

IFRS for SMEs[®]

Accounting Standard

Amendments to Section 7 *Statement of Cash Flows*

Contents

- 1** Changes in liabilities arising from financing activities
- 2** Supplier finance arrangements

1 Changes in liabilities arising from financing activities

An SME shall disclose a **reconciliation** between the opening and closing balances in the statement of financial position for **liabilities arising from financing activities**.



Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

1 Items included in the reconciliation

1

Financing cash flows

2

Obtaining or losing
control

3

Effect of foreign
exchange rates

4

Fair values

5

Other changes

1 Illustration—Reconciliation of changes in liabilities arising from financing activities

Note X—Reconciliation of changes in liabilities arising from financing activities

	Interest payable	Bank loan	Finance leases	Total	
	CU	CU	CU	CU	
1 January 20X1	–	(150,000)	(82,931)	(232,931)	Opening balance (prior year)
Cash payments	–	6,300	25,000	31,300	Reconciliation
Interest	–	(7,500)	(6,577)	(14,077)	
Non-cash finance costs	(1,200)	1,200	–	–	
31 December 20X1	(1,200)	(150,000)	(64,508)	(215,708)	Closing balance (prior year) / Opening balance (current year)
Cash payments	–	106,700	31,000	137,700	Reconciliation
Interest	–	(7,500)	(6,870)	(14,370)	
Non-cash finance costs	(800)	800	–	–	
Finance leases entered into	–	–	(60,000)	(60,000)	
31 December 20X2	(2,000)	(50,000)	(100,378)	(152,378)	Closing balance (current year)

Liabilities whose cash flows are classified under financing activities

1 Net debt reconciliation

A net debt reconciliation is a reconciliation of movements of liabilities arising from financing activities minus cash and cash equivalents.

Illustration—Net debt reconciliation

Note X—Net debt reconciliation

	CU
Net debt at beginning of the period	(5,350)
Cash flows	(590)
Acquisition	(200)
Foreign exchange	180
Other non-cash changes	200
Net debt at end of the period	(5,760)

