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Hillary H. Salo
Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasb.org

Re: File Reference No. 2021-007

Dear Ms. Salo:

Grant Thornton LLP appreciates the opportunity to comment on FASB's proposed Accounting Standards Update (ASU), *Disclosure of Supplier Finance Program Obligations (Liabilities: Supplier Finance Programs (Subtopic 405-50))*.

We support the Board's efforts to require additional information about the supplier finance programs used by reporting entities to manage their working capital, liquidity, and cash flows.

Our responses to selected questions in the Proposed ASU follow.

Question 3: Is the proposed scope guidance, including the indicator in paragraph 405-50-15-3, understandable and operable, and does it appropriately capture the overall population of supplier finance programs? If not, please explain why and what alternative would be more appropriate. Please also indicate whether any additional indicators should be included in the proposed scope guidance and the basis for including those indicators.

We agree that the guidance in the scope section of the proposed Subtopic 405-50 will allow entities to identify the supplier finance programs that are covered by the disclosure requirements in the Subtopic.

Question 4(b): For preparers and practitioners, what are the incremental cost and operability concerns with disclosing the rollforward in comparison with the cost of disclosing only the outstanding confirmed amount? Please be specific

and explain the nature, significance, and frequency (one time or recurring) of the incremental cost.

We believe that the rollforward of obligations will require entities to incur costs, although we expect these will generally be one-time costs to put a control process around collection and reporting of the data used to present the rollforward. We have generally observed that finance providers that help entities implement supplier finance programs have developed automated systems which the entities would be able to use to help in data collection that is required to prepare the rollforward.

Question 5: The proposed disclosure guidance allows an entity that uses more than one supplier finance program to aggregate disclosures, so long as useful information is not obscured by the aggregation of programs with substantially different characteristics. Is that proposed disclosure guidance understandable and operable or is additional guidance needed to distinguish characteristics that would be considered substantially different? If so, please explain what information would be useful for investors and other financial statement users to differentiate between substantially different supplier finance programs and how that information would be used?

We agree that the proposed disclosure guidance to aggregate disclosures is understandable and operable.

Question 6: Are the proposed disclosure requirements operable and auditable in terms of systems, internal controls, or other similar considerations related to the required information? If not, please explain which proposed disclosure requirements would pose operability or auditability issues and why.

We agree that the proposed disclosure requirements are operable and auditable. We acknowledge that the proposal requires quantitative disclosure of only those obligations that have been confirmed as of the end of the reporting period. However, we believe that the Board should consider whether, in situations where entity discretion is involved in determining which obligations are confirmed or the timing of confirmation, entities should be required to disclose information about *obligations that are eligible to be confirmed* in addition to information about confirmed obligations.

We believe that requiring disclosure of only obligations confirmed as of the reporting date could raise questions in practice, including about whether confirmation of an obligation (incurred prior to the reporting date) that occurs subsequent to the balance sheet date but before financial statements are issued or are available to be issued should be considered in disclosing information about supplier finance programs at the reporting date.

Question 7: Would any of the proposed disclosures require special consideration for entities other than public business entities? If so, please explain which proposed disclosures would require special consideration and why.

We believe that the Board should consider whether a rollforward of obligations in the scope of the supplier finance programs should be required for entities that are not public business entities or whether such entities should only disclose the amount of the obligations outstanding at the end of the reporting period, instead of a rollforward.

We believe that in reaching the decision to require the rollforward disclosure the Board should consider paragraph 2.7 of the FASB's *Private Company Decision-Making Framework,* which states that Board generally should consider not requiring the disclosure of disaggregated information such as a tabular reconciliation of the beginning and ending balances of balance sheet accounts, even if the reconciliation provides information that relates to areas such as current and future cash flows and borrowings, and other credit obligations, liquidity, or leverage. We believe if the Board concludes that a rollforward is required to be presented by entities that are not public business entities, the Board should consider expanding its discussion in the basis for conclusion about the feedback received from private company users.

Question 8: Should an entity be required to disclose the outstanding confirmed amount and the rollforward of those obligations at each interim reporting period, or should it be required to provide such quantitative disclosures only in an interim reporting period when, as determined by the entity, a significant event or transaction related to the programs has occurred that has a material effect on the entity (consistent with the proposed principle in Topic 270, Interim Reporting)? Please explain your position.

We believe that the disclosures should be required in an interim reporting period only upon the occurrence of a significant event or transaction related to the programs that has a material effect on the entity as discussed in the Board's November 1, 2021 proposal on changes to interim disclosure requirements.

Question 8(b): For preparers and practitioners, would requiring that disclosures be provided each interim period (in addition to annual periods) add more cost than requiring that disclosures be provided on an interim basis upon the occurrence of a significant event or transaction related to the programs that has a material effect on the entity? Please be specific and explain the nature, significance, and frequency (one time or recurring) of the incremental cost.

We acknowledge that determining whether a significant event or transaction related to the supplier finance programs that has material effect on the entity has occurred in an interim reporting period requires judgement and would increase review and documentation costs to be incurred by the reporting entity on a recurring basis because entities would need to gather information about events and transaction and then assess significance and materiality. However, requiring interim quantitative disclosures would also add incremental costs, although we expect these will generally be one-time costs to implement a process to gather and review such information.

Question 9: In the period of initial application, should all the proposed disclosure requirements be implemented on a retrospective basis for each balance sheet date presented? If not, please explain which proposed disclosure requirements should be implemented on a prospective basis and why.

We believe that entities (especially entities that are not public business entities) should be allowed a choice to provide the rollforward disclosure on a prospective basis, since some entities may need to put in processes to gather the rollforward data, which if required to be gathered on a retrospective basis may increase the cost and complexity of implementation.

Question 10: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided an additional year to implement the proposed amendments? If so, please explain why.

We believe that entities other than public business entities should be provided an additional year to implement the proposed amendments, considering the data gathering and process implementation required in preparing the proposed disclosures.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Rahul Gupta, Partner, Accounting Principles Group, at 312.602.8084 / Rahul.Gupta@us.gt.com or Ryan Brady, Partner, Accounting Principles Group, at 312.602.8741 / Ryan.Brady@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP