

This paper provides the technical advice from EFRAG FR TEG to the EFRAG FR Board, following EFRAG FR TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG FR Board. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG FR Board are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

Supplier Finance Arrangements Cover Note

Objective

- 1 The objective of the session is for the EFRAG FR Board to discuss and approve the EFRAG final comment letter ('FCL') on the [IASB Exposure Draft ED/2021/10 Supplier Finance Arrangements](#), issued by the IASB on 26 November 2021 (the 'ED').
- 2 The EFRAG FCL considers the feedback obtained during consultation on the IASB proposals on the supplier finance arrangements ('SFA') project and input received on the EFRAG draft comment letter ('DCL') on this topic. Further details can be found below:
 - (a) [Summary of outreach activities on SFA](#);
 - (b) [Comment letter analysis](#).

Agenda Papers

- 3 The agenda papers for this session are:
 - (a) Agenda paper 03-01 – *Cover note on SFA* – the cover note is the one provided to EFRAG FR TEG for consideration at their discussion on the EFRAG FCL on SFA at their meeting on 23 March 2022;
 - (b) Agenda paper 03-02 – *EFRAG Final Comment Letter on SFA - mark-up version* (considered by EFRAG TEG on 23 March 2022); and
 - (c) Agenda paper 03-03 – *Summary of changes proposed by EFRAG FR TEG to the EFRAG FCL* – this agenda paper will be provided in due course following the EFRAG FR TEG discussion on the EFRAG FCL on 23 March 2022. The paper informs about changes proposed by EFRAG FR TEG to the EFRAG FCL to be considered by the EFRAG FR Board.

Background

- 4 In early 2020, the IFRS Interpretations Committee (IFRS IC) received a request about reverse factoring arrangements, more specifically:
 - (a) how an entity presents liabilities to which reverse factoring arrangements relate (i.e. how it presents liabilities to pay for goods or services received when the related invoices are part of a reverse factoring arrangement); and
 - (b) what information about reverse factoring arrangements an entity is required to disclose in its financial statements.
- 5 In December 2020, the IFRS IC published an agenda decision which concluded that current principles and requirements in IFRS Standards provide sufficient guidance for entities to apply to reverse factoring arrangements.

- 6 However, in June 2021, after discussing the feedback received from investors and analysts, the IASB tentatively decided to add a narrow-scope standard-setting project to address investor information needs related to supplier finance arrangements, in particular:
- (a) to explain the type of arrangements within the scope, rather than include specific definitions;
 - (b) to add qualitative and quantitative disclosure requirements to IAS 7 *Statement of Cash Flows*; and
 - (c) to highlight existing disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*.
- 7 In January 2022, EFRAG published its draft comment letter, where EFRAG supported the IASB's project which increased conformity with existing disclosure requirements in IFRS Standards. However, EFRAG considered that the IASB's proposals do not completely address the wider issue of presentation and classification of such arrangements in the primary financial statements, the necessary transparency on liquidity risk and working capital leverage. EFRAG also anticipated that, at a later stage, further efforts were needed in terms of reporting for such arrangements and encouraged the IASB to consider possible improvements related to supplier finance arrangements in other cross-related projects.

Feedback from outreach activities

Question 1 – Scope of disclosure requirements

- 8 The IASB's proposals to disclose information about SFA that enable users to assess the effects of those arrangements on the entity's liabilities and cash flows were broadly supported.
- 9 There was general support for the IASB's proposal to describe rather than define SFA as it would capture a wider range of arrangements.
- 10 However, some of the participants in the outreach considered that those arrangements that did not extend the reporting entity's credit and therefore did not affect its liquidity risk should not be included within the scope. Furthermore, almost all of the respondents to the questionnaire, considered that the receivables and inventory finance arrangements should be included within the scope of the project.

Question 2 – Disclosure objective and disclosure requirements

- 11 Participants in the outreach generally supported the IASB's proposal to add an overall disclosure objective and specific disclosure requirements in IAS 7 *Statement of Cash Flows*.
- 12 Most participants recommended that the IASB should be more specific with disclosures related to terms and conditions of SFA. The benefits of SFA could relate not only to the timing of payment to suppliers but also extend to the amounts of liabilities under such arrangements including discounts and interest rates involved. Users also highlighted the importance of understanding the terms and conditions of materials SFA to assess both the extension of payments (both with suppliers and finance providers) and liquidity risks.
- 13 Participants generally agreed that the proposed requirement to disclose information about the carrying amount of liabilities for which suppliers had already received payment from the finance providers might not be feasible as entities might not have this information. A slight majority of the respondents to the questionnaire considered that entities would not have access to information on arrangements to which the reporting entity does not necessarily participate.

