



# Supplier payment reporting



The supplier payment reporting regulations state that large companies and limited liability partnerships (“LLPs”) in the UK have to publically report twice a year on their payment practices and performance.

These reports also include the average time taken to pay supplier invoices.

Businesses qualify for supplier payment reporting if they exceed two of the following three thresholds on their last two balance sheets:

- £36m annual turnover
- £18m gross assets
- 250 employees

Parent companies and LLPs need to consider whether they fall under the reporting requirements; either as a result of their own figures exceeding the threshold, or if those of the group they head up do so.

Mandatory reporting started in October 2017, and businesses within the scope of the requirement are required to report for the financial year that starts on or after 6 April 2017. The reporting website is live and users are able to review all statistical and yes/no answers published by businesses to date, with further detail also accessible on narrative answers provided.

Anyone who is concerned that a business has not complied can raise a concern to [paymentpracticesreporting@beis.gov.uk](mailto:paymentpracticesreporting@beis.gov.uk)

If a concern is raised, the business will be contacted to seek an explanation for non-compliance or discrepancies and to remind them to comply. A business that fails to comply or provides false information can be prosecuted.

The information to be reported by businesses includes:

- Narrative descriptions of payment terms
- Standard contractual terms
- Maximum payment periods
- Changes made to standard terms
- Details of how suppliers have been consulted on changes
- The process for resolving disputes related to payment

There are also statistics to be reported including:

- The average number of days taken to make payments in a reporting period from the date of receipt of an invoice
- The percentage of payments made within:
  - 30 days
  - 31 to 60 days
  - More than 60 days
- The percentage of payments not paid within the agreed terms



Finally, there is a tick box statement confirming the following:

- If supply chain finance is available to suppliers
- Whether policies cover deducting sums from payments as a charge for remaining on a supplier's list, and whether this has been done in the period
- Whether the business is a member of a payment code and the name of the code

The public report includes a lot of previously confidential information, which can clearly be utilised by competitors. Suppliers may be looking to rely on this report instead of performing credit checks and therefore businesses will need to ensure that this reporting is accurate and prompt. It is expected that going forward many businesses, whilst not required to do so, will voluntarily report in order to demonstrate best practice in an economy where late payment is such a key issue for business. This may particularly apply to those tendering in the public sector.



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