



Dr. Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

via submission portal: <https://www.aasb.gov.au/current-projects/open-for-comment/>

2 February 2024

Dear Keith,

Re: ED 328 Supplier Finance Arrangements: Tier 2 Disclosures

On behalf of PwC, I confirm that we are generally comfortable with the proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. We agree that information about supplier finance arrangement is relevant information for users of Tier 2 financial reports, and that the disclosures are therefore justified under the principles applied by the AASB in developing AASB 1060. In particular, we note that the IASB is intending to issue an exposure draft shortly which will propose adding similar disclosures to the *IFRS for SMEs*[®] Accounting Standard.

However, we have the following two observations:

- (a) The AASB is proposing to include not only the specific disclosures, but also the disclosure objective from AASB 107 para 44F in ED 328 paragraph 119A. As this is different to the approach generally taken in the *IFRS for SMEs* Accounting Standard, and therefore also in the development of AASB 1060, we recommend deleting paragraph 119A.

To support this, we refer to comments made by IASB staff in their October 2023 meeting paper (Agenda reference 30E [Second Comprehensive Review of the IFRS for SMEs[®] Accounting Standard](#) - page 19):

“The *IFRS for SMEs* Accounting Standard generally does not include the disclosure objectives in full IFRS Accounting Standards because it reduces the specific disclosure requirements needed to satisfy those disclosure objectives using the principles in paragraph BC157 of the Basis for Conclusions of the Standard. Therefore, the staff think it would be sufficient to only consider the disclosure requirements in paragraphs 44G–44H of IAS 7 for SMEs.”

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Not including disclosure objectives in a Tier 2 equivalent standard is also consistent with the approach proposed by the IASB in [ED/2021/7 Subsidiaries without Public Accountability: Disclosures](#):

“BC41 Some IFRS Standards contain a disclosure objective followed by disclosure requirements designed to satisfy the objective. Such disclosure objectives are sometimes accompanied by an explicit requirement for a preparer to consider whether additional information beyond that specifically required would be needed to satisfy the disclosure objective. In considering the design of disclosure objectives, the Board decided that including disclosure objectives in the draft Standard might result in entities being compelled to provide the same disclosures as if they had not applied the draft Standard, which would be contrary to the project objective. Therefore, the Board proposed to exclude disclosure objectives from the draft Standard.”

- (b) Aside from the disclosure objective, the proposals in ED 328 are consistent with the tentative decisions made by the IASB in December 2023 in relation to proposed amendments to the *IFRS for SMEs Accounting Standard*. However, should the IASB ultimately require less disclosures for SMEs following feedback received from stakeholders, the AASB should make the same changes to AASB 1060 and remove any disclosure that are above and beyond what will be required from SMEs.

I would welcome the opportunity to discuss our firm’s views at your convenience should you have questions.

Yours sincerely,


Paul Shepherd
Partner