

Comments on Exposure Draft Supplier Finance Arrangements - Amendments to Ind AS 7 and Ind AS 107

Comment 1

The following may be inserted in para 44 F-

In response to investors' expectations for increased transparency of supplier finance arrangements' impacts on the financial statements, appropriate amendments have been introduced in Ind AS 7 and Ind AS 107. The amendments introduced do not apply to arrangements for financing receivables or inventory.

Comment 2

The following may be inserted at the end of para 44G after the existing content-

The amendments apply to supplier finance arrangements that have all of the following characteristics.

- A finance provider (s) pay (s) amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

In keeping with the required transparency expected under existing Ind AS framework, the amendments introduce specific requirements for reporting entities to provide the information users need. Entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

Comment 3

The following may be inserted at the end of para 44G after the existing content-

For each **Supplier finance arrangements**

Example: Supplier finance arrangements

A. Qualitative information

Disclose terms and conditions³ (e.g. extended payment terms and security or guarantees provided)

B. Quantitative information

Carrying amount of financial liabilities

Presented in trade and other payables xxxx

– of which suppliers have received

payment from finance provider xxxx

Range of payment due dates

Liabilities that are part of the arrangements

Comparable trade payables that are *not* part of the arrangements

Comment 4

Ind as 107 - Paras 44JJ and B11F - Comments

The existing content in ED is in order with IASB guidelines and amendments introduced in Ind AS 7. However in Para B11F, point j – reference may be made to para 44H of ED on Ind AS 7 also, apart from para 44 G which is mentioned.