



CHINA

accounting system

for business enterprises

中国企业会计制度

(增补版)



中信出版社
CITIC PUBLISHING HOUSE

CHINA

accounting system

for business enterprises

中国企业会计制度

(增补版)

Introduction by

Deloitte Touche Tohmatsu Hong Kong



中信出版社
CITIC PUBLISHING HOUSE

图书在版编目 (CIP) 数据

中国企业会计制度 / CCH亚洲公司, 中信出版社编, 修订本.

-北京: 中信出版社, 2003.8

ISBN 7-80073-861-2

I. 中… II. ① C… ② 中… III. 企业管理-会计制度-中国-英、汉 IV. F279.23

中国版本图书馆CIP数据核字 (2003) 第061929号

Copyright © 2003 CCH ASIA PTE LIMITED

All rights reserved. No part of this work covered by copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the publisher.

Disclaimer

This publication is sold with the understanding that (1) the authors and editors are not responsible for the results of any actions taken on the basis of information in this work, nor for any errors or omissions; and (2) the publisher is not engaged in rendering legal, accounting or other professional services. The publisher, and the authors and editors, expressly disclaim all and any liability to any person, whether a purchaser of this publication or not, in respect of anything and of the consequences of anything done or omitted to be done by any such person in reliance, whether whole or partial, upon the whole or any part of the contents of this publication. If legal advice or other expert assistance is required, the service of a competent professional person should be sought.

中国企业会计制度

ZHONGGUO QIYE KUAJI ZHIDU

责任编辑: 谢清平 Selina Li

出版者: 中信出版社 (北京市朝阳区东外大街亮马河南路14号塔园外交办公大楼 邮编 100600)

经销者: 中信联合发行有限公司

承印者: 北京国彩印刷有限公司

开 本: 787mm × 1092mm 1/16 印 张: 27.125 字 数: 400千字

版 次: 2003年8月第1版 印 次: 2003年8月第1次印刷

书 号: ISBN 7-80073-861-2/F · 557

定 价: 180.00元

版权所有 · 侵权必究

凡购本社图书, 如有缺页、倒页、脱页, 由发行公司负责退换。服务热线: 010-85322521

E-mail:sales@citicpub.com

010-85322522

CONTENTS

Introduction.....	3
Accounting System for Business Enterprises	
Chapter 1 General Provisions	51
Chapter 2 Assets	59
2.1 Current Assets	59
2.2 Long-term Investments	77
2.3 Fixed Assets	89
2.4 Intangible Assets and Other Assets	105
2.5 Impairment of Assets	113
Chapter 3 Liabilities.....	129
3.1 Current Liabilities	129
3.2 Long-term Liabilities	133
Chapter 4 Owners' Equity	147
Chapter 5 Revenue	155
5.1 Revenue arising from the sale of goods and the rendering of services	155
5.2 Contract Revenue.....	161
Chapter 6 Costs and Expenses	169
Chapter 7 Profit and Profit Distribution	175
Chapter 8 Non-monetary Transactions.....	191
Chapter 9 Foreign Currency Transactions.....	197
Chapter 10 Accounting Adjustments.....	201

10.1	Changes in Accounting Policies	201
10.2	Changes in Accounting Estimates	207
10.3	Corrections of Accounting Errors.....	209
10.4	Events Occurring after the Balance Sheet Date.....	211
Chapter 11	Contingencies	217
Chapter 12	Related Party Relationships and Transactions.....	221
Chapter 13	Financial Reports	225
Chapter 14	Supplementary Provisions	229
Classification of Accounts and Financial Statements		
I.	General Description.....	233
II.	Chart of Accounts	237
III.	Formats of Financial Statements	248
IV.	Instructions on Compilation of Financial Statements	275
V.	Notes to Financial Statements	329

Appendix

1.	Provisions on Implementing the Accounting System for Business Enterprises by Foreign Investment Enterprises.....	347
2.	Official Replies on Relevant Issues Concerning Implementation of the Accounting System for Business Enterprises by Foreign Investment Enterprises.....	355
3.	Official Replies on Issues relating to Implementation of the Accounting System for Business Enterprises and Related Accounting Standards (I)	367
4.	Official Replies on Issues relating to Implementation of the Accounting System for Business Enterprises and Related Accounting Standards (II)	397

