

IFRS for SMEs[®]

Accounting Standard

Overview of amendments to Section 11 *Financial Instruments*

Contents

- 1 Revised structure of Section 11 *Financial Instruments*
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1 Revised structure of Section 11 *Financial Instruments*

Second edition

Section 11 *Basic Financial Instruments*

Section 12 *Other Financial Instruments*

Third edition

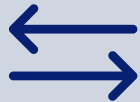
Section 11 *Financial Instruments*

- Part I *Basic Financial Instruments*
- Part II *Other Financial Instrument Issues*

2 Option to apply IAS 39 *Financial Instruments: Recognition and Measurement*



The option to apply the recognition and measurement requirements in IAS 39 is removed in the third edition of the Standard.



IFRS 9 replaced IAS 39 in full IFRS Accounting Standards. The IASB removed the option to apply IAS 39 in the third edition of the Standard, in line with the alignment approach.



All SMEs will apply the simplified requirements, reducing costs for users of their financial statements.

3 Issued financial guarantee contracts

Definition

A ‘financial guarantee contract’ is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Scope

Section 21 *Provisions and Contingencies*: financial guarantee contracts issued at nil consideration when the specified debtor is another entity within the group (intra-group guarantees).

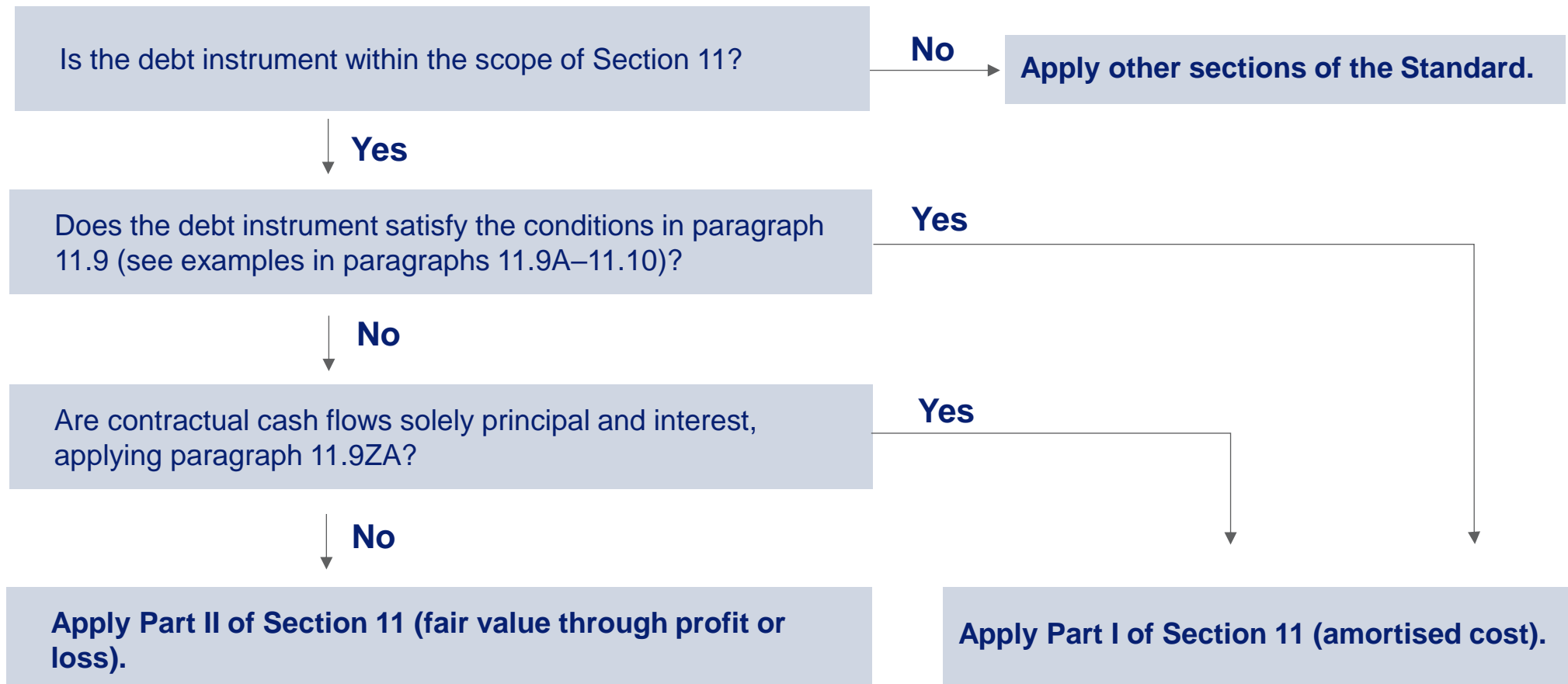
Part II of Section 11: all other financial guarantee contracts.

4 Supplementary principle to classify debt instruments

Supplementary principle

A debt instrument that does not meet the conditions in paragraph 11.9 shall be accounted for in accordance with Part I of Section 11 if the **contractual terms** of the debt instrument give rise on specified dates to **cash flows** that are **solely payments of principal and interest** on the outstanding principal amount.

4 Supplementary principle to classify debt instruments (continued)



5 Added disclosure requirements

Financial assets

Analysis of the age of trade receivables and other financial assets

Financial liabilities

Maturity analysis for financial liabilities

5 Added disclosure requirements (continued)

11. Analysis of the age of trade receivables

The table analyses the age of the Group's trade receivables by reference to their due date.

