

Disclosure of Supplier Finance Program Obligations Tentative Board Decisions to Date As of July 20, 2022

Disclosure of Supplier Finance Program Obligations Tentative Board Decisions Reached to Date as of July 20, 2022

Topic	Decisions Reached	Meeting Date
<i>Agenda Decision</i>	The Board decided to add a project to its technical agenda to address the disclosure of supplier finance programs involving trade payables.	October 21, 2020
<i>Initial Deliberations</i>	The Board decided that the scope would describe the overall arrangements and would use certain contractual terms (such as the buyer confirmation) as indicators that an arrangement has been established, rather than being a prescriptive approach focused only on buyer confirmation. The Board decided not to pursue broader improvements on overall payables in this project. The Board decided to require the buyer party to disclose the following for the in-scope arrangements: 1. The key terms of the arrangement as identified by management 2. The amount confirmed by the buyer (that is, the amount that the buyer has made available for suppliers to elect to be paid early for) that is outstanding at the end of the reporting period, and a description of where that amount is presented in the balance sheet. The Board decided that the following disclosures would not be required: 1. The amount paid early by the finance provider that is outstanding at the end of the reporting period. 2. The cash flow statement presentation of any of the following: a. The amount paid early by the finance provider in the current period if that amount is considered a cash flow to the buyer	June 30, 2021

	b. The amount confirmed by the buyer in the current period or prior periods but settled in the current period c. The amount paid early by the finance provider in the current period or prior periods but settled in the current period. The Board decided not to pursue a potential disclosure of average payment term for participating suppliers.	
<i>Redeliberations</i>	The Board affirmed the following: 1. The proposed scope guidance in paragraphs of 405-50-15-2 through 15-4 of the proposed Update 2. The amendment in the proposed Update to require an entity to disclose the balance sheet presentation and a rollforward of the amount of the obligation outstanding at the end of the reporting period 3. The amendment in the proposed Update to allow a buyer entity that uses more than one supplier finance program to aggregate disclosures, so long as useful information is not obscured by the aggregation of programs that have substantially different characteristics 4. The decision not to require an entity to disclose the amount paid early by the finance provider that is outstanding at the end of the reporting period. The Board decided to require an entity to disclose the amount of the obligation outstanding at each interim reporting period. The Board decided not to require an entity to disclose a rollforward of the amount of the obligation outstanding for each interim reporting period.	June 22, 2022
<i>Redeliberations</i>	The Board decided that an entity should disclose information about the key terms of a supplier finance program, including a general description of the payment terms (including payment timing and basis for its determination) and the assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary. The Board decided that all entities that use supplier finance programs in connection with the purchase of goods and services should apply all of the amendments in the final Update. The Board decided that the amendments in the final Update should be applied retrospectively to all periods in which a balance sheet is presented, except for	July 20, 2022

	the amendment on rollforward information, which should be applied prospectively. The Board decided that public business entities should adopt the following: 1. The amendments in the final Update, except for the amendment on rollforward information, for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years 2. The amendment on rollforward information for fiscal years beginning after December 15, 2023. All other entities should be subject to the same effective dates as those for public business entities, and early adoption will be permitted for all entities. The Board decided that an entity should disclose information about the key terms of the programs and the balance sheet presentation of the program obligations, when the amount of the obligation outstanding is disclosed in the first interim reporting period during the year of adoption. The Board concluded that it has received sufficient information and analysis to make an informed decision on the expected costs of applying the amendments in the final Update and that the expected benefits of those amendments would justify the expected costs. The Board concluded that it has received sufficient information and analysis to make informed decisions and directed the staff to draft a final Accounting Standards Update for vote by written ballot.	
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