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This guide is one of a series of publications intended to assist users in understanding International Accounting Standards. These include:

International Accounting Standards: <i>A Guide to Preparing Accounts</i>	3rd Edition. Written by Deloitte & Touche, United Kingdom. Published by ABG Professional Information: www.abgweb.com .
International Accounting Standards - <i>A Practical Guide to Financial Reporting</i>	2nd Edition. Model financial statements and presentation and disclosure checklists prepared under IAS. Published by Deloitte Touche Tohmatsu.
IAS in your Pocket	2nd Edition. An 80-page pocket-sized guide with summaries of all IASB Standards and Interpretations, updates on agenda projects, and other useful IASB-related information.
IAS Plus Newsletter	A quarterly newsletter on recent developments in International Accounting Standards and accounting updates for individual countries. To subscribe visit our IAS Plus website.
www.iasplus.com	Our IAS Plus website provides up-to-date news on IAS developments as well as summaries of IFRS and Interpretations and reference materials for download.
Financial Instruments – Applying IAS 32 and IAS 39	Related summaries, guidance, examples, and US GAAP comparisons. Published by Deloitte Touche Tohmatsu.
GAAP Differences in your Pocket: IAS and US GAAP	This 20-page booklet identifies and explains 81 differences between International Financial Reporting Standards and US GAAP.



IAS PLUS

**Deloitte
Touche
Tohmatsu**

GAAP Differences
in your Pocket:

IAS and GAAP in the
People's Republic of China

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What is PRC GAAP?

Generally accepted accounting principles (GAAP) in the People's Republic of China (PRC) come from a number of sources, most notably the law, the Ministry of Finance (MOF), and, for listed company disclosures, the China Securities Regulatory Commission (CSRC).

The Law

The Accounting Law of the PRC (last revised as of 1 July 2000) is the highest authority on accounting in China. It sets out general principles of accounting for all enterprises, including a definition of the nature and role of accounting and basic principles. It empowers the PRC Ministry of Finance to administer accounting affairs and to establish uniform accounting regulations and systems. Such regulations and systems have the force of law.

In 2000, the State Council issued Financial Accounting and Reporting Rules for Enterprises (FARR). It focuses on such financial accounting and reporting matters as bookkeeping, preparation of financial statements, and reporting practices. It applies to all enterprises other than very small ones that do not raise funds externally.

Ministry of Finance (MOF)

Pursuant to its mandate under the Accounting Law, the MOF has issued various accounting regulations that apply to different categories of enterprises in China:

- In 1993, the MOF adopted the *Accounting Standard for Business Enterprises (Basic Standard)*, which serves as the conceptual framework of accounting in China. However, many definitions and concepts included therein have been revised or updated by subsequent pronouncements such as the FARR.
- The MOF has adopted a series of Chinese Accounting Standards (CAS), in each case with a

separate document of supporting implementation guidance.

- The MOF has recently developed two comprehensive accounting systems, one that is now applicable to foreign investment enterprises and joint stock limited enterprises (including listed enterprises) and the other applicable to foreign investment financial institutions and listed financial institutions.
- The MOF has developed from 1993 various industry-specific accounting systems, such as those for agriculture, communication, and transportation, and systems that apply to different types of unlisted financial institutions.
- From time to time, the MOF also develops ad hoc regulations.

Chinese Accounting Standards (CAS). The MOF has been working to develop a body of Chinese Accounting Standards that are broadly in line with International Accounting Standards (IAS). The MOF issued its first Standard in 1997. To date, 16 standards have been adopted and others are under active development. Deloitte Touche Tohmatsu has served as the advisor to the MOF in its project to develop CAS.

A complete list of CAS is set out in the table on the next page. The table identifies the category of enterprises to which each Standard applies.

Accounting System for Business Enterprises. In January 2001, the MOF adopted a comprehensive *Accounting System for Business Enterprises* (the System). The System is based, in part, on the experience of the MOF in implementing the Accounting System for Joint Stock Limited Enterprises and, in part, on the existing individual CAS issued in the past few years.

