STATUTORY RULES OF NORTHERN IRELAND

1997 No. 501

COMPANIES

Companies (1986 Order) (Directors' Report) (Statement of Payment Practice) Regulations (Northern Ireland) 1997

Made - - - - 17th November 1997
To be laid before Parliament under paragraph 3(3) of Schedule 1 to the Northern Ireland Act 1974

Coming into operation 31st December 1997

The Department of Economic Development(**1**), in exercise of the powers conferred on it by Article 265 of the Companies (Northern Ireland) Order 1986(**2**) and of every other power enabling it in that behalf, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (1986 Order) (Directors' Report) (Statement of Payment Practice) Regulations (Northern Ireland) 1997 and shall come into operation on 31st December 1997.

(2) In these Regulations, "the 1986 Order" means the Companies (Northern Ireland) Order 1986.

Inclusion of payment practice in report

2.—(1) In paragraph (4) of Article 242 of the 1986 Order(**3**) (duty to prepare directors' report) in the entry relating to Part VI of Schedule 7 (company's policy on the payment of creditors), after the word "policy" insert the words "and practice".

(2) For Part VI of Schedule 7(**4**) to the 1986 Order substitute the following Part—

(**1**) *See* the definition of "the Department" in Article 2(3) of the 1986 Order
(**2**) S.I.1986/1032 (N.I. 6); Article 265 was inserted into the 1986 Order by Article 22 of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) in place of an existing Article of that number
(**3**) Article 242 was inserted into the 1986 Order by Article 10(1) of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number and was amended by regulation 4 of S.R. 1997 No. 314
(**4**) Part VI of Schedule 7 was added by regulation 13(5) of S.R. 1997 No. 314

"Part VI

Policy and Practice on Payment of Creditors

12.—(1) This Part applies to the directors report for a financial year if—

(a) the company was at any time within the financial year a public company, or

(b) the company did not qualify as small or medium-sized in relation to the financial year by virtue of Article 255 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 shall 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 head (*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 shall 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 shall 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 4, 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 shall be taken to be—

(a) where in the company's accounts Format 1 of the balance sheet formats set out in Part I of Schedule 4 is adopted, the amount shown under the heading corresponding to item E. 4 (trade creditors) in that Format,