- 14 A majority of participants considered crucial to provide information on the time of payment to suppliers as well as the extended payment terms as a consequence of SFA. Users observed that having a wide range of payment due dates was not very helpful as it did not provide the depth of information to understand the extended payment terms of the reporting entity. Thus, more detailed information on payment due dates may be needed. Alternatively, some users mentioned it would be useful to have the weighted average payment terms and the payment range to be broken down into economic payment terms
- 15 Users made several suggestions of how to improve the proposed disclosure requirements for SFA in addition to the other proposals highlighted in this summary. They generally favoured simple disclosures that allow them to understand the effects of having a financial institution as an intermediary in SFA as well as disclosures over multiple periods that allow them to better understand the trend.
- 16 There was wide support for EFRAG's suggested approach to provide aggregated information first and only require disaggregation when this would result in relevant information. This approach would only fulfil users' information needs if the level of aggregation enables them to understand the economics of the transactions and its impact on the extension of payment terms and liquidity risk. Therefore, there must be also judgement applied with respect to applying materiality principle on disaggregated information so meaningful information is not obscured.

Question 3 – Examples added to disclosure requirements

- 17 Most participants acknowledged that addressing how to present cash flows arising from SFA was crucial. From a conceptual perspective, participants were of the view that the statement of cash flows should only reflect actual cash flows. Participants generally supported having disclosure about non-cash changes arising from SFA rather than presentation changes in the statement of cash flows.
- 18 Participants generally supported EFRAG's recommendation in its DCL suggesting the IASB to add an explicit proposal that would require disclosure of concentration of risk to specific supplier finance provider(s) instead of SFA in general.

Feedback from comment letters received

- 19 At the timing of drafting, EFRAG received two comment letters (which have been uploaded to the [EFRAG website](#)), one additional comment letter after drafting the CL analysis – which was uploaded to the EFRAG website on 15 March, and four draft comment letters, which will be uploaded to the EFRAG website once the final version has been received. The feedback from the comment letter received after 15 March is included in the Outreach summary paper (as it was previously discussed in a meeting). The Comment letter analysis includes two final letters and four letters in draft version.

General comments

- 20 All respondents welcomed the IASB's project on SFA which improved transparency of reporting for these arrangements and comparability between reporting entities. The project was a consequence of users of financial statements asking for more prescriptive disclosure requirements on SFA to meet their information needs.
- 21 Many respondents generally agreed with the proposed narrow scope of the project as it addressed concerns raised by users of financial statements in a targeted and timely manner. However, respondents suggested that at a later stage the IASB should:
 - (a) consider a research project on IAS 7; and
 - (b) a broader project on SFA and receivable financing arrangements.

- 22 Majority of respondents supported the position expressed in the EFRAG DCL that the current project did not completely address the wider issue of providing necessary transparency on liquidity risk and how entities leverage their working capital to effectively obtain finance. It was noted that there was a need for a more comprehensive project on accounting for SFA in the future.
- 23 Some respondents acknowledged that classification and presentation of SFA in an entity's statement of financial position and statement of cash flows were not part of the project, however, encouraged the IASB to consider including in the final amendments of the ED the analysis set out in the IFRS Interpretations Committee's agenda decision published in December 2020.
- 24 Many respondents expressed concerns about the relevance of the statement of cash flows when payments via finance providers to suppliers remained outside the cash flow from operating activities. There was also a general need for improving disclosures on non-cash transactions and providing guidance on determining whether a cash flow existed, specifically, whether and when a finance provider could be considered as a paying agent of the entity. Those respondents considered that a broader project on IAS 7 was needed.