	Accounting Standard	Effective Date	Applicability
1	Disclosure of Related Party Relationships and Transactions	1 Jan. 1997	Listed enterprises
2	Cash Flow Statements (minor revision in 2001)	1 Jan. 2001	All enterprises
3	Events Occurring After the Balance Sheet Date	1 Jan. 1998	Listed enterprises
4	Debt Restructuring (revised significantly in 2001)	1 Jan. 2001	All enterprises
5	Revenue	1 Jan. 1999	Listed enterprises
6	Investments (minor revision in 2001)	1 Jan. 2001	Joint Stock Limited Enterprises (prior to 1 January 2001 it was listed enterprises only)
7	Construction Contracts	1 Jan. 1999	Listed enterprises
8	Changes in Accounting Policies and Estimates and Corrections of Accounting Errors (minor revision in 2001)	1 Jan. 2001	All enterprises (prior to 1 January 2001 it was listed enterprises only)
9	Non-monetary Transactions (revised significantly in 2001)	1 Jan. 2001	All enterprises
10	Contingencies	1 July 2000	All enterprises
11	Intangible Assets	1 Jan. 2001	Joint Stock Limited Enterprises
12	Borrowing Costs	1 Jan. 2001	All enterprises
13	Leases	1 Jan. 2001	All enterprises
14	Interim Financial Reporting	1 Jan. 2002	Listed enterprises
15	Inventories	1 Jan. 2002	Joint Stock Limited Enterprises
16	Fixed Assets	1 Jan. 2002	Joint Stock Limited Enterprises

Applicability to joint stock limited enterprises. Starting 1 January 2001, all joint stock limited enterprises (JSLEs) were required to follow the System – other than enterprises in banking, insurance, and other specialised financial industries (for which a separate accounting system has been adopted – see below).

When the System became effective on 1 January 2001, the old Accounting System for JSLEs was abolished. Starting in 2001, also, enterprises other than JSLEs have been encouraged to follow the System as well, with the proviso that State-owned enterprises require prior approval from the relevant government authority. In addition, if a parent company adopts the System, the parent should require its subsidiaries to adopt the System as well.

Applicability to foreign investment enterprises. As of 1 January 2002, the MOF extended the applicability of the System to all foreign investment enterprises – again other than banks, insurance companies, and other financial enterprises.

Applicability to financial institutions. Early in 2002, the MOF issued a new separate – though similar – Accounting System for Financial Institutions. It must be applied, starting 1 January 2002, by all listed and foreign investment banks, insurance companies, brokerages, leasing companies, and finance companies. Unlisted financial institutions that are joint stock limited enterprises are encouraged to follow the new system. Other unlisted financial institutions should continue to use the old Accounting Systems for financial institutions.

The Accounting System for Financial Institutions is similar to the one for general business enterprises but, in addition, includes principles specific to financial institutions, such as how to recognise interest; repurchase agreements; securities transactions;

insurance reserves; accounting by trusts; and accounting by investment funds.

China Securities Regulatory Commission

The CSRC has adopted various regulations for presentation and disclosure of information by listed enterprises. These generally do not address matters of accounting recognition and measurement.

Convergence

The primary focus of the IASB is convergence of accounting standards worldwide. To facilitate convergence of accounting standards, the IASB has seven members who serve as official liaisons to national standard-setters. Countries with formal liaisons are Australia (including New Zealand), Canada, France, Germany, Japan, the United Kingdom, and the United States.

In addition, IASB maintains liaison with other key countries through the International Accounting Standards Advisory Council (SAC). Madam Feng Shuping, Assistant Minister, PRC Ministry of Finance, is a member of the SAC.

Given the circumstances of individual countries, differences currently exist between national standards and IFRS. For instance, our Firm's recently-published comparison of IAS and US GAAP identified over 80 differences. The MOF supports international accounting harmonisation and is working to achieve convergence of CAS with IFRS by giving due consideration of IFRS in the process of drafting each CAS.

Circumstances where differences arise between CAS and IFRS include:

- Areas where IFRS allow choices but CAS do not. For instance, property, plant, and equipment may

be stated at cost or at revalued amounts under IFRS whereas CAS generally require cost basis.

