

## Western concepts, Chinese context: A note on teaching accounting offshore

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**ABSTRACT:** *Because they have taken the lead in providing transnational accounting programs in China, Australian universities have a corresponding responsibility to deliver programs of the highest quality. One of the challenges this poses for transnational accounting education is how to engage with the local Chinese context. This paper addresses this challenge by presenting a teaching note on teaching the Australian conceptual framework for financial reporting to Chinese students in the context of China's convergence with International Financial Reporting Standards. The teaching note attends to the special circumstances of transnational Chinese students and other challenges in teaching Western accounting theories. It justifies a comparative approach to engaging Chinese students in understanding the financial reporting framework in an Australian context whilst simultaneously identifying links to Chinese accounting practices.*

**KEYWORDS:** Australia, China, engagement, IFRS, transnational accounting education

By 2010, Australian universities had taken the lead in providing transnational education programs (including accounting) in the People's Republic of China (China). Following the definition in Universities Australia (2009), transnational education programs, also known as offshore programs, are programs which are conducted with a formal agreement between an Australian university (AU) and an overseas institution. Australian universities that have developed such programs have a responsibility for overseeing their academic standards and their completion. Each of these programs leads to a recognized higher education qualification. Transnational education programs bring Australian universities considerable financial benefits. However, they also present a great challenge – and opportunity – to develop an accounting curriculum that will ensure the educational success of such programs. The challenge for Australian universities is to maintain the integrity of degree programs whilst engaging with the local Chinese context. An equal challenge for offshore partner institutions is how to introduce Western concepts and apply them to the Chinese context without losing Chinese cultural identity (Yang & Silver, 2011). The fundamental differences in political, legal and educational systems between Western countries and China indicate that Western business concepts need to be modified to accord with Chinese circumstances and participants' understanding (Scott, 2002).

Prior literature demonstrates the importance of engaging with the local context in transnational teaching and learning, and points to the need for Australian academics to acquire a deeper understanding of the local Chinese environment (Dunn & Wallace, 2006; Gribble & Ziguas, 2003; Huang, 2006; Leask, 2004; Li & Wang, 2009; Mok & Xu, 2008; Scott, 2002; Yang, 2008; Wang, 2005). Precisely what are the special circumstances of Chinese students and how to engage with local context, however, are under-researched. Prior literature is silent regarding teaching and learning in specialist accounting studies in transnational education programs. Given Australia's leadership in providing accounting programs in China, it is important for Australian academics to address this issue, in order to enhance both their own reputation and the strategic relationship with their offshore partner institutions.

Accordingly, this paper aims to attend to the challenge of teaching accounting in transnational accounting programs in China. Specifically, it provides an overview of institutional changes in accounting practices and transnational accounting education in China. It provides an example for teaching the conceptual framework for general purpose financial reporting in an AU's offshore degree program in the context of China's convergence with the International Financial Reporting Standards (IFRS). The paper hopes to serve as an ice-breaker for future research into teaching and learning in transnational accounting education in the context of China, thereby offering some

insights into the internationalization of accounting curricula in developing countries.

The remainder of the paper is organized as follows: Accounting Reform and Transnational Accounting Education in China section provides an overview of accounting reform and transnational accounting education in China. The Teaching Note section outlines the teaching example. Limitations and Future Research section presents limitations and directions for future research; and Concluding Remarks section presents tentative conclusions.

#### ACCOUNTING REFORM AND TRANSNATIONAL ACCOUNTING EDUCATION IN CHINA

##### China's accounting reform

Chinese accounting practices and accounting education during the time of the centrally-planned economy (1949–1978) were influenced by a Maoist political ideology that focused on the primacy of class struggle and on public ownership and central planning (Ezzamel, Xiao, & Pan, 2007, p. 674). Private ownership and entrepreneurialism in the Western capitalist sense were regarded as illegitimate. They were rejected because they were regarded as a means for capitalists to exploit the working classes. As a result, socialist accounting practices following the former Soviet Union model were adopted. Accounting practices at the enterprise level were to follow the prescribed systems and record the required transactions (Roberts, Weetman, & Gordon, 2005, p. 532). Professional judgment in accounting practice was not required. The objective of accounting education was to serve the needs of the centrally-planned economy, rather than to promote wealth creation in the capitalist sense. Lin, Xiong, and Liu (2005) provide a useful description of accounting education under the planned economy:

Accounting education was bookkeeping and narrowly focused industrial accounting. Accounting students were taught in a very rigid process according to the national uniform chart of accounts and the prescribed forms of accounting statements (p. 151).

