

Survey on scope of Supplier Finance Arrangements

General information

We welcome your participation in the survey on ED/2021/10 *Supplier Finance Arrangements*.

Please note that information marked with * is required. If not stated otherwise there is only one possible choice per question.

1. Please provide the following information: *information is required

Title

Name and surname *

Your
email

Name of your company/
institution

2. Type of respondent

- Financial statement user
- Financial statement preparer
- Standard setter or enforcer
- Academic
- Other, please describe shortly

3. May we contact you if we have questions about your response?*

- Yes
- No

4. Please note that your comments (except for your email address and whether you can be contacted) will be posted on EFRAG's website unless you request confidentiality. Such requests will not normally be granted unless supported by good reasons, for example, that the information that you provide is commercially sensitive. Please see our website for details on this and how we use your personal data here. If you want to request confidentiality, please indicate this below and provide your reason. Do you want to request confidentiality? *

- Yes
- No

Please provide your reason for requesting confidentiality.

Scope

Introduction

The IASB's exposure draft (ED) on supplier finance arrangements intends to enhance the transparency of reporting for such arrangements by complementing the requirements in existing IFRS Standards. The proposed amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures would require entities to disclose additional information in the notes about those arrangements.

In this survey, EFRAG is consulting preparers solely on the scope as set out in the IASB's ED. This survey includes six questions and takes about 10-15 minutes to complete.

Explanation: proposed scope description

The IASB proposes not to define but rather to describe the types of arrangements that are within the scope of the proposed disclosures. The ED provides the following description in paragraph 44G:

'A supplier finance arrangement is characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay the finance providers at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements.'

5. Do you consider that the proposed description of supplier finance arrangements instead of a definition will result in targeted arrangements being captured within the scope of the project?

- Yes, I consider that the description will capture the intended population of arrangements
- No, I think the description will not capture the intended population of arrangements

Please explain why you think that the proposed description will not capture the intended population of arrangements

6. Do you consider that it would be useful if the description of supplier finance arrangements would be expanded to clarify that (i) arrangements providing early payment terms to suppliers and (ii) arrangements providing extended credit terms to buyers are both within the scope of the project?

- Yes, I consider that it would be useful that the description of supplier finance arrangements is expanded
- No, I do not think that it would be useful that the description of supplier finance arrangements is expanded

Please explain your view if you think that the description of supplier finance arrangements should not be expanded

7. Have you identified any situations where the scope as described in the ED do not capture some supplier finance arrangements or alternatively, cases where some are unintentionally captured? Please explain and provide examples.

Explanation: access to arrangements

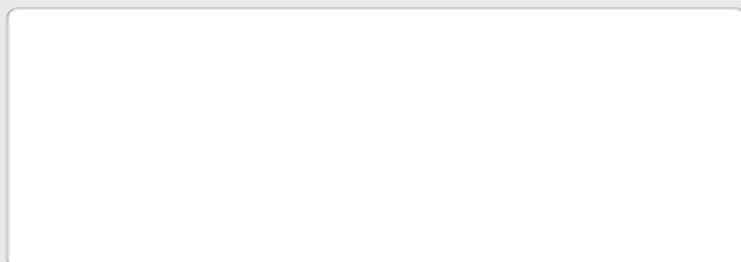
The IASB considers that supplier finance arrangements can be structured in different ways including arrangements providing early payment terms to suppliers that can choose to be paid earlier than the invoice due date by the finance providers, at a discount. The entity may (or may not) have negotiated extended payment terms with its suppliers in the light of the supplier finance arrangement. To complete the assessment on scope, the reporting entity has to consider the relevant terms of the arrangement being in place.

8. The ED's proposal assumes that the reporting entity has access to information about supplier finance arrangements to which the reporting entity does not necessarily participate, such as arrangements between the finance provider and the supplier.

Do you consider that the assessment to be made by reporting entities to determine whether they are within the ED's scope would be feasible, considering the limited information that entities might have about supplier finance arrangements between the finance provider and supplier, in particular?

- Yes, I think entities are able to obtain this information
- No, I think entities do not have access to this information

Please explain your view if you think that entities have limited information about the arrangement between the finance provider and the supplier



Explanation: Finance receivables and inventories

The IASB decided not to include in the project scope disclosure requirements for arrangements that finance receivables or inventories. In the IASB's view, information needs of users about receivables and inventory financing arrangements are unlikely to align fully with those about supplier finance arrangements.

9. Do you think that the IASB's proposals for supplier finance arrangements could be applied by analogy to arrangements about finance receivables and inventories and would therefore also address the user information needs about these types of arrangements?

- Yes, I think that the disclosures could be applied by analogy and provide relevant information to users about other types of arrangements
- No, I disagree that the disclosures could be applied by analogy

If you disagree, please explain your view in the box below

10. Do you consider that receivables and inventory financing arrangements should be included in the scope of the project?

- Yes, I think that receivables and inventory financing arrangements should be included in the scope
- No, I do not think that receivables and inventory financing arrangements should be included in the scope

Please explain your view

Please explain what disclosures you would propose for such arrangements

Thank You!

Thank you for taking our survey. Your response is very important to us.