- Areas such as hyperinflation where the MOF has not developed a CAS because of limited application in China.
- Areas where the MOF is currently developing new standards. The MOF has an ongoing programme to issue standards that deal with areas specifically addressed by IFRS.
- In the light of China's evolving market economy and developing accounting profession and the practical circumstances of Chinese enterprises, the MOF has not adopted certain accounting conventions applied in the IFRS, notably the pervasive use of fair value. The MOF's approach is to establish a set of CAS suitable to China's circumstances, while striving toward convergence with IFRS in an orderly manner.

This Publication

This publication summarises some of the differences between IFRS and PRC GAAP. For this purpose, we include in PRC GAAP mainly the requirements of the law, CAS, the Accounting Systems for Business Enterprises and for Financial Institutions developed by the MOF, and the regulations of the CSRC.

Therefore, the focus of this booklet is on GAAP applicable to listed enterprises, other joint stock limited enterprises, and foreign investment enterprises.

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The following table sets out some of the differences between International Financial Reporting Standards (IFRS) and GAAP in the People's Republic of China. The significance of these differences – and others not included in this list – will vary with respect to individual companies depending on such factors as the nature of the company's operations, the industry in which it operates, and the accounting policy choices it has made. Reference to the underlying accounting standards and any relevant national regulations is essential in understanding the specific differences.

IAS	Topic	IFRS	PRC GAAP
–	General approach	Principle-based standards with limited application guidance.	Principle-based standards accompanied by detailed application guidance.
–	Ability to make choices	Some accounting choices allowed.	Few choices.
–	Financial year - end date	Not specified.	Required to be 31 December.
1	Complete set of financial statements	Balance sheet, income statement, equity statement, cash flow statement, plus notes.	Same, plus statement of allowance for impairment, profit appropriation statement, statement of segmental information.
1	Management discussion and analysis.	Encouraged "outside the financial statements".	Required as part of an enterprise's financial and accounting report, but not part of the financial statements.

