Card payables are trade payables, not borrowings. Here is the basis.

Settling a supplier invoice by commercial card through GlobalFinex B2B turns a trade payable into a card payable. Both sit in current liabilities within working capital; neither is borrowing. This note gives the accounting basis, the covenant position and a comparison with the alternatives, so you can take it to your auditor with the facts in hand.

THE SHORT ANSWER

The amount you owe does not change. Only the counterparty does.

The supplier is paid in full at invoice value on the day you settle. Your obligation moves from the supplier to your card issuer and clears when the statement is paid in full. No new facility is created: it is your existing commercial card, on the limit your bank has already approved.

What moves on the balance sheet

	Before (invoice outstanding)	After (settled by card)	On statement payment
Current liabilities	Trade payable to supplier	Card payable to issuer (trade and other payables)	Nil
Borrowings / financial debt	Unchanged	Unchanged	Unchanged
Cash	Unchanged	Unchanged	Reduced by the statement amount
Cash flow statement	Unchanged	Unchanged	Operating cash flow (payments to suppliers)

Working capital, net debt and gearing are the same figures they were when the invoice sat with the supplier.

Why it is not financial debt

The accounting standards treat a card used to pay a supplier as a means of settlement, not as finance.

- **IAS 7 / AASB 107 paragraph 44G** (Supplier Finance Arrangements amendments, periods from 1 January 2024): “instruments used by the entity to settle directly with a supplier the amounts owed (for example, credit cards)” are **not** supplier finance arrangements. Card settlement sits outside the disclosure regime that reverse factoring and supply chain finance fall into.
- **IFRS Interpretations Committee, December 2020** (reverse factoring agenda decision): a liability stays in trade and other payables where it is for goods and services, part of working capital in the normal operating cycle and not on substantially different terms from the invoice. A card payable settled on the issuer’s standard statement cycle meets each test.
- **IAS 1 paragraph 70**: operating items such as trade payables are current liabilities when settled within the normal operating cycle.
- **FRS 102 (UK GAAP) Section 7**: amended in 2024 to mirror the IASB changes for periods from 1 January 2025, with the same exclusion for credit cards and other settlement instruments.

None of this changes with the card’s statement terms. Whether the cycle is 30 or 55 days, you are settling a supplier with an instrument the standards name as settlement, not borrowing. **The treatment depends on the statement being paid in full.** A balance carried over is interest-bearing and would be borrowing, under both the standards and your facility agreement.

About this note

This note is general information from GlobalFinex B2B. It is not accounting, legal or financial advice. Confirm the treatment with your auditors and against your own facility agreement.

Covenants

Covenants are tested against your facility agreement's definitions, not the accounting standards. Three checks settle the question.

1. **Financial Indebtedness.** Standard (LMA-style) definitions capture borrowings, debt instruments, finance leases, receivables sold with recourse and transactions with the commercial effect of a borrowing. Trade credit in the ordinary course on normal terms is outside them, and a card payable settled in full on statement sits with that trade credit.
2. **The ratios.** Leverage (net debt / EBITDA), interest cover and gearing use borrowings, not payables. Because the liability was already a payable before you paid by card, no ratio input changes.
3. **The facilities schedule.** If your commercial card facility is listed as one of the Facilities under your agreement, ask your lender to confirm in writing that it sits outside Financial Indebtedness while statements are paid in full. Lenders issue these cards to the same borrowers whose covenants they monitor, and this is a routine request.

How the alternatives compare

Option	Balance sheet line	Financial debt / covenant input?	IAS 7 supplier-finance disclosure?	Supplier paid
Card rails (GlobalFinex B2B Flow)	Trade and other payables (card payable)	No	No (IAS 7.44G)	In full, at invoice value
Supply chain finance / reverse factoring	Trade payables, or borrowings if terms are extended or changed	Often; scrutinised closely since Carillion and Greensill	Yes	Early, at a discount funded by the bank
Supplier factoring / invoice discounting	Not on your balance sheet; the supplier sells its receivable	No	No (supplier side)	Early, at a discount; the supplier bears the cost and may price it in
Overdraft / RCF drawdown	Borrowings	Yes	No	On terms, at invoice value
Negotiating longer supplier terms	Trade payables	No	No	Late, at invoice value; often refused
Dynamic discounting (own cash)	Reduces trade payables and cash	No	No	Early, at a discount you keep, from your own cash

Card rails deliver the same working-capital extension as a longer-terms negotiation, while the supplier is paid in full. This note covers balance sheet treatment only; a cost comparison against your own facilities is available on request.

WHAT TO GIVE YOUR AUDITOR

- A commercial card issued to your company by your bank, on an existing approved limit
- Statements paid in full on the issuer's standard cycle; no revolving balance, no interest
- Supplier paid at invoice value; no discount, no assignment of the receivable, no finance provider
- Payment terms with the supplier unchanged
- GlobalFinex B2B is the payment processor only; no credit to you or the supplier
- Programme summary and transaction reporting from GlobalFinex B2B, for the audit file

Where the balance is material, expect your auditor to present card payables separately within the trade and other payables note.

SOURCES

- AASB 107, para 44G (identical to IAS 7.44G)
- IASB, Supplier Finance Arrangements, Amendments to IAS 7 and IFRS 7 (May 2023); EU Regulation 2024/1317
- IFRS Interpretations Committee agenda decision, Supply Chain Financing Arrangements, Reverse Factoring (Dec 2020)
- FRS 102 Section 7, Supplier Finance Arrangements amendments (2024)

For your auditor: we provide a programme description, transaction reporting for the audit file and a technical note on the treatment for their review. au.info@globalfinexb2b.com