

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

July 2021

Agency: Australian Prudential Regulation Authority
Question No: QoN037-09
Topic: Supply Chain Financing and Greensill
Reference: Written (9 July 2021)
Questioner: Andrew Wallace MP

Question:

How common is it for supply chain financiers to finance future or prospective invoices/receivables and does that affect whether the finance is classified as debt?

Answer:

Providing supply chain finance is common market practice. APRA-regulated entities that offer supply chain financing are required to meet relevant accounting and auditing standards.

The issue of future or prospective invoices/receivables is an aspect that we understand is being reviewed in the case of Greensill as to whether it is an appropriate accounting treatment. This is a question best directed to ASIC as the accounting regulator.