IAS	Topic	IFRS	PRC GAAP
1	Classifications of assets in the balance sheet	Assets either are not classified or are classified into current and noncurrent. ¹	Assets must be classified into current assets, long-term investments, fixed assets, intangible assets, and other assets.
1	Classifications of liabilities in the balance sheet	Liabilities either are not classified or are classified into current and noncurrent. ¹	Liabilities must be classified into current and noncurrent.
1	Classification of expenses in the income statement	Classification by nature or by function.	Classification by function.
1	Specific line items required on the face of financial statements	Some.	Many.
1	One year comparative prior year financial information	Required both in financial statements and in the notes.	Required in financial statements but not in the notes. CSRC rules require listed companies to include certain comparative information in the notes.
1	Reporting a separate line item for "total comprehensive income" combining net profit or loss and gains or losses charged directly to equity	Permitted, but not required. ¹	Prohibited.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
1	Departure from a Standard when compliance would be misleading	Permitted in "extremely rare" circumstances "to achieve a fair presentation".	Not addressed.
2	Producers' inventories of livestock, agricultural and forest products, and mineral ores	May be measured at net realisable value if there is a well-established practice in that industry.	Excluded from the scope of the CAS.
7	Presenting cash flows from operating activities	May use either direct method or indirect method.	Must present both direct method and indirect method.
7	Classification of interest received and paid in the cash flow statement	May be classified as an operating, investing, or financing activity.	Interest paid must be classified as a financing activity. Classification of interest received depends on its nature.
7	Cash flows relating to income taxes	Operating unless they relate to investing or financing activities.	Always operating.
8	Extraordinary items presented separately in the income statement	Rare, generally limited to expropriations, natural disasters, and acts of war. ¹	"Abnormal" items are presented separately in the cash flow statement. In addition, certain types of gains and losses must be disclosed as supplementary information.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
8	Non-mandated changes in accounting policy	May either restate prior financial statements or include as a cumulative effect in net profit and loss in the current financial statements. ¹	Must restate prior financial statements unless impracticable.
8	Change in depreciation method for existing assets	Change in estimate (prospective).	Change in accounting policy (restate prior period financial statements).
10	Dividends declared after the end of a financial year and before the financial statements are authorised for issue	Non-adjusting event.	Adjusting event.
11	Inclusion of borrowing costs as costs of construction contracts	Included if the company's policy is to capitalise borrowing costs.	Never included.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
12	Method of accounting for income taxes	Tax effect accounting using a balance sheet approach – deferred tax assets and liabilities recognised for differences in the book and tax bases of assets and liabilities. In measuring deferred taxes, the tax rate expected at reversal must be used.	May use either (a) tax payable method (deferred taxes not recognised) or (b) tax effect accounting using an income statement approach – deferred tax assets and liabilities are recognised for differences in amounts recognised in the income statement and on the tax return. In measuring deferred taxes, either the current tax rate or the expected tax rate may be used.
12	Recognition of deferred tax assets	Recognised to the extent that future taxable profits are probable during the reversal period.	Same except that the reversal period is normally limited to three years.
14	Companies required to present segment information	Listed companies only.	Listed companies and other enterprises applying the System.
14	Items of disclosure required for segments	More disclosure for primary segments than for secondary segments.	Full disclosures for both business and geographical segments.
16	Basis of property, plant, and equipment	May use either revalued amount or historical cost.	Generally required to use historical cost.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
16	Property, plant, and equipment received as a capital contribution from owners	Measured at fair value.	Measured at an amount agreed by all investing parties.
16	Exchanges of dissimilar fixed assets.	Measured at fair value. Gain or loss is recognised.	Measured at the carrying amount of the asset surrendered. No gain or loss is recognised.
16	Profit or loss on disposal of fixed assets	Included in operating profit or loss.	Presented as a non-operating gain or loss.
17	Lessee measurement of assets acquired by a finance lease and related lease liability	Lower of fair value and present value of minimum lease payments.	Lower of lessor's carrying amount and present value of minimum lease payments. If leased assets are 30% or less of total assets, the leased assets and related liability may be measured at the undiscounted minimum lease payments.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
17	Interest rate used to measure the discounted present value of minimum lease payments	The rate that discounts the minimum lease payments and unguaranteed residual value back to the fair value of the leased asset. If that is not known, use lessee's incremental borrowing rate.	The rate that discounts the minimum lease payments and unguaranteed residual value back to the lessor's carrying amount of the leased asset. If that is not known, use the discount factor specified in the lease agreement. If both are unknown, use the lessee's bank borrowing rate.
17	Initial direct costs (lessors)	Either expense or amortise over the lease term. ¹	Expense.
17	Recognition of a gain on a sale and leaseback transaction where the leaseback is an operating lease	If the sales price is fair value, the gain is recognised immediately. Otherwise generally amortise over the lease term.	The gain is always amortised proportionately with the lease payments during the lease term.
17	Recognition of a gain on a sale and leaseback transaction where the leaseback is a finance lease	Any difference between sales proceeds and carrying amount is deferred and amortised over the lease term.	Same except that the difference is deferred and amortised as an adjustment of depreciation.