Since the time of China's economic reforms in 1978, the country has been in transition from a planned economy to a market-oriented economy.

The accounting practices of the planned economy could not meet the needs of the market-oriented economy. Accordingly, Chinese accounting reform started in parallel with the country's economic reform. Former state-owned enterprises in China have undergone significant reform since the 1990s, in the name of establishing a 'modern enterprise system' modeled on the Western capital market structure. Former state-owned enterprises became corporatized. Entrepreneurship and wealth maximization for shareholders, which used to be considered illegitimate under the planned economy, have become the actual objective of those corporatized Chinese companies. The establishment of Chinese capital markets in the 1990s, with the opening of the Shanghai Stock Exchange and Shenzhen Stock Exchange, and China's entry into the World Trade Organization in 2001, have stimulated the progress of Chinese accounting reform in its move toward a Western financial reporting framework.

The World Bank funded a 10-year project (2000–2009) the *China Accounting Reform and Development Project (the Project)* for the Chinese government with the aim of 'modernizing' Chinese accounting practices to make them compatible with principles generally accepted by market economies (World Bank, 2000). *The Project* is instrumental to the reform of accounting standards and the convergence of the *Chinese Accounting Standard for Business Enterprises* issued in 2006 (China Ministry of Finance [China MOF], 2006; [CASBE 2006]) with IFRS (The Institute of Chartered Accountants of Scotland [ICAS], 2010). China's Ministry of Finance (MOF) issued '*The roadmap of continuous convergence of P. R. China's accounting standards for business enterprise (CASBE) to the international financial reporting standards*' in 2010 (*Roadmap*). According to the *Roadmap*, all listed companies, financial institutions and large central state-government enterprises were to be the first adopters of the new CASBE (substantially IFRS equivalent) from 2007, followed by non-listed state-owned enterprises from 2008. The *Roadmap* states that, as the world's largest developing country and emerging economy, China will closely follow the development of International Accounting

Standards Board's (IASB's) standards, and build on current convergence practice, with full convergence to be completed by 2011 (China Ministry of Finance [China MOF], 2010, p. 4).

While the announcement clearly states China's commitment to implementing IFRS, it also emphasizes the need to take account of contextual issues pertinent to emerging economies, together with the need for professional development for Chinese accounting professionals to ensure effective implementation of new accounting standards. Convergence with IFRS gives legitimacy to financial statements by Chinese companies in the international capital market. Convergence with IFRS implies that Chinese financial reporting regulations are transformed from the former socialist Soviet Union model to the Western capitalist model (although not publicly acknowledged by the Chinese government because of political sensitivity). One of the ongoing challenges is whether the convergence with IFRS could equally result in convergence in accounting practices (Peng, Tondkar, Smith, & Harless, 2008). The principle-based IFRS require Chinese accounting professionals to exercise professional judgment in accounting practice. This would be in contrary to the traditional authoritative rule-based prescriptive accounting practices. And this means that the underlying principles of accounting practices will have to be adjusted to suit China's transition to a market economy.

The study of accounting theory is an important area in all professional preparation (Mathews, 2004). Although the underlying principles (and theories) of accounting practices are still underdeveloped in China (Li & Wang, 2009), the study of accounting theories is in fact required by professional bodies both in China and in Australia.

