

Appendix A – Serco proposals for discounts for advance GASC payments

| Option | Annual Discount | Monthly Discount | Description | Example | 1 |
|---|-----------------|------------------|--|---|---|
| Option 1 - Advanced Payment (-30 days) | £14,000.00 | £1,166.67 | Payment to made for the month of service delivery by the end of the month of the service delivery (i.e. 30 days earlier than under standard 30 day credit terms) | Period of service delivery Serco provides invoice by Latest date for payment <u>to be received</u> by Serco | 1st November to 30th November 2010 15th November 2010 Last working day, November 2010 |
| Option 2 Advance Payment (-60 days) | £28,000.00 | £2,333.33 | Payment to made for the month of service delivery by the end of the month, 1 month before the month of the service delivery (i.e. 61 days earlier than under standard 30 day credit terms) | Period of service delivery Serco provides invoice by Latest date for payment <u>to be received</u> by Serco | 1st November to 30th November 2010 15th October 2010 Last working day, October 2010 |

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|--|------------|-----------|--|---|---|
| Option 3 - Advanced Payment (-90 days) | £42,000.00 | £3,500.00 | Payment to made for the month of service delivery by the end of the month, 2 months before the months of the service delivery (i.e. 91 days earlier than under standard 30 day credit terms) | Period of service delivery Serco provides invoice by Latest date for payment <u>to be received</u> by Serco | 1st November to 30th November 2010 15th September 2010 Last working day, September 2010 |
| Standard terms (30 days) (for clarity and comparison) | £0.00 | £0.00 | Payment to made for the month of service delivery by the end of the month following (i.e. standard 30 day credit terms) | Period of service delivery Serco provides invoice by Latest date for payment <u>to be received</u> by Serco | 1st November to 30th November 2010 15th December 2010 Last working day, December 2010 |

Notes:

Payments to be made electronically by either BACS or CHAPS

Reconciliation of additional works, performance credits or any other non-core items to be reconciled in the following period

Any late payments to result in relevant discount for the period concerned, as set out above, to be refunded to Serco