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## Supplier Finance Arrangements Cover Note

### Objective

- 1 The objective of this session is to provide an update and inform EFRAG FR TEG about the IASB's tentative decisions on its *Supplier Finance Arrangements* project taken in November 2022.

### Background

- 2 In November 2021, the IASB issued the [Exposure Draft ED/2021/10 Supplier Finance Arrangements](#) ('the ED') to address investors information needs related to supplier finance arrangements, in particular:
  - (a) to explain the type of arrangements within the scope of the project, 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*.

The ED comment period ended on 28 March 2022.

- 3 EFRAG published its [comment letter](#) on the ED on 28 March 2022. In its comment letter, EFRAG broadly supported the IASB's project which enhanced the transparency of reporting for supplier finance arrangements ('SFAs') and increased conformity with existing disclosure requirements in IFRS Accounting Standards.
- 4 However, EFRAG considered that the IASB's proposals did 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 considered 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 SFAs in other cross-related projects.

### Next steps

- 5 The IASB is expected to issue the final amendments related to the SFAs project in Q2/ 2023.

### Agenda Papers

- 6 In addition to this cover note, agenda paper 06-02 – *Issue paper on SFAs* – has been provided for the session.