

Accounting Standards for Enterprises No. 29 - - Events after the Balance Sheet Date

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Chapter I General Provisions

Article 1 These Standards are formulated in accordance with the Accounting Standards for Enterprises - Basic Standards for the purpose of regulating the recognition and measurement of the matters after the balance sheet date, as well as the disclosure of relevant information.

Article 2 The term "event after the balance sheet date" refers to an event, either favorable or unfavorable, that occurs between the balance sheet date and the date when the financial statements are authorized for issuance. The date that the financial statements are authorized for issuance refers to the date when the financial statements are authorized by the board of directors or equivalent governing body for issuance.

The events after the balance sheet date include the adjusting events and non-adjusting events occurring after the balance sheet date.

The term "adjusting event after the balance sheet date" refers to an event after the balance sheet date that provides any new or further evidence for the conditions that has existed on the balance sheet date.

The term "non-adjusting event after the balance sheet date" refers to an event that a condition occurs after the balance sheet date.

Article 3 Where any event after the balance sheet date indicates the going concern assumption is no longer appropriate, the enterprise should not make the financial statements on the basis of going concern.

Chapter II Adjusting Events after the Balance Sheet Date

Article 4 An enterprise shall adjust its financial statements on the date of the balance sheet date for any adjusting event occurring in an enterprise after the balance sheet date.

Article 5 The adjusting events occurring in an enterprise after the balance sheet date generally include:

(1) Any litigations completed after the balance sheet date, wherein the court judgment confirms that the enterprise has any present obligation which has existed on the balance sheet date, thus it is necessary to adjust the expected liability related to such litigation originally recognized, or to recognize a new liability;

(2) Any exact evidence obtained after the balance sheet date indicating that an asset is devalued on the balance sheet date, or that the amount of a recognized devalue for that asset needs to be adjusted;

(3) The cost of an asset purchased prior to the balance sheet date or the income generated from an asset sold prior to the balance sheet date is further confirmed after the balance sheet date; and

(4) Any fraud or error that is found in the financial statements after the balance sheet date.

Chapter III Non-adjusting Events after the Balance Sheet Date

Article 6 No enterprise may adjust the financial statements on the date of the balance sheet date for any non-adjusting event occurring in an enterprise after the balance sheet date.

Article 7 The non-adjusting events occurring in an enterprise after the balance sheet date generally include:

(1) Significant lawsuits, arbitrations or commitments occurring after the balance sheet date;

(2) Any significant change in the asset price, tax policy or foreign exchange rate occurring after the balance sheet date;

(3) Any severe loss on an asset resulted from a natural disaster after the balance sheet date;

(4) The issuance of stocks or bonds, or any other huge amount borrowing from an outside party after the balance sheet date;

(5) The capitalization of capital reserves after the balance sheet date;

(6) Any significant loss occurring after the balance sheet date;

(7) The important change in account policy after the balance sheet date ; and

(8) Any enterprise combination or disposal of subsidiary after the balance sheet date;

Article 8 After the balance sheet date, the profits or dividends to be distributed and declared to be distributed upon deliberation and approval under the profit distribution plan of an enterprise shall not be recognized as a liability on the balance sheet date, but shall be separately disclosed in the notes.

Chapter IV Disclosure

Article 9 An enterprise shall, in its notes, disclose the following information related to the events after the balance sheet date:

(1) The organ which authorizes the issuance of the financial statements, and the date on which the financial statements are authorized to be issued.

According to the provisions of the relevant laws and administrative regulations, if the owner of an enterprise or any other party has the power to revise the issued financial statements it shall disclose the relevant information.

(2) The nature and content of each important non-adjusting event after the balance sheet date, as well as its effect on the financial status and operating outcomes. If it is unable to make an estimate, an explanation shall be made.

Article 10 Where an enterprise, after the balance sheet date, obtains any new or further evidence that affects the conditions existed on the balance sheet date, it shall adjust the relevant information of disclosures.