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Submission by email to: [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)

5 October 2023

**Re: Response to Invitation to Comment on Draft Endorsement Criteria Assessment *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)**

Dear Pauline,

On behalf of RSM, a leading audit, tax and consulting firm to the UK middle market, we are pleased to comment on the UK Endorsement Board (UKEB) Draft Endorsement Criteria Assessment *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) (DECA).

We agree with the DECA and support the adoption of these amendments into UK IFRS.

Our comments and detailed responses to the questions set out in the Invitation to Comment are set out in the appendix to this letter.

We would be pleased to respond to any questions the Board or its staff may have about any of our response. If you have any questions or comments, please do not hesitate to contact Paul Merris.

Yours faithfully,

RSM UK TAX AND ACCOUNTING LIMITED

RSM UK Tax & Accounting Limited

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## APPENDIX

### Questions

#### Technical accounting criteria assessment

1. Do you agree with our assessment of comparability, and in particular the view that the principle-based approach (not defining but describing the characteristics of supplier finance arrangements in scope of the Amendments) is on balance workable and allows for the application of judgement, thereby assisting preparers (and their auditors) in ensuring the disclosure objectives are met? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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2. Please include any comments you may have in response to question 1:

We agree with the use of the principle-based approach describing the characteristics of arrangements in scope of the disclosure requirements.

3. Do you agree with the draft assessment of the Amendments against the technical accounting criteria? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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4. Please include any comments you may have in response to question 3:

We agree with the draft assessment of the Amendments against the technical criteria as set out on pages 13-15 of the DECA.

We believe that the amendments will enable users of financial statements to better understand the impact of supplier finance arrangements, the key terms and the nature of liabilities associated with these arrangements.

### True and fair view

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5. Do you agree with the draft assessment that the Amendments **are not contrary to the true and fair view requirement?** (please select one option)

<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b>	<input type="checkbox"/>
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6. Please include any comments you may have in response to question 5:

<p>We agree that individual and consolidated accounts prepared using the Amendments would still give a true and fair view of the entity’s assets, liabilities, financial position and profit or loss.</p>
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**UK long term public good**

7. If you are responding on behalf of an organisation that offers supplier finance arrangements, do you currently provide to your clients the relevant information required by the Amendments including the amounts for which suppliers have already received payment from your organisation? If not, have you identified any restrictions or challenges (such as legal or IT systems) that could prevent you from sharing such information? (please select one option)

<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<input type="checkbox"/>	<b>N/A</b>	<input checked="" type="checkbox"/>
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8. Please include any comments you may have in response to question 7, including if relevant a description of the challenges your organisation faces in sharing relevant information with your clients:

N/A
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9. Do you agree with the initial assessment of **costs** for preparers, in particular in relation to the accessibility of all the required information, including the carrying amounts of the financial liabilities for which suppliers have already received payment from the finance providers? (please select one option)

<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b>	<input type="checkbox"/>
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10. Please include any comments you may have in response to question 9, including if any costs have been omitted or any challenges your organisation faces accessing the information required by the Amendments.

We believe that the additional disclosures will enhance the information provided for users and there is unlikely to be a material one-off familiarisation cost for users.

Furthermore, we do not believe that there will be a material cost of familiarisation for preparers, as the Amendments enhance disclosures, rather than a significant change in accounting principles.

Therefore, we agree that the one-off familiarisation costs are unlikely to be material for preparers or users, that the benefits of applying the Amendments will outweigh the costs.

11. Do you agree with the initial assessment of **benefits** likely to arise from the Amendments? (please select one option)

<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b>	<input type="checkbox"/>
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12. Please include any comments you may have in response to question 11, including if any benefits have been omitted:

We agree with the initial assessment of benefits for preparers and users that are likely to arise from the Amendments.

13. Do you agree with the initial **overall assessment of costs and benefits** likely to arise from the Amendments? (please select one option)

<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b>	<input type="checkbox"/>
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14. Please include any comments you may have in response to question 13:

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We agree with the overall assessment of benefits for users and preparers of the Amendments. We believe that the proposed changes would increase transparency and understandability of supplier finance arrangements.

15. Do you agree with the draft assessment that the Amendments are likely to be conducive to the **long term public good in the UK**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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16. Please include any comments you may have in response to question 15:

No comments in response to question 15

17. Do you have **any other comments** you would like to add?

No further comments

**Please submit this document  
by close of business on Wednesday 18 October 2023 to:  
[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)**

**END OF DOCUMENT**

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