For example, Certified Practicing Accountant Australia (CPA Australia) (2008) requires that the area of knowledge for financial accounting needs to cover:

... a critical awareness of financial accounting and financial analysis issues within Australian and international contexts, and an understanding of the theoretical concepts underlying accounting practice (p. 12).

Similarly, the Chinese accounting professional society, the China Institute of Certified Public

Accountants (China Institute of Certified Public Accountants [CICPA], 2007), also requires the core knowledge area of financial accounting to include:

Accounting theories, principles and concepts for internal and external business operations ... Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards and Auditing Standards, ... and awareness of global business practice (CICPA, 2007, Item 10).

Both CPA Australia and CICPA require their members to be aware of local and international financial reporting practices. The recent global financial crisis and China's convergence with IFRS have drawn attention to the need for financial reporting to be based on an understanding of the principles behind the practices.

### **Transnational accounting education in China**

The implications of China's transition to a market-oriented economy and its desire for convergence with IFRS for Chinese accounting education are significant. The demand for professional accountants with modern accounting knowledge and skills in China's changing business environment has provided the impetus for many Chinese universities to seek partnerships with universities and professional accounting bodies (for example the Association of Certified Chartered Accountants [ACCA], 2008) from Western countries. Such partnering was seen by the Chinese government as an efficient way for Chinese universities to build their intellectual capacity (Garrett, 2004) and meet the demand for professional accountants in a global market. At present there are 35 transnational accounting programs officially recognized by the Ministry of Education (MOE) in China. The majority of these 35 programs' providers are from Western English-speaking countries (see Table A1 in Appendix), including Australia (12), UK (6), Canada (5), USA (1) and Ireland (1). In terms of location, nearly half of the transnational accounting programs are based in northeast China, an area that comprises three provinces: Liaoning, Jilin and Heilong Jiang. Contrary to common belief, the majority of transnational accounting programs are not located in

Beijing and Shanghai. Australian universities have focused on northeast China because of that region's potential for growth.

Australian universities' active involvement in transnational education in China has drawn increasing attention to teaching and learning in such programs. Prior literature (see Gribble & Ziguras, 2003; Leask, 2004; Li & Wang, 2009; Mok & Xu, 2008; Scott, 2002; Wang, 2005) has expressed caution about the appropriateness of delivering Western concepts to Asian countries, in particular China, without considering the local context. To address this issue, the Australian Vice-Chancellor's Committee's (AVCC, now called Universities Australia) *Provision of education to international students: Code of practice and guidelines for Australian universities* (2005, the 'AVCC Code 2005') has outlined specific requirements for universities dealing with transnational teaching. One requirement is that universities should ensure that:

international students not only gain an understanding of their discipline and associated studies in an Australian context but also, where possible, be given the opportunity to relate these studies to their home environment ... ensure that all staff involved with international students and other clients are competent to deal with the students' special circumstances (Australian Vice-Chancellors' Committee [AVCC], 2005, pp. 13–15).

The AVCC Code encourages Australian universities to relate discipline studies in the Australian context to their international students' home environment. The code requires Australian universities to ensure that staff are competent to deal with the special circumstances of students in transnational education programs. The following section will present a teaching note outlining the teaching context of a transnational accounting program, with a comparative analysis of the Australian and Chinese conceptual frameworks for general purpose financial reports, arranged so as to engage offshore Chinese students in class discussions.

#### THE TEACHING NOTE

##### **About the transnational accounting program**

The teaching note draws on the author's experiences in teaching and managing an AU's large

offshore program in northeast China, and is confined to the accounting degree program only. The offshore accounting program is accredited by CPA Australia and has operated for 11 years, from 1999. The program follows a 2 + 2 model, with students entering the degree program articulating with advanced standing from the 2-year diploma offered by AU's Tertiary and Further Education (TAFE) sector. The remaining 2 years of study to complete the degree can be taken in either AU's Melbourne campus or its Chinese partnership institution. Australian academics are responsible for coordinating all subjects. They conduct 1 week of intensive teaching in China for 18 hours per semester. Local Chinese lecturers conduct tutorials and some lectures for the remainder of the semester. AU lecturers keep contact with local lecturers during the semester by email and telephone before and after each teaching visit in China.

