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Submitted by email to: ukfrs@frc.org.uk

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Dear Sirs

FRED 84 - Draft amendments to FRS 102 – Supplier finance arrangements

Grant Thornton UK LLP (Grant Thornton) welcomes the opportunity to comment on the Financial Reporting Council's (FRC) consultation FRED 84 – Draft amendments to FRS 102 – Supplier finance arrangements.

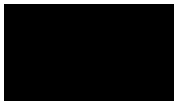
We are generally supportive of the FRC's proposals to amend section 7 of FRS 102 following the publication by the IASB, in May 2023, of Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

However, we think that certain aspects of the disclosure requirements are not proportionate to those entities reporting under FRS 102. We do not believe that the requirement for comparative information relating to opening balances of the comparative period is consistent with other sections of FRS 102. We also do not agree that FRS 102 preparers should be required to disclose the carrying amount of financial liabilities that have been settled by finance providers following drawdown by their suppliers.

Finally, we have some concerns that the scope of these requirements may be too narrow. We propose that the circumstances in which qualifying entities are exempted are more restrictive and that financial institutions should be required to provide disclosures like those required by UK-adopted International Accounting Standards.

We set out our detailed responses to each of the questions raised in the attached Appendix.

Yours faithfully



Director, NAS- Financial Reporting

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Question 1

Do you agree with the introduction of the proposed disclosure requirements in relation to supplier finance arrangements into FRS 102? If not, why not?

We are generally supportive of the proposed disclosure requirements other than:

- We consider that the information about supplier finance arrangements will be of interest to the users of the financial statements of qualifying entities except in cases where equivalent disclosures have been provided in group accounts which include the qualifying entity. We recommend that FRS 102 should be amended to permit exemption from disclosure on this basis only.
- We do not consider that comparative information at the beginning of the opening year of the comparative period is proportionate or consistent with other sections of FRS 102.
- We do not consider that the benefits of requiring disclosure of financial liabilities that have been settled by finance providers following the drawdown by suppliers outweigh the costs of obtaining and verifying the reliability of the data that needs to be reported in the financial statements.
- We recommend that financial institutions reporting under FRS 102 should be required to provide equivalent disclosures as would be required if they were reporting under UK-adopted International Accounting Standards. We suggest that the FRC should clarify this requirement in FRS 102.

Question 2

Do you believe that the disclosure required by sub-paragraph 7.20C(b)(ii) will provide useful information to users, proportionate to the cost and effort involved for preparers?

We acknowledge that the disclosure requirements set out in sub-paragraph 7.20C(b)(ii) are aligned with those required by UK-adopted International Accounting Standards. However, we are not convinced that the benefits of having to provide this information outweigh the compliance costs of doing so. We note that this information will have to be obtained from the finance providers which may not be made available on a timely basis and will require the reporting entity to assess the reliability of that information provided by the finance provider.

We also note that the liquidity position of the reporting entity is unaffected by the timing of drawdowns by its suppliers and, on balance, the other disclosures required by paragraph 7.20C should be sufficient in meeting the needs of users.

Question 3

Do you agree with the proposed effective date for these amendments? If not, what difficulties do you foresee?

We support the proposed effective date of 1 January 2025 as well as the relief from providing comparative information in the first year of adoption.

Question 4

Do you have any comments on the consultation stage impact assessment, including those relating to assumptions, sources of relevant data, and the costs and benefits that have been identified and assessed? Please provide evidence to support your views.

In particular, feedback is invited on the assumptions about the prevalence of supplier finance arrangements amongst entities applying FRS 102

We have no comments to make.