	Not yet due CU	Less than 1 month CU	1–3 months CU	3 months –1 year CU	1–5 years CU	More than 5 years CU	Total CU
20X2							
Amortised cost before impairment	190,000	130,000	245,000	115,000	85,000	15,000	780,000
Impairment	–	(10,000)	(68,000)	(80,000)	(78,654)	(14,558)	(251,212)
	<u>190,000</u>	<u>120,000</u>	<u>177,000</u>	<u>35,000</u>	<u>6,346</u>	<u>442</u>	<u>528,788</u>
20X1							
Amortised cost before impairment	175,000	160,000	251,000	116,500	91,000	21,000	814,500
Impairment	–	(13,212)	(72,100)	(90,000)	(90,014)	(20,790)	(286,116)
	<u>175,000</u>	<u>146,788</u>	<u>178,900</u>	<u>26,500</u>	<u>986</u>	<u>210</u>	<u>528,384</u>

5 Added disclosure requirements (continued)

20. Maturity analysis of financial liabilities

The table analyses the Group's financial liabilities based on their remaining contractual maturities. The amounts are the contractual undiscounted cash flows, including interest payments.

	Total CU	Less than 1 month CU	1–3 months CU	3 months –1 year CU	1–5 years CU
20X2					
Bank overdraft	83,600	83,600	–	–	–
Trade payables	454,858	174,858	250,000	30,000	–
Interest payable	2,000	1,200	800	–	–
Bank loan	55,000	–	625	1,875	52,500
20X1					
Bank overdraft	115,507	115,507	–	–	–
Trade payables	420,520	170,520	200,000	50,000	–
Interest payable	1,200	–	1,200	–	–
Bank loan	172,500	–	1,875	5,625	165,000

6 Other amendments to Section 11 *Financial Instruments*

Clarified

- Debt instruments with prepayment features

Relocated

- Fair value measurement
- Dividend income

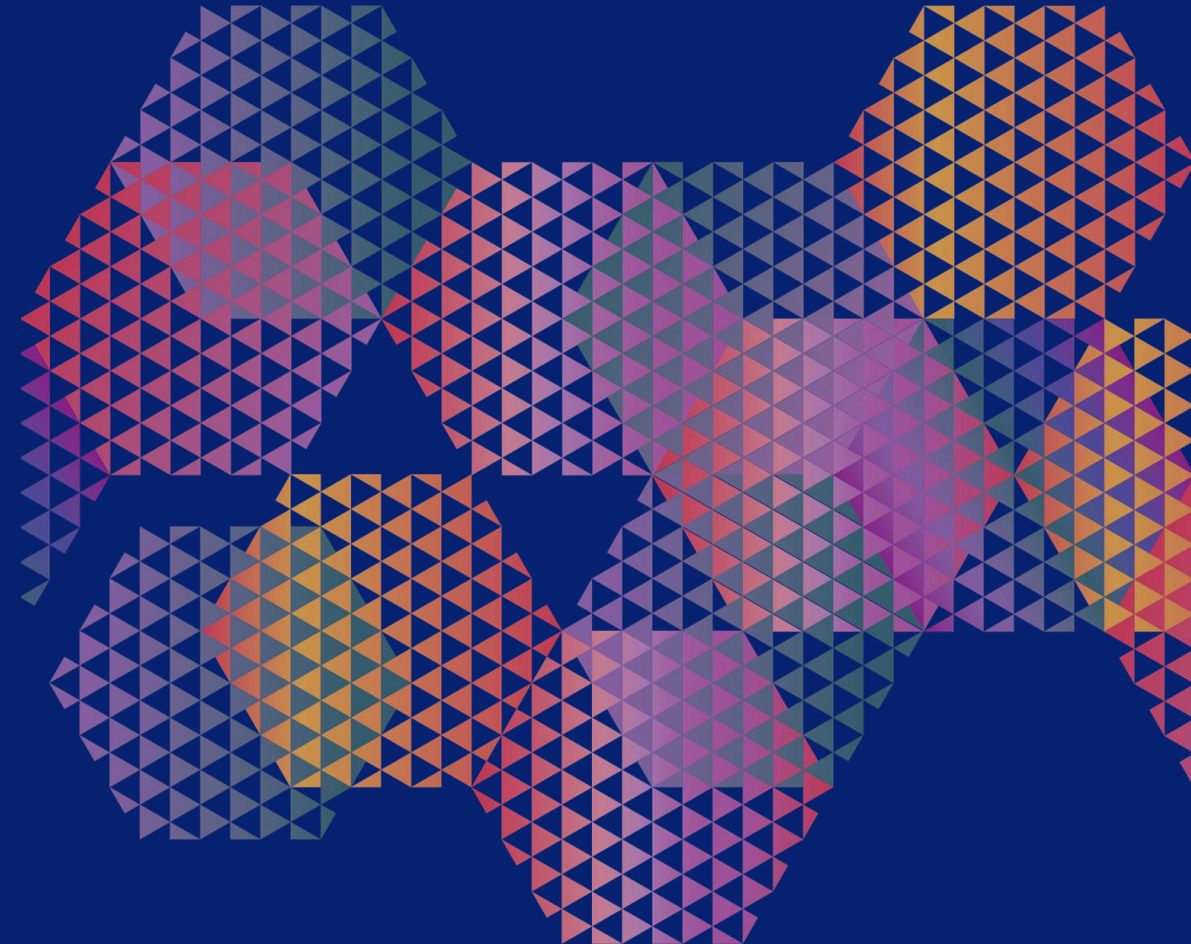
Consequential amendments

- Section 23 *Revenue from Contracts with Customers*
- Section 19 *Business Combinations and Goodwill*

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Supporting materials



Resources available on the IFRS Foundation's website



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



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summary



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