目 录

序言	29
企业会计制度	
第一章 总则	50
第二章 资产	58
第一节 流动资产	58
第二节 长期投资	76
第三节 固定资产	88
第四节 无形资产和其他资产	104
第五节 资产减值	112
第三章 负债	128
第一节 流动负债	128
第二节 长期负债	132
第四章 所有者权益	146
第五章 收入	154
第一节 销售商品及提供劳务收入	154
第二节 建造合同收入	160
第六章 成本和费用	168
第七章 利润及利润分配	174
第八章 非货币性交易	190
第九章 外币业务	196
第十章 会计调整	200

第一节 会计政策变更	200
第二节 会计估计变更	206
第三节 会计差错更正	208
第四节 资产负债表日后事项	210
第十一章 或有事项	216
第十二章 关联方关系及其交易	220
第十三章 财务会计报告	224
第十四章 附则	228

会计科目和会计报表

一、总说明	232
二、会计科目名称和编号	236
三、会计报表格式	248
四、会计报表编制说明	274
五、会计报表附注	328

附 录

1. 外商投资企业执行《企业会计制度》有关问题的规定	346
2. 外商投资企业执行《企业会计制度》有关问题解答	354
3. 关于执行《企业会计制度》和相关会计准则有关问题解答（一）	366
4. 关于执行《企业会计制度》和相关会计准则有关问题解答（二）	396

序 言

Introduction

Introduction

*By Paul Pacter, Consultant
Deloitte Touche Tohmatsu Global IAS Office*

*Vincent Ng, Consultant and Joseph Yuen, Senior Manager
Deloitte Touche Tohmatsu, Hong Kong*

China's rapid economic growth in the past two decades has amazed the rest of the world. With China's accession to the WTO, business activities with and within China will further expand. Many economists and economic organizations predict that China's influence on the world's economy will continue to increase.

China fully understands that a sound financial reporting system plays a key role in the process of economic development. The Chinese Ministry of Finance (MOF), which has the responsibility for regulating accounting matters in China, has set itself the objectives of fostering investors' confidence in financial information, increasing transparency of financial reporting, and harmonizing with International Financial Reporting Standards (IFRS), so as to reduce the costs of raising capital by enterprises and alleviate the risks of financial crisis.

China has already made significant progress in harmonizing Chinese accounting standards with IFRS.

History of Development

In the process of transforming itself from a centrally planned economy to a market oriented economy, China has long realized the importance of a sound financial infrastructure. The old accounting systems and regulations were designed to meet the needs of a planned economy, and therefore focused on whether the production goals of state-owned enterprises and their financial and cost plans were being met. Accordingly, the objectives of accounting and performance measurement some twenty years ago were significantly different from the financial reporting objectives in a modern market oriented economy. While the majority of large enterprises in China continue to have substantial-

often majority–state ownership, private investors have a growing share of the ownership of these enterprises. Currently, shares in over 1,200 Chinese enterprises trade on China's two domestic stock exchanges, and another 100 Chinese companies are listed on exchanges outside of China.

Since China opened its door to foreign investments in 1979, the rapid growth of its economy, international trade and securities markets has shaped new objectives for financial reporting. State-owned enterprises now look a lot like profit-oriented businesses, and managers and other users need reliable and relevant financial information on which to base decisions about the efficient allocation of capital. At the same time, China has reached out to the international community to form joint ventures and gain greater access to the latest technologies and the world's capital markets. Currently, there are over 420,000 foreign-invested enterprises in China. This growing economy increasingly demanded a framework of accounting standards to meet the needs of investors and creditors as well as management and government. As a result, significant accounting reforms were undertaken in the past two decades.

In the 1980s, the MOF issued the first set of accounting regulation, which was formulated by reference to international accounting practice, for joint ventures in China. In 1992, due to the rapid development of the Chinese securities market, the Accounting System for Experimental Joint Stock Limited Enterprises, which was subsequently replaced by the Accounting System for Joint Stock Limited Enterprises (JSLE), was promulgated by the MOF in order to standardize accounting practice and disclosures by listed companies. In the same year, the MOF promulgated the Accounting Regulations for Foreign Investment Enterprises (FIE), as well as the Basic Accounting Standard for Business Enterprises, the conceptual framework of China accounting. The issuance of these accounting pronouncements represented a milestone for China accounting, because they introduced on a broader scope new accounting concepts and essential elements of financial statements that were in many respects based on international practice.

The New Accounting Standards and Accounting System

In 1993, with funding from the World Bank, the MOF engaged Deloitte Touche

Tohmatu as consultants to develop a body of Chinese Accounting Standards (CAS) broadly in line with accounting and financial reporting practice used internationally. Exposure Drafts on over 30 standards have since been published. In 2000, DTT was reappointed as consultants for the second phase of the project. The goal is to begin work on approximately 17 additional standards dealing with issues addressed by IASC since the original project as well as developing a number of industry-specific standards. To date, 16 standards have been adopted, and a number of other standards are under active development to be issued shortly.

