

B PAYMENT TERMS AND CONTRACT PRICE

B1 Contract Price

- B1.1 The Contract Prices and Rates shall remain firm for the initial Contract Period, but not including any extension of that period.
- B1.2 In the event that the Contract Price is increased or decreased as a result of any new legislation or regulation being made after the Commencement Date, the amount of any such increase or decrease shall be treated as a Variation to the Contract and will be assessed on an individual basis. Such Variations will not be allowed where new legislation or regulations are enacted after the commencement of the Contract but were made public prior to the Commencement Date. Any such Variations to price, which can be foreseen by the Contractor prior to the Commencement Date, will be deemed to have been included in the Contract Price.

B2 Payment Terms and VAT

- B2.1 The Client shall pay all sums due to the Contractor within 30 days of receipt of a valid invoice, submitted in accordance with the Client's reasonable instructions.
- B2.2 The Contractor shall ensure that each invoice contains all appropriate references and a detailed breakdown of the Services supplied and is supported by any other documentation reasonably required by the Client to substantiate the invoice.
- B2.3 Where the Contractor enters into a sub-contract with a supplier or sub-contractor for the purpose of performing its obligations under the Contract, it shall ensure that a provision is included in such a sub-contract which requires payment to be made of all sums due by the Contractor to the sub-contractor within a specified period not exceeding 30 days from the receipt of a valid invoice.
- B2.4 The Contractor shall add VAT to the Contract Price at the prevailing rate as applicable and the Client shall pay the VAT to the Contractor following its receipt of a valid VAT invoice.
- B2.5 The Contractor shall indemnify the Client on a continuing basis against any liability, including any interest, penalties or costs incurred, which is levied, demanded or assessed on the Client at any time in respect of the Contractor's failure to account for or to pay any VAT relating to payments made to the Contractor under the Contract. Any amounts due under this Clause B2.5 shall be paid by the Contractor to the Client not less than five Working Days before the date upon which the tax or other liability is payable by the Client.
- B2.6 The Contractor shall not suspend the supply of the Goods or Services unless the Contractor is entitled to terminate the Contract under Clause G2.3 (Termination on Default) for failure to pay undisputed sums of money. If any amount payable under this Contract is not paid within 30 days of the due date for payment, interest shall be payable by the Client at a rate of 5 per cent above the base rate of the Bank of England, from the due date to the date of actual payment.

B3 Recovery of Sums Due

- B3.1 Wherever under the Contract any sum of money is recoverable from or payable by the Contractor (including any sum which the Contractor is liable to pay to the Client in

respect of any breach of the Contract), that sum may be deducted from any sum then due, or which at any later time may become due to the Contractor under the Contract or under any other agreement or Contract with the Client or the Crown.

B3.2 Any overpayment by either Party shall be a sum of money recoverable by the Party who made the overpayment from the Party in receipt of the overpayment.

B4 Compliance with Value Added Tax and Other Tax Requirements

B4.1 The Contractor shall at all times comply with the Value Added Tax Act 1994 and all other statutes relating to direct or indirect taxes.

B4.2 Failure to comply may constitute a material breach of this Contract and the Client may exercise the rights and provisions conferred by Condition G2 (Termination on Default) hereof.

B4.3 The Contractor shall provide to the Client the name and, as applicable, the Value Added Tax registration number, PAYE collection number and either the Corporation Tax or Self Assessment reference of any agent, supplier or sub-contractor of the Contractor prior to the commencement of any work under this Contract by that agent, supplier or sub-contractor. Upon a request by the Client, the Contractor shall not employ or will cease to employ any agent, supplier or sub-contractor.

B5 Arrears of Value Added Tax

B5.1 Where an amount, including any assessed amount, is due from the Contractor as Value Added Tax under the Value Added Tax Act 1994 (as amended) an equivalent amount may be deducted by the Client from the amount of any sum due to the Contractor under the Contract.

B5.2 The Client shall give the Contractor at least 14 days notice in writing before exercising the right of deduction under Clause B5.1. The notice shall specify the amount to be deducted and shall contain a description of the VAT due from the Contractor in respect of which the deduction is made.

B6 Price adjustment on extension of the Initial Contract Period

B6.1 The Contract Price shall apply for the Initial Contract Period. In the event that the Client agrees to extend the Initial Contract Period pursuant to Clause E6 (Extension of Initial Contract Period) the Client shall, in the six month period prior to the expiry of the Initial Contract Period, enter into good faith negotiations with the Contractor (for a period of not more than 30 Working Days) to agree a Variation in the Contract Price.

B6.2 If the Parties are unable to agree a Variation in the Contract Price in accordance with Clause B6.1, the Contract shall terminate at the end of the Initial Contract Period.

B6.3 If a Variation in the Contract Price is agreed between the Client and the Contractor, the revised Contract Price will take effect from the first day of any period of extension and shall apply during such period of extension.

B6.4 Any increase in the Contract Price pursuant to Clause B6.1 shall not exceed the percentage change in the Price Index previously agreed between the Client and the Contractor between the Commencement Date and the date six months before the end of the Initial Contract Period.

B7 Euro

B7.1 Any requirement of Law to account for the Services in Euro (or to prepare for such accounting) instead of and/or in addition to sterling, shall be implemented by the Contractor free of charge to the Client.

B7.2 The Client shall provide all reasonable assistance to facilitate compliance with Clause B7.1 by the Contractor.