17	Disclosure of lease commitments	Amounts for year 1, years 2 to 5 combined, and beyond year 5 combined.	Amounts for each of years 1, 2, and 3 and beyond year 3 combined.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
18	Measurement of revenue	Fair value of the consideration received or receivable.	Amount stipulated in the contract or an amount agreed to by the buyer and seller.
18	Measurement of revenue when payment is deferred	Discounted present value of amounts to be received.	Undiscounted amounts to be received.
18	Recognition of cash discounts for prompt payment	Either reduction of revenue or expense.	Expense.
18	Recognition of government refund of VAT tax	When probable and reliably measurable.	When received in cash.
19	Defined benefit pension plans	Unfunded liability is recognised. Expense is recognised during employee working years.	In practice, the unfunded liability is not recognised. Expense is recognised when payments are made to retired employees.
20	Grant received to fund a specific project	Recognised in income over the project period.	Upon completion of the project, credited directly to equity to the extent that the grant has been capitalised as part of the cost of an asset.
21	Translation of a foreign operation that is integral to the parent's operations (rather than self sustaining)	Translation adjustments are included in net profit or loss.	Translation adjustments are deferred in equity.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
21	Exchange differences arising during the pre-operating period	No special treatment.	Deferred until the entity commences operations.
22	Method of accounting for business combinations	Pooling (uniting) of interests is required if the acquirer cannot be identified. Otherwise acquisition (purchase) accounting must be used. ²	While there is no standard on business combinations, most business combinations are accounted for as acquisitions (purchases), though pooling (uniting) of interests is sometimes used.
22	Measuring the cost of an acquisition when payment of some consideration is deferred	Discounting required.	Discounting is prohibited.
22	Recognising a restructuring liability as part of a purchase business combination	May be recognised in limited circumstances. ²	Generally not recognised.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
22	Measuring goodwill	Measured at the difference between the cost of the acquisition and the acquirer's share of the fair values of net assets acquired.	Generally measured at the difference between the cost of the acquisition and the acquirer's share of the carrying amounts (book values) of net assets acquired. May be measured based on "appraised value" of net assets acquired if 100% of the shares of a company are acquired.
22	Amortisation of goodwill	Amortise over its estimated useful life, which is presumed to be 20 years or less, subject to an impairment test. ²	Amortise over the investment period, if any, stipulated in the investment contract. If none, amortise over not more than 10 years.
22	Measuring the minority interest portion of acquired assets and liabilities in a purchase business combination	May measure at either fair value or historical cost. ²	Must measure at historical cost.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
22	Negative goodwill	Initially offset against any expected future losses, then amortise any amounts not exceeding the value of acquired non-monetary assets, any excess is included in net profit or loss. ²	Amortise over the investment period, if any, stipulated in the investment contract. If none, amortise over not less than 10 years.
23	Borrowing costs related to assets that take a substantial time to complete	May either capitalise as part of the cost of the asset or charge to expense.	Must capitalise as part of the cost of the asset.
23	Assets qualifying for capitalisation of borrowing costs	Fixed assets, intangible assets, and inventory that take a substantial time to complete.	Only fixed assets that take a substantial time to complete, except that property developers can capitalise borrowing costs relating to property developed for sale.
23	Types of borrowings for which interest costs are eligible for capitalisation	Includes interest incurred on both project-specific borrowings and general borrowings.	Includes interest on only project-specific borrowings, except that property developers can capitalise all borrowing costs.
23	Ancillary costs incurred in arranging a borrowing	The amortisation of ancillary costs during the construction period is capitalised.	The full amount of ancillary costs incurred during the construction period is capitalised.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
23	Inclusion of foreign exchange differences on debt as a borrowing cost eligible for capitalisation	Only to the extent that the exchange difference is regarded as an adjustment to interest cost.	Any exchange difference relating to a project-specific borrowing to the extent that it arises before the completion of the fixed asset.
23	Income on temporary investment of funds borrowed for construction of an asset	Reduces borrowing cost eligible for capitalisation.	Does not reduce borrowing cost eligible for capitalisation.
24	Disclosure of related party information in financial statements of wholly owned subsidiaries	Exempted. ¹	Required.
24	Disclosure of related party information relating to transactions between two state-controlled enterprises	Exempted.	Required if the state-controlled enterprise meets the criteria for a related party.
24	Sale to a related party at a transaction price in excess of market price	Measure revenue at the transaction price.	For listed enterprises, generally measure revenue at the estimated market price or cost plus a reasonable or defined margin. Credit the excess to equity.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
27	Preparation of consolidated financial statements by a company that itself is a wholly-owned or virtually wholly-owned subsidiary	Not required.	Required.
27	Subsidiaries whose activities are dissimilar to those of its parent (banking, insurance, and finance subsidiaries of non-financial parents)	Consolidated.	Excluded from consolidation.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
