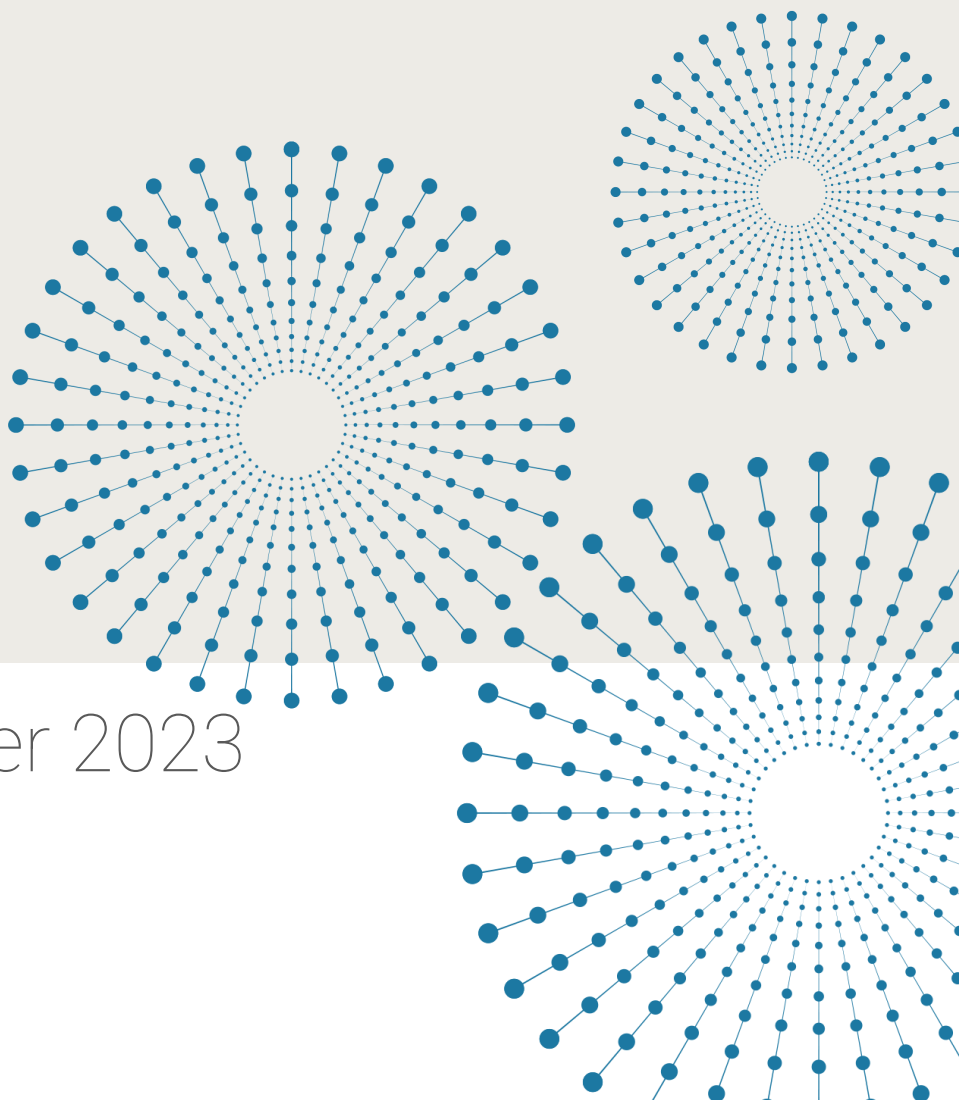


Supplier Finance Arrangements RDR



Issued November 2023





Supplier Finance Arrangements RDR

Issued November 2023

This Tier 2 for-profit amending Standard introduces new disclosure concessions for Tier 2 for-profit entities in response to the new disclosures established by *Supplier Finance Arrangements* issued on 13 July 2023. This amending Standard modifies some of the requirements in NZ IAS 7 *Statement of Cash Flows*.