The subject described here is a financial accounting theory related subject, a final year undergraduate specialist accounting subject (and is compulsory in undergraduate accounting programs in Australian universities). The subject aims to develop students' appreciation of the role that theory and practice has played in the development of financial reporting.

##### **Special circumstances of Chinese students in the transnational accounting program**

###### *Intensive teaching mode*

Intensive block teaching is one of the challenges faced by offshore Chinese students. Gribble and Ziguras (2003) report that offshore students expect a higher standard of teaching compared to onshore students, because of the intensive teaching mode. This implies that teaching methods used for normal onshore teaching have to be modified to suit intensive block teaching to maximize the education benefits for the students.

###### *English language proficiency*

Students in the subject here described have reported difficulty in understanding Western theories because of deficiencies in their English proficiency. This echoes the findings in a recent study

by Yang and Silver (2011) that the evaluation by Australian academics of offshore Chinese students' learning reveals that the students' English was good in relation to subjects like finance, statistical analysis, management accounting, and computerized accounting information systems, but that in theoretical and law studies, the students had much greater problems. While Chinese students' level of English proficiency may be an obstacle to learning, the major reason could be lack of engagement with the local context and of appreciation of cultural influence.

Ryan and Hellmundt's (2003) study reports that a mismatch in academic expectations and experiences is more likely to be the source of Chinese students' learning problems than language alone. They argue that the relevancy of course content and the lack of recognition of different experiences, perspectives and background knowledge are the major source of learning problems. Similar to the circumstance of transnational higher education in South East Asian countries (noted in Gribble & Zigras, 2003), transnational business education in China has commonly involved curriculum (including textbooks) used in Western developed countries with minimal modifications. This has led to the problem of dissociating accounting education from the social, cultural and political origins of China. There has been a growing concern by local Chinese accounting scholars (Fang, 2009; Geng & Pang, 2004) that adopting Western theories without considering the Chinese context is dangerous and might even be misleading. Like any social science, accounting theoretical perspectives cannot be studied in isolation from the political and economic environments where they take place. Chinese companies operate in a changing institutional environment that their Western counterparts would rarely experience. This requires Australian academics to reflect on their teaching practices, and to develop teaching strategies adapted to the local context and the students' cultural diversity.

### *Chinese students' classroom behavior*

The classroom behavior of Chinese students presents another challenge in teaching this subject. The extant literature (e.g., Chan, 1999; Evans

& Foster, 1997; Heffernan, Morrison, Basu, & Sweeney, 2010; Xiao & Dyson, 1999) refers to the characteristics of Chinese learners and the influence of Confucian values. Confucianism respects authority and harmony and emphasizes modesty of behavior. This hierarchical relationship leads to a teacher-centered kind of teaching and learning environment in which students rely on their teachers to gain knowledge and skills. The financial accounting theory subject, however, involves critical evaluation of different theoretical perspectives and considerable class discussion. Chinese students are very often hesitant in participating in such class discussion. They are willing to answer and ask questions only when prompted. This classroom behavior clearly indicates how traditional Chinese Confucian culture promotes modesty of behavior and reduces the likelihood of students asking their teachers' questions in public (Chan, 1999). Chinese students are taught in large groups in large classrooms (Yang & Silver, 2011) with little tutorial support, reflecting the collectivist culture of China. This discourages them from expressing their opinions (Xiao & Dyson, 1999). In contrast, large groups and large classrooms present a challenge to Australian lecturers. Planned teaching activities designed for small class discussions in tutorials need to be modified to adapt to the transnational teaching environment in China.