27	Other situations in which subsidiaries are excluded from consolidation	Exclude a subsidiary that operates under severe long-term restrictions that significantly impair its ability to transfer funds to the parent.	Same. In addition: Exclude a subsidiary that, for reasons such as bankruptcy, negative equity, restructuring or discontinuance of operations, is unlikely to be able to transfer funds to the parent. Exclude subsidiaries that, in the aggregate, have total assets, revenue, and profit less than 10% of the corresponding group totals (this exemption does not apply to subsidiaries with accumulated deficits at the balance sheet date or those that have incurred losses for the year).
27	Accounting for investments in subsidiaries in the parent's separate financial statements	May use cost, equity method, or available-for-sale accounting.	Must use equity method.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
27	Gain on "deemed disposal" of a subsidiary as a result of issuance of additional shares by the subsidiary to third parties	Not addressed. Gain is often recognised.	Recognition of gain is not permitted.
28	Goodwill implicit in an equity method investment	Measured at the difference between the cost of the investment and the investor's share of the fair values of net assets acquired.	Measured at the difference between the cost of the investment and the investor's share of the carrying amounts (book values) of net assets acquired.
28	Amortisation period of goodwill implicit in equity method investment	Amortise over its estimated useful life, which is presumed to be 20 years or less, subject to an impairment test. ²	Amortise over the investment period, if any stipulated in the investment contract. If none, amortise over not more than 10 years.
28	Amortisation period for negative goodwill implicit in equity method investment	Initially offset against any expected future losses; then amortise any amounts not exceeding the value of acquired non-monetary assets; any excess is included in net profit or loss. ²	Amortise over the investment period stipulated in the investment contract. If none, amortise over not less than 10 years.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
28	Impact of different accounting policies or reporting dates of investor and associate (or investee)	Must either (a) conform accounting policies and reporting dates or (b) if that is not practical, must adjust for any significant differences in policy and subsequent transactions or events.	No requirement to conform accounting policies, but must disclose accounting policy differences. Associate's reporting date must not be more than 3 months earlier or later than the investor's. While accounting standards do not require adjustment for any significant differences in policy or subsequent transactions or events, in practice such adjustments are often made.
28	Accounting for investments in associates in the investor's separate financial statements	May use cost, equity method, or available-for-sale accounting.	Must use equity method.
29	Hyperinflation	Adjust the subsidiary financial statements for the general effects of inflation, with the gain or loss on net monetary position in net income.	Not addressed.
31	Investments in joint ventures in which the investor has joint control	May use either the equity method or proportionate consolidation.	Proportionate consolidation.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
31	Investments in joint ventures in which the investor has significant influence but not joint control	May use either the equity method or available-for-sale method.	Equity method.
31	Accounting for investments in joint ventures in the venturer's separate financial statements	May use cost, equity method, or available-for-sale accounting.	Must use equity method.
32	Issuer's classification of an instrument as debt or equity – overall principle	Classified according to substance: if the issuer is required to pay cash (such as mandatorily redeemable preferred shares) or the holder can demand to receive cash (holder put option), the instrument is classified as debt. If classified as debt, dividend payments are deducted in measuring net profit or loss.	Not specifically addressed, but in practice classified according to legal form. Dividend payments are not deducted in measuring net profit or loss.
32	Classification of convertible debt instruments	Split the instrument into its liability and equity components.	Classify the entire instrument as a liability.
32	Amortisation of premium or discount on long-term debt payable	Effective interest method.	May use effective interest method or straight line method.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
32	Costs of issuing shares	Deducted from equity.	First, deducted from any interest income earned on investment of subscription proceeds during the subscription period. Then reduce share premium. Any excess will be deferred and amortised.
33	Disclosures of earnings per share	Basic and diluted net profit or loss per share. Detailed computational guidance is provided. ¹	For listed companies, the CSRC requires disclosure of two basic net profit or loss per share figures (based on average and year-end numbers of outstanding shares) and also return on net assets. CSRC provides some computational guidance for basic EPS that is different from IFRS.
34	Interim financial statements	Entity may present complete or condensed financial statements.	Entity must present complete financial statements (but an equity statement is not required).
34	Measurement of income tax expense in interim financial statements	Use the estimated annual effective tax rate.	Use the rate applicable to income of the current period.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
35	Discontinuing operations	Detailed presentation and disclosure requirements.	Not addressed.
36	Impairment of assets that do not generate cash flows individually	Cash generating unit concept.	Specific guidance is not provided.
37	Measurement of provisions	Discounted present value of the best estimate to settle the obligation.	Undiscounted amount of the best estimate to settle the obligation.
37	Provisions arising from restructuring of an entity	Recognised only when the entity has a detailed formal plan to restructure and has either announced or started to implement the plan.	Not addressed (excluded from the standard on contingencies).
38	Mineral rights and expenditure to explore, develop, and extract minerals	Excluded from the intangible assets standard.	Included in the intangible assets standard.
38	Research and development costs	Expense all research costs. Capitalise development costs if certain criteria are met.	Expense all research and development costs (except that patent registration and legal costs are capitalised).
38	Pre-operating expenses	Charged to expense when incurred.	Deferred until the entity begins operations. Then charged to expense.