Question 1 - Scope of disclosure requirements

- 25 All respondents considered that the proposed description of SFA was adequate for the reasons explained in paragraph BC6 of the ED.
- 26 Majority of respondents suggested that further clarification about the proposed description of SFA in paragraph 44G of the ED was necessary. The description was considered to be rather difficult to understand and might be inaccurate in some circumstances considering the different types of SFA used in practice. In particular:
- (a) to clarify the characteristics of the SFA described in paragraph BC8 of the ED and elevate those examples in the main text of the ED's proposals;
 - (b) to provide guidance on whether arrangements initiated by the supplier rather than the reporting entity were intended to be within scope of the project to avoid any interpretation difficulties.
- 27 Majority of respondents raised various concerns with respect to the types of arrangements considered in scope of the project. In particular:
- (a) it was not clear why some specific arrangements (i.e. receivable or inventory financing arrangements) were explicitly scoped out. Some respondents disagreed with the scope exclusions (paragraph BC 11 of the ED) because there was a large economic similarity between SFA and direct factoring arrangements;
 - (b) there were also lack of transparent disclosures for other types of financing arrangements related to entities' working capital (e.g. inventory financing, receivables financing).
- 28 Respondents made the following suggestion of how to improve the transparency of reporting for different types of arrangements:
- (a) all arrangements providing finance should be adequately considered when defining new disclosure requirements. The IASB should analyse their characteristics simultaneously to avoid economically similar transactions being disclosed in different ways;
 - (b) the IASB should closely monitor reporting of those other arrangements and consider developing similarly robust disclosures at a future date.
- 29 Some respondents noted that different types of SFA might not trigger the same information needs of users and therefore not all SFA warranted the same type of disclosure objectives and requirements. The following suggestions were made:

Supplier Finance Arrangements – Cover Note

- (a) an entity should only be subject to the proposed disclosures when it was affected from extended payment terms or there was a derecognition of a trade payable combined with the recognition of a financial liability or a concentration in terms of liquidity risk existed;
- (b) it was acknowledged that distinguishing between different types of arrangements in order to provide different disclosures could be challenging in practice. Therefore, the IASB could assess the feasibility of refining the proposed disclosures by considering which party (i.e. the entity or the supplier) obtained the in-substance financing under the arrangement.

Question 2- Disclosure objective and disclosure requirements

- 30 Almost all respondents supported the IASB's proposal to add a disclosure objective in paragraph 44F of the ED that enables users of financial statements to assess the effects of SFA on the entity's liabilities and cash flows. Furthermore, many respondents suggested that the proposed disclosure objective should be expanded to also consider the effects of SFA on:
- (a) an entity's liquidity risk together with a possible cross reference to IFRS 7;
 - (b) an entity's financial performance as the entity might incur costs to set up those arrangements or benefit from discounts received from prompt settlement of invoices.
- 31 Almost all respondents generally agreed with the IASB's proposals to add specific disclosure requirement about an entity's SFA.
- 32 Some respondents doubted whether the most logical location of the proposed disclosure requirements on SFA was IAS 7 instead of IFRS 7.

Terms and conditions of SFA

- 33 Majority of respondents considered that the requirement in paragraph 44H(a) of the ED to require entities to disclose the terms and conditions of each supplier finance arrangement could:
- (a) be quite onerous, particularly where an entity entered into a large number of such arrangements;
 - (b) be burdensome and conflict with confidentiality agreements;
 - (c) should be amended to require disclosure of the 'relevant' terms and conditions of each SFA;
 - (d) was not necessary as the materiality principle IAS 1 was the pervasive one.

Payments received by suppliers from finance providers

- 34 Many respondents raised concerns about the proposed requirement in paragraph 44H(b)(ii) to require entities to disclose the carrying amounts of financial liabilities that are part of a SFA for which suppliers have already received payment from finance providers. In particular:
- (a) there were concerns about the availability and auditability of this information;
 - (b) providing accurate information on this proposals might require incurring additional costs;
 - (c) the information might be also sensitive and finance providers might not be able to freely exchange such information;
 - (d) the proposed disclosure could be used to analyse the cash flows of the entity, as long as payment terms remain unchanged regardless of whether or not the suppliers used such an arrangement.

Range of payment due dates

- 35 Many respondents considered that disclosing the weighted average payment dates rather than a range of payment due dates would generally result in more useful information.
- 36 It was commented that consider that information about the change in payment terms for suppliers would be difficult to provide and as the information might be commercially sensitive or regulated.
- 37 It was observed that there was a potential for misinterpretation when comparing information provided under paragraph 44H(b)(iii) and 44H(c) of the ED about payment due dates under SFA and ordinary trade payables because of existing regional differences related to payment due dates.