A complete list of CAS is set out below.

CHINESE ACCOUNTING STANDARD	EFFECTIVE	APPLIES TO
Disclosure of Related Party Relationships and Transactions	Jan. 1997	Listed
Cash Flow Statements (revised 2001)	Jan. 2001	All
Events Occurring After the Balance Sheet Date (revised 2003)	July. 2003	All who follow ASBE
Debt Restructurings (revised 2001)	Jan. 2001	All
Revenue	Jan. 1999	Listed
Investments	Jan. 2001	Joint Stock
Construction Contracts	Jan. 1999	Listed
Changes in Accounting Policies and Estimates and Correction of Accounting Errors	Jan. 2001	All
Non-monetary Transactions (revised 2001)	Jan. 2001	All
Contingencies	July 2000	All
Intangible Assets	Jan. 2001	Joint Stock
Borrowing Costs	Jan. 2001	All
Leases	Jan. 2001	All
Interim Financial Reporting	Jan. 2002	Listed
Inventories	Jan. 2002	All who follow ASBE
Fixed Assets	Jan. 2002	All who follow ASBE

China accounting has achieved remarkable progress in unifying its accounting practices. Apart from issuing new CASs, the MOF issued a new comprehensive Accounting System for Business Enterprises (ASBE). ASBE is based, in part, on

the experience of MOF in implementing the former Accounting System for JSLE and, in part, on the existing individual CAS.

ASBE replaced the Accounting System for JSLE from January 1, 2001 and Accounting Regulations for FIE from January 1, 2002. In other words, all JSLE (including all listed enterprises) and FIE are now required to follow one unified ASBE. The MOF plans to ultimately require all medium-sized and large enterprises (other than financial enterprises) to adopt the ASBE, and has announced its expectation that all 170,000 state-owned enterprises will adopt the ASBE over time. In March 2003, MOF further extended the scope of the applicability of the ASBE by requiring all enterprises (other than small-sized enterprises and financial institutions) established after 1 January 2003 to adopt the ASBE.

When fully implemented, the ASBE will replace the numerous arcane and inconsistent industry accounting regulations, enabling the financial statements of different types of enterprises to become more comparable. All enterprises that adopt ASBE would be expected also to adopt all relevant CASs that are appropriate to those enterprises. The ASBE and CAS form the new accounting system of financial reporting of modern China.

As well, by introducing a broad asset impairment test and by adopting updated definitions of accounting elements similar to that of IFRS, the ASBE moves Chinese accounting practice further in the direction of international standards.

Impact of the ASBE on FIE

In the past, an FIE's financial statements prepared in accordance with the Accounting Regulation for FIE could not properly reflect the enterprise's actual financial position and operating results. Consequently, the enterprise had to make numerous adjustments when they compiled financial statements under overseas accounting standards, such as IFRS and US GAAP, which are almost invariably required by the foreign investors. The process was time-consuming and imposed additional cost of investment to the foreign investors. After the adoption of the ASBE, the differences between FIE's financial statements under

PRC GAAP and those prepared in accordance with international accounting practice have been reduced, thereby enabling the foreign investors to assess the performance of their investments more efficiently. Furthermore, since the ASBE has added additional disclosure requirements, the transparency of the financial information has improved.

Currently, the MOF is in the process of carrying out a survey to identify the impact of the adoption of the ASBE by FIE. The results of the survey will be used to help guide the future development of CAS and revisions of the ASBE. The MOF is committed to creating a sound financial reporting structure in the PRC in order to facilitate modernization of the economy.

Accounting System for Financial Institutions

Early in 2002, MOF adopted a new separate–though similar–Accounting System for Financial Institutions (the "ASFI"), which must be applied, starting 1 January 2002, by all listed banks, insurance companies, brokerages, leasing companies, and finance companies. Starting from 1 January 2004, unlisted brokerages will also be required to adopt the ASFI. Earlier adoption is encouraged. Unlisted financial institutions that are joint stock limited enterprises are also encouraged to follow the ASFI.

ASFI is similar to the one for general business enterprises but, in addition, includes principles specific to financial institutions, such as:

- How to recognise interest income,
- Repurchase agreements,
- Securities transactions,
- Insurance reserves,
- Accounting by trusts, and
- Accounting by investment funds.

Future Prospects

The table below indicates the accounting standards and systems projects on which MOF is now working and prospects for progress in the coming year.