### *Relevance of content*

The subject covers those financial accounting theories that originated in Western countries (e.g., agency theory, positive accounting theory, legitimacy theory, stakeholder theory, and institutional theory). The textbook for the subject is *Financial accounting theory* (Deegan, 2009), a popular textbook used by many Australian universities for their accounting theory subject. This textbook, however, draws on financial reporting practices and studies mainly from developed countries, with limited reference to Chinese financial reporting practices. Offshore Chinese students found it difficult to relate Western theories to real life circumstances in the Chinese context. How to introduce Western theories to Chinese students is indeed a challenge in teaching the subject.

**A comparative teaching approach**

The various issues experienced by international Chinese students provided the motivation for adopting a comparative teaching approach to developing teaching materials (see Figure 1 below).

The comparative teaching approach aims to enable Chinese students to understand the financial reporting practices in Australia, but also to engage them with Chinese accounting reform and convergence with IFRS. When introducing Western accounting theories, the author engages students in evaluating whether Western theories can be applied to a Chinese enterprise’s financial and non-financial reporting practice. Real life international and local cases have been used to explain different accounting measurements in class demonstrations. The content of teaching is equivalent to the corresponding onshore subject curriculum. However, China’s country-specific context has been incorporated into the subject curriculum, including a Chinese version of key English terminologies. Teaching Illustration 1 below illustrates a comparative approach to teaching Australian conceptual framework for general purpose financial reports to Chinese students.

The author observed that students showed a better understanding of the key terminologies when Chinese translations were provided. Translation of financial reporting terminologies from English into Chinese is a necessary and vital part of achieving better understanding of international financial reporting practices by Chinese accounting students and professionals. The importance of translation of IFRS into other languages in achieving the quality implementation of IFRS globally is recognized by the International Financial Reporting Standard [IFRS] Foundation (2011). Further, Chinese students found it reassuring to see Chinese characters appearing in the English

lecture notes. This helped to motivate them to participate in class discussions.

In the example below, students were given a worksheet which included the key concepts of the Australian conceptual framework (IASB Framework equivalent) for financial reporting. They were then assigned to groups, and each group was allocated a few questions related to the topic. These group discussions provided students with the opportunity to talk with their peers rather than directly to the lecturer, and the students felt more comfortable in this informal setting. The instructor circulated among the groups during the group discussions, then

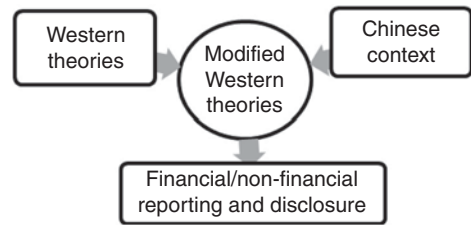


FIGURE 1: COMPARATIVE TEACHING APPROACH

**TEACHING ILLUSTRATION 1: CLASS DISCUSSION SHEET**

Normative accounting theory – conceptual framework 规范会计理论- 概念框架	Commonalities		Differences	
	Australia	China	Australia	China
Accounting standard setter				
Harmonization 趋同 with International accounting standard board (IASB)SB framework				
Constituents				
Reporting entity				
Objective of GPFR				
Identified users				
Assumptions 前提				
Qualitative characteristics of general purpose financial reports				
会计信息质量要求				
Key elements 要素				
Measurement 计量				
Financial statements				

Source: CPA Australia (2011), Accounting handbook Chinese accounting standard for business enterprises – basic standard (China MOF, 2006); International accounting standards board (IASB) framework (IFRS foundation, 2010)

identified the best student's response from each group, and asked that student to report to the class. This type of activity would generally take 10–15 minutes. The instructor then discussed the commonalities and differences in the conceptual frameworks in financial reporting between Australia and China (refer to Table A2 in Appendix). The above teaching example, using a comparative approach, enabled students to understand the conceptual framework for financial reporting in the Australian context, but also engaged them with Chinese financial reporting practices.

### Students' reflections on learning

The teaching note described in this paper was developed progressively over the years through trial and error and by drawing on the students' and the author's self-reflection on teaching and learning. The special circumstance of offshore Chinese students kept challenging the author to reflect on teaching practices and to explore alternative ways to teach accounting theories effectively to Chinese students. Teaching and learning activities using the comparative approach aim to empower students and enable them to undertake their own learning. Of course one should not over-generalize in regard to the wider applicability of this approach, or, specifically, of the present teaching note. It is noted, however, that over the years, Chinese students have reported that they have improved their learning by actively participating in class discussions and have gained a better understanding of financial reporting in the Australian context and related them to Chinese financial accounting practices. Although Chinese students continue to face challenges in learning Western accounting programs, the comparative approach to teaching Western accounting theories has engaged international Chinese students in learning in a better and more effective way.

### LIMITATIONS AND FUTURE RESEARCH

The comparative teaching approach focuses on engaging students through contextualization, including using the two relevant languages, to explain accounting terminologies in offshore teaching in China. Academic performance, however, was

not examined systematically when developing the teaching materials. Further research is needed to systematically examine the effectiveness of using a comparative approach to transnational accounting teaching, to investigate, for example, whether the comparative approach contributes to improving students' academic performance. Another limitation of the comparative approach to teaching accounting is the language barrier. Western academics, for the most part, do not read or speak Chinese. This will be an issue for most Western academics. Further research also needs to investigate effective ways for Australian academics to develop their understanding of the Chinese context. Part of the solution could be through collaborative work with local offshore lecturers and professional development activities in transnational accounting teaching.

### CONCLUDING REMARKS

This paper is descriptive, and is focused on the teaching practice of only one subject; and therefore only a tentative conclusion is offered. It addresses the issues in transnational accounting education and presents teaching materials to illustrate how to integrate an intercultural dimension to teaching accounting theories in the context of China's convergence with IFRS. Understanding the special circumstances of Chinese students means that Australian academics should be aware of how to engage with such students effectively in teaching. Effective participation requires a respect for the students' background and care not to impose Western values on Chinese students. A transnational accounting program provides an opportunity for Chinese students to learn Western accounting concepts and principles as components of financial reporting practice. Students enrolled in such programs are exposed to modern Western accounting knowledge. Thus, they are expected to be more familiar with international financial reporting practice compared to students educated in local Chinese accounting programs. The purpose of enrolling in a transnational accounting program is not just the glamour of having a Western qualification; it is the career potential of such a qualification that entices students to choose the program. The question is how to teach western business concepts to

Chinese students in a way that is not disrespectful of Chinese cultural values. Spence's (1969) comment is still useful:

... But the westerners had presented their expertise as the wrapping round an ideological package, and had tried to force the Chinese to accept both together. It was this that the Chinese had refused to tolerate; even at their weakest, they sensed that acceptance of a foreign ideology on foreign terms must be a form of submission (p. 290).

The answer perhaps is to develop intercultural competence for Australian academics in teaching practices. The comparative approach aligns with the view that the integration of an intercultural dimension improves the delivery of offshore education (Knight, 2006). The intercultural competence of teachers and learners is an evolving process that challenges Australian academics and Chinese students as well as their local Chinese lecturers regarding their 'taken-for-granted beliefs and biases' (Bodycott & Walker, 2000). It is therefore necessary to compare the Australian and Chinese institutional environments in financial reporting and to embrace an intercultural dimension (Leask, 2004) for offshore accounting education.

In spite of the limitation of this paper, it endeavors to bridge the gap between the aim of curriculum internationalization and the subject curriculum (Edwards, Crosling, Petrovic-Lazarovic, & O'Neill, 2003). This paper provides the context of transnational accounting education in China which was under-researched in the literature. Thus, it contributes to the current transnational education literature by adding specialist accounting studies into the debates. The methods described in the teaching note presented in this paper have provided offshore students with the means to understand accounting practice in an international context and have appeared to be effective in stimulating learning. They have the potential to be extended to other subjects in the accounting area, including law subjects, through comparative analysis of Western and Chinese institutional environments and how they explain the convergent and divergent business practices between Western and Chinese enterprises. This would enable Australian academics to improve teaching and learning in accounting education and help students who

may struggle with the relevance of Western accounting curricula to their local context.