COMPARISON OF IFRS AND PRC GAAP

IAS	Topic	IFRS	PRC GAAP
38	Measurement of the cost of a purchased intangible where payment is deferred beyond normal credit terms	Interest is imputed.	Interest is not imputed.
38	Intangible asset received as a capital contribution from an owner	Measured at fair value.	Measured at an amount agreed by all investing parties, except measured at the investor's carrying amount when contributed at the time of an initial issue of shares.
38	Intangible asset received in a non-monetary transaction	Measured at fair value.	Measured at carrying amount of asset surrendered.
38	Land use rights	Accounted for as an operating lease. Cost of land use rights is treated as prepaid lease payments. ¹	Accounted for as a purchased intangible asset until the construction or development commences; then accounted for as fixed assets under construction or (by a developer) as property development costs. On completion, total costs are transferred to property, plant, and equipment or (by a developer) property held for sale.

IAS	Topic	IFRS	PRC GAAP
38	Amortisation of intangible assets	Amortise over the estimated useful life, which is presumed to be 20 years or less. ²	Amortise over the shorter of the estimated useful life and the contractual or legal life or, if no contractual or legal life, amortise over the estimated useful life, but not more than 10 years
38	Revaluation of intangible assets	Permitted only if the intangible asset trades in an active market.	Prohibited.
39	Short-term investments	Measured at fair value. If classified as held for trading, value changes are recognised in net profit or loss. If classified as available for sale, measured at fair value with value changes recognised either (a) in net profit or loss or (b) in equity until the investment is sold. ³	Measured at the lower of cost and market value, with a write-down recognised in net profit or loss.
39	Dividends received on short-term investments	Recognised as revenue when receivable.	Reduce the carrying amount of the investment when received.
39	Long-term investments in equity securities	Measured at fair value with value changes recognised either (a) in net profit or loss or (b) in equity until the investment is sold. ³	Measured at cost less impairment, with a write-down recognised in net profit or loss.

IAS	Topic	IFRS	PRC GAAP
39	Long-term investments in debt securities	If classified as held to maturity, measured at amortised cost subject to impairment. If classified as available for sale, measured at fair value with value changes recognised either (a) in net profit or loss or (b) in equity until the investment is sold. ³	Measured at amortised cost subject to impairment.
39	Investment securities received as a capital contribution from an owner	Measured at fair value.	Measured at an amount agreed by all investing parties.
39	Investment securities received in a non-monetary transaction	Measured at fair value.	Measured at carrying amount of asset surrendered.
39	Amortisation of premium or discount on long-term debt investments	Effective interest method.	May use the effective interest method or the straight line method.
39	Investment in convertible bonds	Conversion feature is accounted for as an embedded derivative.	Conversion feature is not separately accounted for.

IAS	Topic	IFRS	PRC GAAP
39	Creditor accounting for debt restructuring – modification of terms of a receivable	Loss is recognised if the discounted present value of amounts to be received is less than the carrying amount of the receivable.	Loss is recognised only if the undiscounted future amounts to be received are less than the carrying amount of the receivable.
39	Debtor accounting for debt restructuring – modification of terms of a debt payable	Gain and loss are measured on a discounted present value basis. Gain or loss is recognised in net profit or loss.	Gain and loss are measured on an undiscounted basis. Gain is credited to equity. Loss is not recognised when the restructuring occurs but, rather, is recognised as interest expense over the modified term.
39	Hedge accounting	Detailed standards.	Not addressed.
40	Measurement basis of investment property	May use either fair value or historical cost.	Generally required to use historical cost (accounted for as fixed assets).
41	Measurement basis of biological assets and agricultural produce.	May use either fair value or historical cost.	Generally required to use historical cost (biological assets held for procreation or production are accounted for as fixed assets).

Endnotes:

¹Topic is being addressed in the IASB's Improvements Project.

²Topic is being addressed in the IASB's Business Combinations Project.

³Topic is being addressed in the IASB's IAS 39 Amendments Project.

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