IASB in response to the financial crisis
- supports the establishment of a single set of high-quality global accounting standards in response to the international financial crisis
- requests the interactive convergence between the ASBEs and the IFRSs
International Convergence of CAS (continued)

Principles

- Convergence is progress and direction
- Convergence is not simply identical
- Convergence is an interaction
- Convergence requires a process
Achievements of the International Convergence in China

- Established pragmatic and efficient convergence mechanism
- Realized the interaction with the IASB, rather than one-way acceptance
- Highly praised by the international community, such as World Bank, EU, IASB and so on
- Achieved the equivalences between China and Hong Kong SAR (2007) and EU (2012)
International Convergence of CAS (continued)

—— Experience

1. Support one single set of high quality global accounting standards in response to G20 and FSB’s recommendation

- Focus on the update of the IFRSs
- Translate the DP or ED into the Chinese, and consult the stakeholders
- Organize the outreaches
- Convey the concerns through different meetings and events

2. Deeply evolving the setting of the IFRSs

3. Extensive communications and cooperation with other NSS and stakeholders

- Asian-Oceanian Standards Setter Group (AOSSG)
- International Forum of Accounting Standard Setters (IFASS)
- World Standard Setters (WSS)
- United States, France, Australia, Japan, Korea and so on

4. Improving capacity building on standard setting

- Education and trainings
- Conduct the IFRS workshops on the IFRSs
Challenges of the Convergence between the CASs and the IFRSs

01 Understandability and Stability of the IFRSs

02 Consistency of implementation

03 Timely address the China’s concerns and issues
03 Next Steps
Next Steps

- Continue to keep the Convergence Strategy
- Monitor the development of the IFRSs
- Further improve the China Accounting Standards
- Consider the impact of the new technologies on the accounting standards
Thank You!