Cash
Bank overdrafts
Net cash and cash equivalents

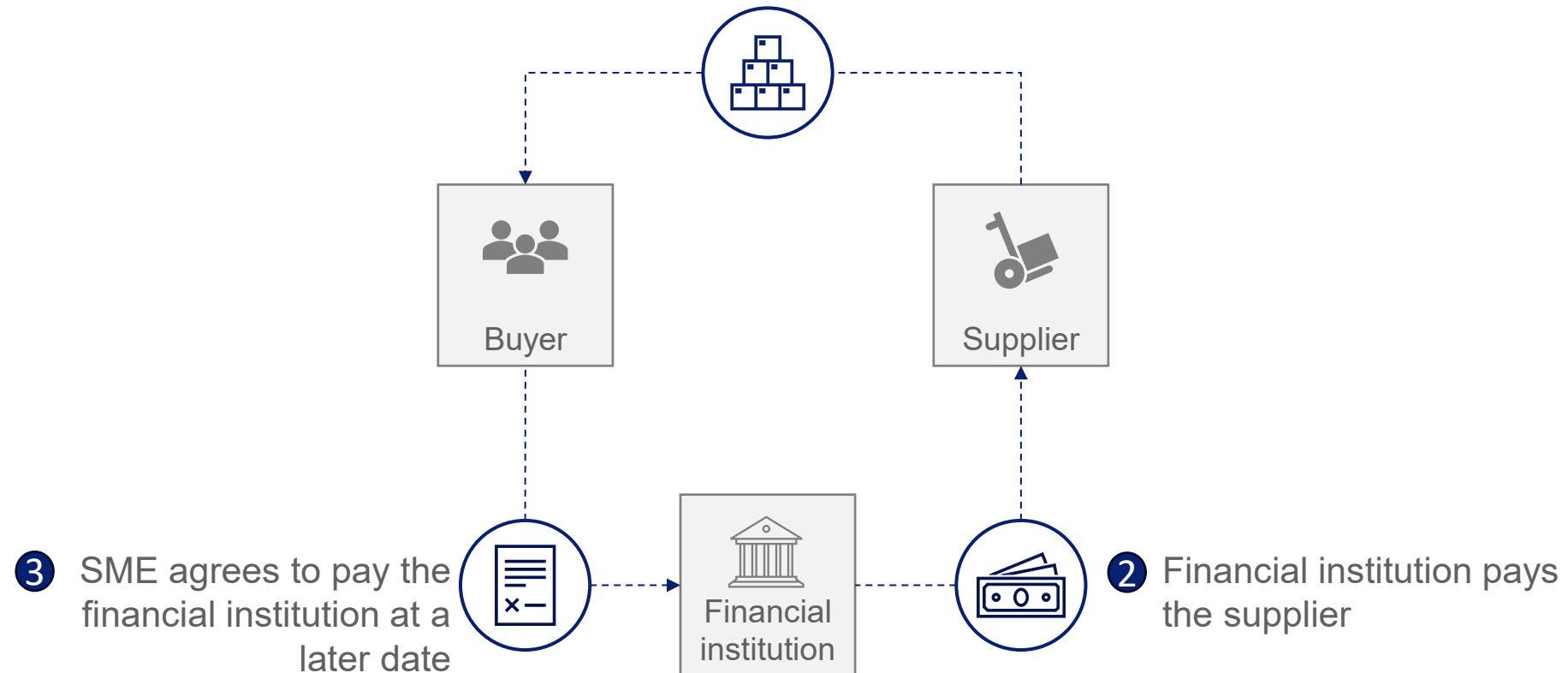
Net debt

Long-term borrowings
Short-term borrowings
Total debt
Net cash and cash equivalents
Net debt

	20X1 CU	20X2 CU
Cash	1,900	1,300
Bank overdrafts	(50)	(60)
Net cash and cash equivalents	1,850	1,240
Long-term borrowings	(5,800)	(5,700)
Short-term borrowings	(1,400)	(1,300)
Total debt	(7,200)	(7,000)
Net cash and cash equivalents	1,850	1,240
Net debt	(5,350)	(5,760)

2 Supplier finance arrangements

① SME receives goods or services



2 What's not a supplier finance arrangement?

Arrangements that are solely credit enhancements for an SME

Financial guarantees including letters of credit used as guarantees

Instruments used by an SME to settle directly with a supplier the amounts owed

A situation in which an SME uses a credit card to settle the amount owed to a supplier

2 Disclosure requirements for supplier finance arrangements

Disclose in aggregate

Key terms and conditions

Carrying amount of liabilities

Range of payment due dates

Non-cash changes

2 Illustration—Information about supplier finance arrangements

Note X—Supplier Finance Arrangements		
The entity entered into arrangements with the following terms and conditions: <ul style="list-style-type: none">Type A...Type B...		
Carrying amount of liabilities	Reporting date 20X2	Reporting date 20X1
Presented within trade and other payables	CU1,500	CU1,000
– of which suppliers have received payment	CU1,050	CU800
Presented within finance payables	CU1,000	CU750
– of which suppliers have received payment	CU900	CU650
Range of payment due dates		
Liabilities that are part of the arrangement	85–90 days after invoice date	80–90 days after invoice date
Comparable trade payables that are not part of an arrangement	60–70 days after invoice date	60–65 days after invoice date
Non-cash changes		
There were no material business combinations or foreign exchange differences in either period. There were non-cash transfers from trade payables to finance payables of CU1,200 and CU900 in 20X2 and 20X1.		

