



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)

Western India Regional Council

WIRC/ICAI/7541 /2022

13<sup>th</sup> January 2022

To,  
The Secretary,  
Accounting Standards Board,  
The Institute of Chartered Accountants of India,  
ICAI Bhawan, Post Box No. 7100,  
Indraprastha Marg, New Delhi 110 002

Dear Sir/Madam,

**Sub.: Comments on Exposure Draft - Supplier Finance Arrangements -  
Proposed amendments to IAS 7 and IFRS 7**

Please find attached comments on Exposure Draft Supplier Finance Arrangements - Proposed amendments to IAS 7 and IFRS 7, for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

CA. Manish Gadia  
Chairman - WIRC of ICAI





**Question 1—Scope of disclosure requirements**

The [Draft] Amendments to IAS 7 and IFRS 7 do not propose to define supplier finance arrangements. Instead, paragraph 44G of the [Draft] Amendments to IAS 7 describes the characteristics of an arrangement for which an entity would be required to provide the information proposed in this Exposure Draft. Paragraph 44G also sets out examples of the different forms of such arrangements that would be within the scope of the Board's proposals.

Paragraphs BC5–BC11 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

*Response: We agree with the proposals mentioned in paragraph 44G. The reason for the same is that paragraph 44G although does not define supplier finance arrangements, but it provides the rationale behind identifying a supplier finance arrangement.*

**Question 2—Disclosure objective and disclosure requirements**

Paragraph 44F of the [Draft] Amendments to IAS 7 would require an entity to disclose information in the notes about supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on an entity's liabilities and cash flows. To meet that objective, paragraph 44H of the [Draft] Amendments to IAS 7 proposes to require an entity to disclose:

- (a) the terms and conditions of each arrangement;
- (b) for each arrangement, as at the beginning and end of the reporting period:
  - (i) the carrying amount of financial liabilities recognised in the entity's statement of financial position that are part of the arrangement and the line item(s) in which those financial liabilities are presented;
  - (ii) the carrying amount of financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers; and
  - (iii) the range of payment due dates of financial liabilities disclosed under (i); and

(c) as at the beginning and end of the reporting period, the range of payment due dates of trade payables that are not part of a supplier finance arrangement.

Paragraph 44I would permit an entity to aggregate this information for different arrangements only when the terms and conditions of the arrangements are similar.

Paragraphs BC12–BC15 and BC17–BC20 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you agree with only parts of the proposal, please specify what you agree and disagree with. If you disagree with the proposal (or parts of it), please explain what you suggest instead and why.

*Response: We agree with the disclosures set out in paragraph 44H. This paragraph set out detailed specific disclosures pertaining to Supplier finance arrangement.*





**Question 3—Examples added to disclosure requirements**

Paragraph 44B of the [Draft] Amendments to IAS 7 and paragraphs B11F and IG18 of the [Draft] Amendments to IFRS 7 propose to add supplier finance arrangements as an example within the requirements to disclose information about changes in liabilities arising from financing activities and about an entity's exposure to liquidity risk, respectively.

Paragraphs BC16 and BC21–BC22 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

*Response: We agree with the amendments to IFRS 7 provided in the Exposure Draft.*