Level of aggregation

- 38 Many respondents observed that the proposed requirement in paragraph 44I of the ED (to disclose information about each supplier finance arrangement and permit aggregation only when the terms and conditions of arrangements are similar) lacked clarity and might result in excessive detail.
- 39 One respondent agreed with EFRAG's position that disclosures about concentrations of liquidity risk should be made for specific finance provider(s) instead of supplier finance arrangements in general.

Suggestions of how to improve the proposed disclosure requirements under SFA

- 40 Furthermore, constituents made the following suggestions of how to improve the proposed disclosure requirements about supplier finance arrangements:
- (a) *Amount of liabilities* – disclosing information about the amount of liabilities under SFA should be provided on an aggregated level instead of on an arrangement-by-arrangement basis.
 - (b) *Roll-forward of liabilities* - reporting entities should provide a reconciliation between the opening and closing balances of financial liabilities under SFA in order to help investors determine which changes should be included in their cash flow adjustments;
 - (c) *Disclosure of cash flows* – some respondents suggested that the ED should explicitly require specific disclosure requirements of the actual cash flows to the finance provider under SFA. In particular, such disclosures might include:
 - (i) guidance on classification of cash flows under SFA in the statement of cash flows;
 - (ii) the amounts of cash flows reported as part of operating and financing activities;
 - (iii) sufficiently detailed information about non-cash transactions as part of the requirements in paragraphs 43 and 44 of IAS 7;
 - (iv) to separately disclose the cash outflows relating to SFA that are reported as part of cash flows from financing activities;
 - (v) elevate the observations in paragraph BC16 of the ED (effects of SFA on an entity's operating and financing cash flows) in the final amendment;
 - (d) *Payment dates* – it was suggested that weighted average payment dates should be disclosed in addition to the range of payment due dates;
 - (e) *Transparency objective* – transparency about SFA could be achieved not only by establishing a disclosure objective but also by more comprehensive appropriate presentation, accompanied by adequate disclosures;

Supplier Finance Arrangements – Cover Note

- (f) *Simplification of disclosures* - suggestion was made to simplify the disclosures by providing information in aggregate for all schemes about what the effects were of having a financial institution as an intermediary in SFA.

Question 3 - Examples added to disclosure requirements

- 41 Almost all respondents agreed with the IASB’s proposals to add SFA as an example to certain existing disclosure requirements in IAS 7 and IFRS 7.
- 42 However, some doubts were expressed whether the proposed amendments to existing disclosure requirements in IAS 7 and IFRS 7 were useful and appropriate because:
- (a) disclosures about changes in liabilities arising from financing activities in paragraph 44B(da) primarily concerned non-cash changes and secondly related to (future) cash flows in relation to presentation of cash flows;
- (b) adding SFA as an example to a list of factors in paragraph B11F of the ED might not trigger any additional disclosure by entities.
- 43 Furthermore, suggestion was made to elevate the observations in paragraph BC21 of the ED in the final amendments of the ED to help users understand how SFA might increase liquidity risk and what is the outstanding total amount under SFA which is still available to the entity.
- 44 One respondent disagreed with EFRAG’s suggestion in paragraph 40 of its DCL to remove the word ‘non-cash’ from paragraph 44B(da) of the ED. This was because paragraphs 44A and 44B(a) of IAS 7 would already capture changes from cash flows.

EFRAG Secretariat proposed changes to EFRAG Draft Comment Letter (to be updated after the EFRAG FR TEG meeting with paper 03-03; this table is provided for early preparation only)

- 45 Considering the input received from constituents, the EFRAG Secretariat proposes the following changes to EFRAG Draft Comment Letter (‘DCL’) to EFRAG FR TEG:

<i>General comments and Appendix 2</i>	<p>No change to EFRAG’s initial position but the letter has been improved to reflect some of the comments received</p> <ul style="list-style-type: none"> • Continue to support the IASB’s project to timely enhance the transparency of reporting for SPA and increase conformity with existing disclosure requirements in IFRS Standards. However, remove references to “<i>at this stage</i>”. • Reiterate that EFRAG anticipates that further efforts are needed (cover letter and Appendix 2) and improve paragraphs 49, 60 and 63 of the EFRAG DCL to state that the IASB should consider in the future: <ul style="list-style-type: none"> ○ a more comprehensive project on accounting for SFA, including discussions on similar arrangements related to working capital and liquidity risk management for which there is a lack of disclosures (e.g., supplier inventory financing, receivables financing) as such arrangements are increasingly used in practice. ○ a research project on IAS 7 to address the relevance of the statement of cash flows when reporting for SFA (e.g. improving disclosures on non-cash transactions and providing guidance on determining whether a cash flow
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	<p>existed, specifically, whether and when a finance provider could be considered as a paying agent of the entity);</p>
<p><i>Question 1 - Scope of disclosure requirements</i></p>	<p>No change to initial position but the letter has been improved to strengthen the position and reflect comments received</p> <ul style="list-style-type: none"> • Improve paragraph 24 of EFRAG DCL to encourage the IASB to include in the final amendments of the ED (e.g. Basis for Conclusions) the analysis set out in the IFRS Interpretations Committee’s agenda decision published in December 2020. • The IASB’s proposals to disclose information about SFA that enable users to assess the effects of those arrangements on the entity’s liabilities and cash flows were broadly supported. • The IASB’s proposed description of SFA was considered adequate for the reasons explained in paragraph BC6 of the ED. • However, majority of constituents suggested that further clarification about the proposed <i>description of SFA</i> in paragraph 44G of the ED was necessary. The description was considered to be rather difficult to understand and might be inaccurate in certain circumstances. Therefore, the EFRAG Secretariat proposes: <ul style="list-style-type: none"> ○ to strengthen paragraph 13 of the EFRAG DCL: <ul style="list-style-type: none"> ▪ to clarify the characteristics of the SFA described in paragraph BC8 of the ED and elevate those examples in the main text of the ED’s proposals; ▪ to provide guidance on whether arrangements initiated by the supplier rather than the reporting entity were intended to be within scope of the project to avoid any interpretation difficulties; ○ to add new paragraph 14 in the EFRAG DCL to suggested that SFA are arrangements between three parties and their characteristics should be analysed together when considering the description of SFA in paragraph 44G of the ED; • Majority of constituents raised various concerns with respect to the <i>types of arrangements</i> considered in scope of the project. In particular: <ul style="list-style-type: none"> ○ Some constituents disagreed with the scope exclusions (paragraph BC 11 of the ED) and considered that receivables and inventory finance arrangements should be included within the scope of the project because there was a large economic similarity between SFA and direct factoring arrangements;

	<ul style="list-style-type: none"> ○ some constituents suggested to exclude from the scope SFA which do not extend payment terms for the entity or its liquidity risk. ○ some constituents noted that there were other types of financing arrangements related to entities' working capital (e.g. inventory financing, receivables financing) for which transparent disclosures might be lacking. Therefore, the IASB should closely monitor reporting of such other arrangements and consider developing similarly robust disclosures at a future date. <p>Based on the mixed views received on the types of arrangements to be considered in scope of the project, the EFRAG Secretariat suggests adding a new paragraph 11 in the EFRAG DCL to highlight the possible difficulties related to scoping the project.</p> <ul style="list-style-type: none"> ● Respondents made the following suggestion of how to improve the transparency of reporting for different types of arrangements: <ul style="list-style-type: none"> ○ all arrangements providing finance should be adequately considered when defining new disclosure requirements. The IASB should analyse their characteristics simultaneously to avoid economically similar transactions being disclosed in different ways; ○ the IASB should closely monitor reporting of those other arrangements and consider developing similarly robust disclosures at a future date. <p>The EFRAG Secretariat suggests adding paragraph 12 in the EFRAG DCL to reflect the above points.</p> <ul style="list-style-type: none"> ● Some constituents noted that different types of SFA might not trigger the same information needs of users and therefore not all SFA warranted the same type of disclosure objectives and requirements. The following suggestions were made: <ul style="list-style-type: none"> ○ an entity should only be subject to the proposed disclosures when the arrangement provided extended payment terms or there was a derecognition of a trade payable combined with the recognition of a financial liability or a concentration of liquidity risk existed; ○ it was suggested that the IASB could assess the feasibility of refining the proposed disclosures by distinguishing between different types of arrangements for instance considering which party (i.e. the entity or the supplier) obtained the in-substance financing under the arrangement. The EFRAG Secretariat suggests adding this point in paragraph 12 of the EFRAG DCL.
<p><i>Question 2 - Disclosure objective and disclosure requirements</i></p>	<p>No change to initial position but the letter has been improved to reflect responses from constituents on questions and some of the comments received</p> <ul style="list-style-type: none"> ● There was general support for the IASB's proposals to add an overall disclosure objective and specific disclosure

