

PAYMENT PRACTICES REPORTING UPDATE



All large businesses are now required to report twice a year on how quickly they pay their suppliers (read our update [here](#)). The obligation to publish a statement applies to years starting on or after 6 April 2017, and so the first reports were due in early November, relating to the first half of the financial year. What picture has emerged from the first six weeks of reports?

As at 20 December, a total of 239 reports had been made, with 17 of those reporting only that the business in question did not enter into any qualifying contracts during the period.

What do the reported figures show?

- ▶ Maximum payment period agreed with suppliers: this ranged from 30 days to (in one case) 730 days, with many businesses reporting 60 or 90 days.
- ▶ Average time taken to pay invoices: this ranged from 5 days to 240 days, with many businesses falling somewhere between 30 and 60 days.
- ▶ Percentage of invoices not paid within agreed terms: only 11 businesses were able to report that all bills were paid on time, while 13 businesses reported that it paid 80% or more of its invoices late.

What can we learn from the figures?

Only when all businesses have made their first report will we gain a true picture of how quickly the UK's large businesses are paying their suppliers. Also, it's important to remember that businesses are asked to report in relation to invoices by number and not value. So, for example, we cannot tell from the statistics what is the total value of all invoices that were paid late by a business, only the percentage of all invoices. Whether the reporting requirement has the desired effect of reducing settlement times remains to be seen.

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