



March 28, 2022

International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Board Members:

Consejo Mexicano de Normas de Información Financiera (CINIF), the accounting standard setting body in Mexico, welcomes the opportunity to submit its comments on the Exposure Draft ED/2021/10, *Supplier Finance Arrangements - Proposed amendments to IAS 7 and IFRS 7*, issued in November 2021 (the ED). Set forth below you will find our comments on the ED.

Overall comments

We conducted local outreach with selected local groups that could provide us with appropriate feedback on the ED. Overall we observed general agreement with the proposals. However, as explained below in our responses to the specific questions included in the ED, many of our constituents consider some of the proposed disclosures to be unnecessary and of little value to the users of financial statements.

Answers to specific questions

Set forth below are our answers to the specific questions included in the ED.

Question 1—Scope of disclosure requirements
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<p>[Draft] Amendments to IAS 7 and IFRS 7 do not propose to define supplier finance arrangements. Instead, paragraph 44G of the [Draft] Amendments to IAS 7 describes the characteristics of an arrangement for which an entity would be required to provide the information proposed in this Exposure Draft. Paragraph 44G also sets out examples of the different forms of such arrangements that would be within the scope of the Board's proposals.</p>

<p>Paragraphs BC5–BC11 of the Basis for Conclusions explain the Board's rationale for this proposal.</p>
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<p>Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.</p>

Our outreach indicates unanimous agreement with the definition proposed by the IASB, mainly because a definition based on principles may be more aligned with the search for the economic essence of these kinds of contracts.

Question 2—Disclosure objective and disclosure requirements

Paragraph 44F of the [Draft] Amendments to IAS 7 would require an entity to disclose information in the notes about supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on an entity's liabilities and cash flows.

To meet that objective, paragraph 44H of the [Draft] Amendments to IAS 7 proposes to require an entity to disclose:

- (a) the terms and conditions of each arrangement;
- (b) for each arrangement, as at the beginning and end of the reporting period:
 - (i) the carrying amount of financial liabilities recognised in the entity's statement of financial position that are part of the arrangement and the line item(s) in which those financial liabilities are presented;
 - (ii) the carrying amount of financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers; and
 - (iii) the range of payment due dates of financial liabilities disclosed under (i); and
- (c) as at the beginning and end of the reporting period, the range of payment due dates of trade payables that are not part of a supplier finance arrangement.

Paragraph 44I would permit an entity to aggregate this information for different arrangements only when the terms and conditions of the arrangements are similar.

Paragraphs BC12–BC15 and BC17–BC20 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you agree with only parts of the proposal, please specify what you agree and disagree with. If you disagree with the proposal (or parts of it), please explain what you suggest instead and why.

We observed agreement with requiring an entity to disclose information in the notes about supplier finance arrangements, except for the following comments on the disclosure proposed in paragraph 44h:

- Letter (b) number (i): we agree with the disclosure; nevertheless, we suggest that the IASB take a position, at least as an example, on the correct classification of the cash flows for the payment of the liabilities derived from this transaction, as to whether it should be included in financing activities or operating activities, considering the nature of the transaction could have changed as a consequence the supplier finance arrangement.
- Letter (b) number (ii): we do not believe the information required is easily accessible to the entity or relevant for the understanding of the operation by users of the financial statements, because the entity no longer has a payment obligation with the supplier.
- Letter (c): we do not consider relevant the disclosure about the range of payment due dates of trade payables that are not part of a supplier financing agreement. We suggest deleting this disclosure.

We agree with allowing an entity to aggregate this information for different arrangements only when the terms and conditions of the arrangements are similar.

Question 3—Examples added to disclosure requirements

Paragraph 44B of the [Draft] Amendments to IAS 7 and paragraphs B11F and IG18 of the [Draft] Amendments to IFRS 7 propose to add supplier finance arrangements as an example within the requirements to disclose information about changes in liabilities arising from financing activities and about an entity's exposure to liquidity risk, respectively.

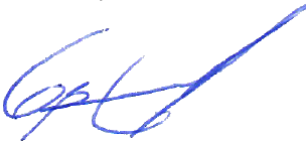
Paragraphs BC16 and BC21–BC22 of the Basis for Conclusions explain the Board's rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Our outreach showed agreement with including in IAS 7 supplier finance arrangements solely as examples of the disclosure of financing activities that did not generate cash flows at the time of carrying out such arrangements and which, therefore, cause a change in the nature of the related liability to that of financing; similarly, we observed unanimous agreement with requiring disclosure of an entity's exposure to the liquidity risk that is generated by the liability.

Should you require additional information on our comments listed above, please contact María Pineda at (52) 55 5403 4171 or me at (52) 55 5403 8309 or by e-mail at mpineda@cinif.org.mx or egarcia@cinif.org.mx, respectively.

Sincerely,



C.P.C. Elsa Beatriz García Bojorges
President of the Mexican Financial Reporting Standards Board
Consejo Mexicano de Normas de Información Financiera (CINIF)

Cc: Mr. Tadeu Cendon