Key terms and conditions

Carrying amount of liabilities

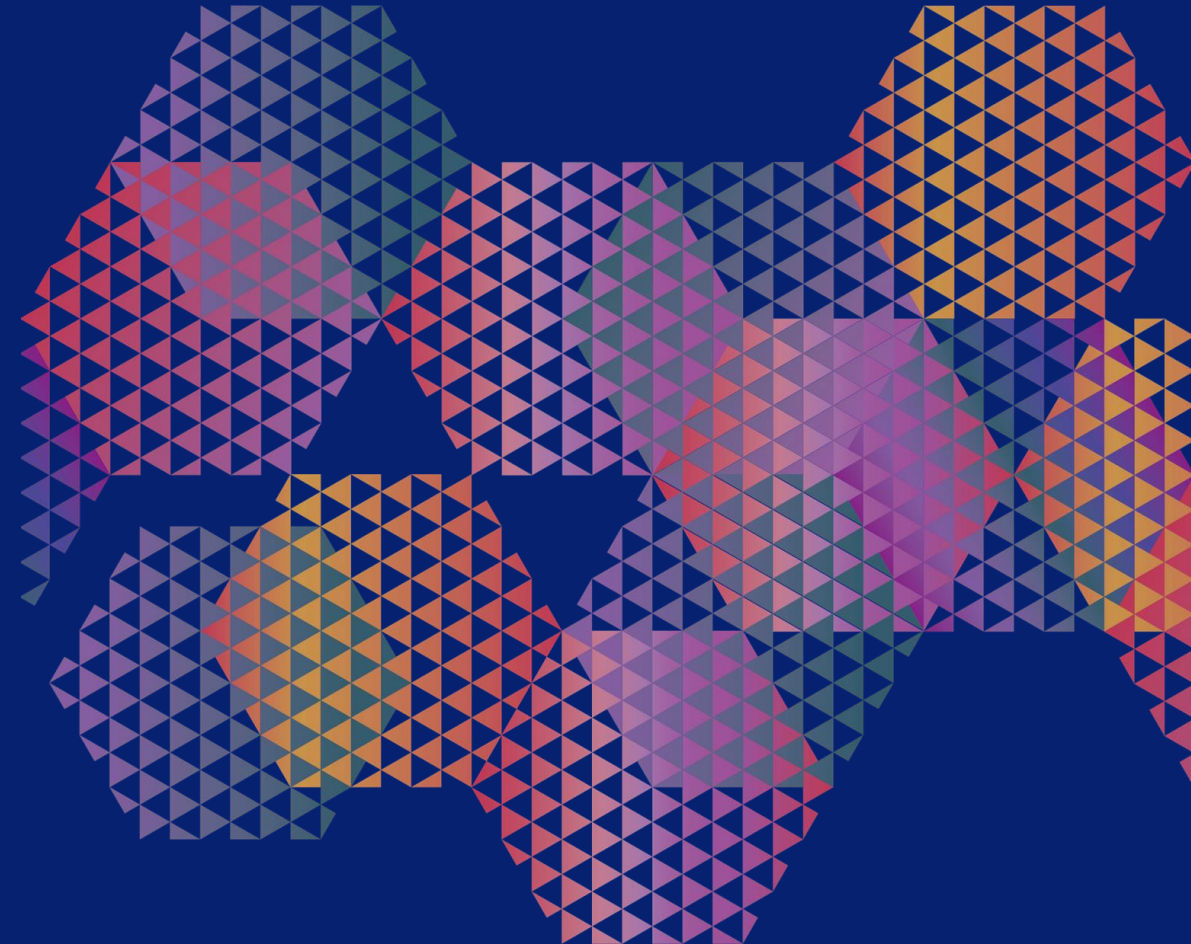
Range of payment due dates

Non-cash changes

IFRS for SMEs[®]

Accounting Standard

Supporting materials



Resources available on the IFRS Foundation's website



<https://www.ifrs.org/supporting-implementation/2025-ifrs-for-smes-supporting-materials/>



Project
summary



Feedback
Statement



Educational
modules



Webcasts



Marked-up
Standard



Quarterly
newsletter



Podcasts



SMEIG
Q&As

IFRS for SMEs[®]

Accounting Standard

Follow us online

 ifrs.org

 @IFRSFoundation

 IFRS Foundation

 International Accounting
Standards Board