In finalising this amending Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

Legal status of amending Standard

This amending Standard was issued on by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This amending Standard is secondary legislation for the purposes of the Legislation Act 2019.

The amending Standard, pursuant to section 27(1) of the Financial Reporting Act 2013, takes effect on the 28th day after the date of its publication. The amending Standard was published under the Legislation Act 2019 on 2 November 2023 and takes effect on 30 November 2023.

Commencement and application

The amending Standard has a mandatory date of 1 January 2024, meaning it must be applied by Tier 2 for-profit entities for accounting periods that begin on or after this date.

Application to an earlier accounting period is permitted for accounting periods that end after this amending Standard takes effect – refer to paragraphs NZ 63.4 – NZ 63.7 of this amending Standard.

SUPPLIER FINANCE ARRANGEMENTS RDR

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SUPPLIER FINANCE ARRANGEMENTS RDR

Part A – Introduction

This amending Standard amends the disclosure requirements in NZ IAS 7 *Statement of Cash Flows* introduced by *Supplier Finance Arrangements* issued on 13 July 2023 for Tier 2 for-profit entities.

Part B – Scope

This Standard applies to Tier 2 for-profit entities.

Part C – Amendments to NZ IAS 7 *Statement of Cash Flows*

Paragraphs 44F–44H are amended and paragraphs NZ 63.4–NZ 63.7 are added. New text is underlined except for paragraphs NZ 63.4–NZ 63.7 which have not been underlined for ease of reading.

Structure and content

...

Supplier finance arrangements

***44F** An entity shall disclose information about its supplier finance arrangements (as described in paragraph 44G) that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

***44G** Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity (for example, financial guarantees including letters of credit used as guarantees) or instruments used by the entity to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements.

***44H** To meet the objectives in paragraph 44F, an entity shall disclose in aggregate for its supplier finance arrangements:

- (a) the terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided). However, an entity shall disclose separately the terms and conditions of arrangements that have dissimilar terms and conditions.
- (b) as at the beginning and end of the reporting period:
 - (i) the carrying amounts, and associated line items presented in the entity's statement of financial position, of the financial liabilities that are part of a supplier finance arrangement.
 - (ii) the carrying amounts, and associated line items, of the financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers.
 - (iii) the range of payment due dates (for example, 30–40 days after the invoice date) for both the financial liabilities disclosed under (i) and comparable trade payables that are not part of a supplier finance arrangement. Comparable trade payables are, for example, trade payables of the entity within the same line of business or jurisdiction as the financial liabilities disclosed under (i). If ranges of payment due dates are wide, an entity shall disclose explanatory information about those ranges or disclose additional ranges (for example, stratified ranges).
- (c) the type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under (b)(i). Examples of non-cash changes include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalents (see paragraph 43).

...

Commencement and application

...

NZ 63.4 The amending Standard *Supplier Finance Arrangements RDR*, published in August 2023, amended paragraphs 44F - 44H. An entity shall apply those amendments in accordance with the commencement and application date provisions in paragraphs NZ 63.5–NZ 63.7. An entity that applies those amendments to an ‘early adoption accounting period’ shall disclose that fact.

When amending Standard takes effect (section 27 Financial Reporting Act 2013)

NZ 63.5 The amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019. The amending Standard was published on 2 November 2023 and takes effect on 30 November 2023.

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act)

NZ 63.6 The accounting periods in relation to which this amending Standard commences to apply are:

- (a) for an **early adopter**, those accounting periods following and including, the **early adoption accounting period**.
- (b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

NZ 63.7 In paragraph NZ 63.6:

early adopter means a reporting entity that applies this amending Standard for an early adoption accounting period

early adoption accounting period means an accounting period of the early adopter:

- (a) that begins before the mandatory date but has not ended or does not end before this amending Standard takes effect (and to avoid doubt, that period may have begun before this amending Standard takes effect); and
- (b) for which the early adopter:
 - (i) first applies this amending Standard in preparing its financial statements; and
 - (ii) discloses in its financial statements for that accounting period that this amending Standard has been applied for that period.

mandatory date means 1 January 2024.