

Definitions

Matured Liabilities

Matured liabilities are invoices that are due for payment as the liability has reached the maturity date taking account of credit terms, contract obligations and prompt payment requirements.

In the case of a contract for the supply of goods or services, payment in full is due (matured liability) when the service has been provided satisfactorily and the supplier has submitted their invoice for payment on the account and when optimum advantage has been taken of the credit terms, if any, allowed by the supplier, at the same time avoiding the incurrence of any interest on late payments.

In the case where a mechanism for payment forms part of a signed contract, payment is due (matured liability) based on the payment mechanism included in the signed contract, for example;- when the contracting authority is satisfied that specific milestones are achieved; monthly payment in advance; completion of specified deliverables to the satisfaction of the contracting authority etc.. The contracting authority should avoid the incurrence of any interest on late payments.

Prepayments

Prepayments are an accounting term and refer to payments made for a matured liability prior to the end of the current year of account for the supply of goods or services that are delivered in whole or in part in a subsequent year of account. The liability has matured and the contract terms dictate that payment in full settlement is required. The element of the payment which relates to a subsequent year of account is a prepayment for the current year of account and recorded as a current asset on the balance sheet.

Advance Contract Payments

In contracts which include a mechanism for payment, advance contract payments are those payments required to be made in accordance with the mechanism for payment included as part of the contract and which are made in advance of the final payment.

Enquiries regarding this guidance note should be directed to Government Accounting Unit, Department of Public Expenditure NDP Delivery and Reform, Tel + 353 1 6767571 email govacc@per.gov.ie.