This study has implications for the professional development of Australian academics involved in programs in China. It points to the need for a course on China and its culture for Australian academics. This would help to promote a deeper understanding of the Chinese contextual environment to assist Australian academics in their preparation for offshore visits (Gribble & Ziguras, 2003, Yang & Silver, 2011). Further enquiry and development of teaching initiatives is highly desirable.

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**APPENDIX**

**TABLE A1: TRANSNATIONAL ACCOUNTING PROVIDERS IN CHINA**

Country of origin/Location in China	Master of professional accounting	Undergraduate accounting	Total	Country of origin/Location in China	Master of professional accounting	Undergraduate accounting	Total
Australia	2	10	12	Shanghai	1		1
Beijing	D		1	Tianjin		1	1
Canton	JC	SQU	2	Germany		2	2
Henan		V	1	Shan Dong		1	1
Jiangsu		C	1	Shanxi		1	1
Northeast		G, L, V, C, CS	5	Hong Kong	1	1	2
Shan Dong		JC	1	Beijing	1		1
Yunnan		CS	1	Jiangsu		1	1
United Kingdom		6	6	Korea Republic		1	1
Henan		2	2	Shan Dong		1	1
Northeast		4	4	USA		1	1
Russia		5	5	Fujian		1	1
Northeast		5	5	Ireland		1	1
Canada	1	4	5	Fujian		1	1
Hebei		1	1	Total	4	31	35
Northeast		2	2				

Source: China's Ministry of Education (2010). Key: C, Curtin University; CS, Charles Sturt University; D, Deakin University; G, Griffith University; JC, James Cook University; L, La Trobe University; SQU, Southern Queensland University; V, Victoria University

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**TABLE A2: DISCUSSION SUMMARY SHEET: COMPARATIVE ANALYSIS OF THE CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING BETWEEN AUSTRALIA AND CHINA**

Normative accounting theory – conceptual framework 规范会计理论-概念框架	Commonalities		Differences	
	Australia	China	Australia	China
Accounting standard setter	Government		AASB	Ministry of Finance
Harmonization with international financial reporting standards 趋同	Convergence with IFRS framework		Early adopter since 2005	Converging, work-in-progress
Constituents	Based on IASB framework		SAC 1 and SAC 2 AASB framework	ASBE-BASIC Standard 基本准则
Reporting entity	Publicly listed companies		Publicly listed companies are regarded as economic entity and expect the existence of separation of management from ownership; Public Organizations and large private companies	Publicly listed companies only from 2007, and state-owned enterprises from 2008; majority of publicly listed companies are former state-owned enterprises and still controlled by government, no separation of management from ownership. State-controlled publicly listed companies are not only economic entities, but also social benefits providers influenced by the planned economy
Objective of GPFR	Provide useful information to users in making economic decisions			
Identified users	Investors, creditors, government bodies		Customers, employees	General public
Assumptions 前提	Going concern, accrual based accounting			
Qualitative characteristics of GPFR 会计信息质量要求	Relevance, reliability, comparability, understandability		Materiality, timeliness, substance over form, and prudence are used to explain the four common qualitative characteristics of GPFR	Materiality, timeliness, substance over form, and prudence are equally listed as the qualitative characteristics of GPFR
Key elements 要素	Assets, liabilities, equity, income, expense			The sixth element: profit
Measurement 计量	Historical cost 历史成本 Replacement cost 重置成本 Present value 现值 Net realisable value 可变现净值 Fair value 公允价值			Historical cost is a preferred measurement method, fair value is not encouraged, although it is recognized
Financial statements	The statement of financial position (资产负债表) The statement of comprehensive income (利润表) The statement of cash flow (现金流量表) Notes to financial statement		Changes in owner's equity	Cash flow statement is not required for small enterprises

Source: CPA Australia (2011), Accounting handbook Chinese accounting standard for business enterprises – basic standard (China MOF, 2006); International accounting standard board (IASB) framework (IFRS Foundation, 2010)

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