EXPOSURE DRAFT	ED ISSUE DATE	FINAL ADOPTION
Presentation of Financial Statements	Issued 2002	Expected 2003
Earnings per Share	Issued 2002	Expected 2003
Segment Reporting	Issued 2001	Expected 2003
Foreign Currency Translation	Issued 1995; revised draft circulated 2001	Expected 2003
Accounting for Government Grants and Assistance	Issued 2002	Expected 2003/2004
Discontinuing Operations	Issued 2002	Expected 2003/2004
Business Combinations	New ED expected 2003	Expected 2003/2004
Consolidated Financial Statements	New ED expected 2003	Expected 2003/2004
Impairment	Expected 2003/2004	Expected 2004
Disclosure by Banks and Other Financial Institutions	Expected 2004	Expected 2004
Disclosure and Presentation of Financial Instruments	Expected 2004	Expected 2004
Agriculture	Expected 2004	Expected 2004
Oil and Gas	Expected 2004	Expected 2004
Other Extractive Industries (mining, etc.)	Expected 2004	Expected 2004

In addition to the above accounting standards projects, MOF is also formulating an accounting system for small-sized enterprises and not-for-profit organisations.

Overview of the Current Accounting Requirements

The ASBE, CAS and related ad hoc pronouncements (usually titled as "Caikuai") issued by the MOF form the basis of the current accounting requirements in the PRC. When there are inconsistencies between the publications, in practice, the most current one takes precedence over previously issued documents unless otherwise specified. Accordingly, the following discussion of the ASBE includes also the revisions by MOF's subsequent pronouncements.

ASBE incorporates the principles that are set out in individual CAS developed by the MOF. The individual CASs and related guidance include considerably more details on those matters than are included in the ASBE.

ASBE is not just a group of accounting standards. It is more like a comprehensive financial reporting framework that covers concepts, definitions, standards, presentation, and record-keeping. Among many other things, the ASBE:

- defines certain fundamental principles that must be applied in preparing financial statements, including going concern, accounting period, substance over form (this concept has not previously been spelled out in Chinese accounting standards or regulations), consistency, timeliness, understandability, accrual basis, matching, impairment recognition, prudence, materiality, and measurement currency vs. presentation currency;
- defines the basic elements of financial statements: assets, liabilities, owners' equity, revenues, expenses, and profits;
- specifies classifications within the asset, liability, and equity elements;
- specifies recognition and measurement principles for receivables, prepaid expenses, inventories, current and long-term investments, fixed assets, construction in progress, intangible assets, and other assets;
- specifies recognition and measurement principles for current liabilities, long-term liabilities, lease obligations, and government grants and loans,
- specifies principles of revenue recognition for goods, services, royalties, and interest;
- specifies expense recognition principles for bad debts, cost of good sold, depreciation, major overhauls, and impairment of assets;
- requires that expenses be classified into operating, administrative, and financing and that profit be classified between operating profit, investment income, subsidy income, and several other non-operating income categories;
- specifies accounting principles for non-monetary transactions, assets contributed by investors, income taxes, foreign currency transactions, changes in accounting policies, changes in estimates, corrections of errors, post-balance sheet events, contingencies, and related party relationships and transactions;

- defines the content of a financial and accounting report (which financial statements are presented annually, half-yearly, quarterly, and monthly), minimum notes to the financial statements, and how soon after period-end the reports should be published;
- specifies principles for consolidated financial statements and accounting for investments in associates and joint ventures;
- requires a management discussion along the lines of the Management Discussion and Analysis (MD&A) in the United States and the Operating and Financial Review (OFR) in the United Kingdom (though not as detailed); and
- even gets into basic bookkeeping requirements such as the double entry system of debits and credits, keeping records in the Chinese language, maintenance of bank ledgers, monthly bank reconciliations, ageing of receivables, and the fixed assets register, as well as basic control procedures such as annual inventory-taking and physical counting of fixed assets.

Assets

The definition of assets in the ASBE is the same as that in the IASC Framework. It is also the definition that was adopted in the Chinese accounting standard on contingencies: "An asset is a resource owned or controlled by an enterprise as a result of a past transaction or event and from which future economic benefits are expected to flow to the enterprise." Even though matching of revenues and expenses is one of the fundamental principles in the ASBE, the asset definition places a boundary on the matching concept by excluding from the asset category deferred costs whose sole purpose is income smoothing.

ASBE classifies assets into current assets, long-term investments, fixed assets, intangible assets, and other assets. It specifies recognition and measurement principles for a wide variety of assets and liabilities. Selected recognition and measurement principles for tangible and financial assets are set out in Figure 1.