	<p>requirements in IAS 7. However, some concerns were expressed whether the most logical location of the proposed disclosure requirements on SFA was IAS 7 instead of IFRS 7.</p> <ul style="list-style-type: none">• Terms and conditions of SFA - majority of constituents considered that the requirement in paragraph 44H(a) of the ED to require entities to disclose the terms and conditions of each supplier finance arrangement could:<ul style="list-style-type: none">○ be quite onerous, particularly where an entity entered into a large number of such arrangements;○ be burdensome and conflict with confidentiality agreements;○ should be amended to require disclosure of the 'relevant' terms and conditions of each SFA;○ was not necessary as the materiality principle IAS 1 was the pervasive one;○ relate not only to the timing of payment to suppliers but also extend to the amounts of liabilities under such arrangements including discounts and interest rates involved. <p>The EFRAG Secretariat suggests modifying paragraph 28 of the EFRAG DCL accordingly.</p> <ul style="list-style-type: none">• Payments received by suppliers from finance providers – constituents raised concerns about the proposed requirement in paragraph 44H(b)(ii) to require entities to disclose the carrying amounts of financial liabilities that are part of a SFA for which suppliers have already received payment from finance providers. In particular:<ul style="list-style-type: none">○ there were concerns about the availability and auditability of this information;○ providing accurate information on this proposals might require incurring additional costs;○ this information might be sensitive or regulated; <p>The EFRAG Secretariat suggests modifying paragraph 28 of the EFRAG DCL accordingly.</p> <ul style="list-style-type: none">• Range of payment due dates - constituents considered that disclosing the weighted average payment dates rather than a range of payment due dates would generally result in more useful information. Furthermore, the following comments were made:<ul style="list-style-type: none">○ information about the change in payment terms for suppliers would be difficult to provide and might be commercially sensitive or regulated.○ There was a risk of misinterpretation when comparing information provided under paragraph 44H(b)(iii) and 44H(c) of the ED about payment due dates under SFA and ordinary trade payables because of existing regional differences related to payment due dates. <p>The EFRAG Secretariat suggests modifying paragraph 28 of the EFRAG DCL accordingly.</p>
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Supplier Finance Arrangements – Cover Note

	<ul style="list-style-type: none"> • <i>Level of aggregation</i> – constituents observed that the proposed requirement in paragraph 44I of the ED (to disclose information about each supplier finance arrangement and permit aggregation only when the terms and conditions of arrangements are similar) lacked clarity and might result in excessive detail. • There was wide support for EFRAG’s suggested approach to provide aggregated information first and only require disaggregation when this would result in relevant information. However, there must be also judgement applied with respect to applying materiality principle on disaggregated information so meaningful information is not obscured. The EFRAG Secretariat suggests modifying paragraph 29 of the EFRAG DCL in support of EFRAG’s suggestion on level of aggregation. • <i>How to improve the proposed disclosure requirements under SFA</i> – constituents made a number of suggestions of how to improve the proposed disclosure requirements for SFA. These suggestions are included in paragraph 4039. Furthermore, users generally favoured simple disclosures that allowed them to understand the effects of having a financial intermediary in SFA as well as disclosures over multiple periods that allowed them to better understand the trend.
<p><i>Question 3 - Examples added to disclosure requirements</i></p>	<p>No change to initial position but the letter has been improved to reflect some of the comments received</p> <ul style="list-style-type: none"> • To reiterate EFRAG’s initial agreement with the IASB’s proposals to add SFA as an example to certain existing disclosure requirements in IAS 7 and IFRS 7. • To retain EFRAG’s initial recommendation suggesting the IASB to add an explicit proposal that would require disclosure of concentration of risk to specific supplier finance provider(s) instead of SFA in general. • To remove EFRAG’s initial suggestion included in paragraph 40 of its DCL to delete the word ‘non-cash’ in paragraph 44B(da) of the IASB’s ED. Paragraph 44B(a) of IAS 7 would already capture changes related to cash transactions.

Question for EFRAG FR Board

46 Does EFRAG FR Board agree to approve for submission to the IASB the EFRAG comment letter on *Supplier Finance Arrangements* project?