

SCHEDULE 7

MATTERS TO BE DEALT WITH IN DIRECTORS' REPORT

PART 5

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

- 12.—(1) This Part of this Schedule applies to the directors' report for a financial year if—
- (a) the company was at any time within the year a public company, or
 - (b) the company did not qualify as small or medium-sized in relation to the year by virtue of section 382 or 465 of the 2006 Act and was at any time within the year a member of a group of which the parent company was a public company.
- (2) The report must state, with respect to the next following financial year—
- (a) whether in respect of some or all of its suppliers it is the company's policy to follow any code or standard on payment practice and, if so, the name of the code or standard and the place where information about, and copies of, the code or standard can be obtained,
 - (b) whether in respect of some or all of its suppliers it is the company's policy—
 - (i) to settle the terms of payment with those suppliers when agreeing the terms of each transaction,
 - (ii) to ensure that those suppliers are made aware of the terms of payment, and
 - (iii) to abide by the terms of payment,
 - (c) where the company's policy is not as mentioned in paragraph (a) or (b) in respect of some or all of its suppliers, what its policy is with respect to the payment of those suppliers;

and if the company's policy is different for different suppliers or classes of suppliers, the report must identify the suppliers to which the different policies apply.

In this sub-paragraph references to the company's suppliers are references to persons who are or may become its suppliers.

- (3) The report must also state the number of days which bears to the number of days in the financial year the same proportion as X bears to Y where—

X = the aggregate of the amounts which were owed to trade creditors at the end of the year; and

Y = the aggregate of the amounts in which the company was invoiced by suppliers during the year.

- (4) For the purposes of sub-paragraphs (2) and (3) a person is a supplier of the company at any time if—

- (a) at that time, he is owed an amount in respect of goods or services supplied, and
- (b) that amount would be included under the heading corresponding to item E.4 (trade creditors) in format 1 if—
 - (i) the company's accounts fell to be prepared as at that time,
 - (ii) those accounts were prepared in accordance with Schedule 1 to these Regulations, and
 - (iii) that format were adopted.

- (5) For the purpose of sub-paragraph (3), the aggregate of the amounts which at the end of the financial year were owed to trade creditors is taken to be—

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:
The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 No. 410

- (a) where in the company's accounts format 1 of the balance sheet formats set out in Part 1 of Schedule 1 to these Regulations is adopted, the amount shown under the heading corresponding to item E.4 (trade creditors) in that format,
- (b) where format 2 is adopted, the amount which, under the heading corresponding to item C.4 (trade creditors) in that format, is shown as falling due within one year, and
- (c) where the company's accounts are prepared in accordance with Schedule 2 or 3 to these Regulations or the company's accounts are IAS accounts, the amount which would be shown under the heading corresponding to item E.4 (trade creditors) in format 1 if the company's accounts were prepared in accordance with Schedule 1 and that format were adopted.