

Solution:

Under the provisions of the U.S. GAAP, the interest expenses are considered as an operating cash flow, whereas Siemens A.G. has chosen to add this under the finance cash flow (because IFRS allows the firms to show the interest expense as financial cash flow if there is sufficient reasoning).

Thus, if Siemens A.G. were to report under the U.S. GAAP, then they would have shown the interest in the operating expenses section only.

The interest paid is different from interest expense, because the interest expense is partly used to amortize over the net liabilities, which could be different from the interest paid for non-current liabilities like bonds and leases.