Introduction:

Finance department has responsibilities to govern to create standardized processes, clear roles, and responsibilities related to the management of financial activities within the organization.

This work procedure document is designed and targeted for officers within and outside Finance department (or its equivalent in subsidiary entities) to be guiding procedures for the specified financial and accounting processes in the Objective section.

Adherence to the activities and steps are crucial and mandatory to all targeted stakeholders to ensure consistent and transparent financial practice, clear accountabilities, regulatory compliance, and alignment with the company's financial policies used in conjunction with this work procedure.

Objective:

To establish the guideline procedures for 'Direct Accounts Receivable Recording process,' ensuring that AR transactions, whether manually created or interfaced from the source system, are processed accurately and in a timely manner into the Enterprise Resource Planning (ERP) system.

Scope:

This work procedure shall be adopted by Banpu Public Company Limited and subsidiaries, whose Finance and Accounting operations are handled by Finance department in Thailand, and shall be effective until announced otherwise.

Definitions:

Key terminology used in this procedure includes the following:

- Counterpart (Intercompany)
- Supervisor
- Value Added Tax (VAT)
- Withholding tax paid by other persons (WHT)

For definitions of each terminology, refer to the Appendix 1: Definitions [File Name: SOP Appendix 1 Definitions].

References:

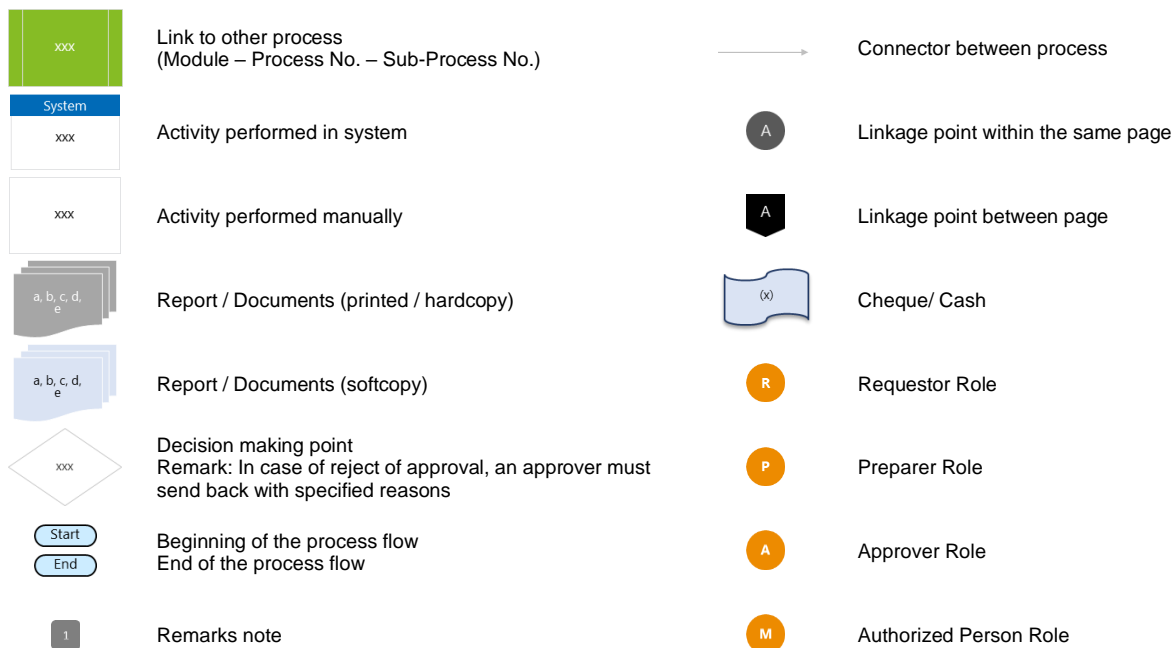For invoice issuing in case of disposal by selling of assets, and inventory items/ spare parts approval:

- DOA

For DOA, refer to the Appendix 2 : References [File Name: SOP Appendix 2 References].

Flowchart:

Process Flowchart Legends

xxx (green box with "System")	Link to other process (Module – Process No. – Sub-Process No.)
xxx (blue box)	Activity performed in system
xxx (white box)	Activity performed manually
a, b, c, d, e (gray docs)	Report / Documents (printed / hardcopy)
a, b, c, d, e (blue docs)	Report / Documents (softcopy)
xxx (diamond)	Decision making point. Remark: In case of reject of approval, an approver must send back with specified reasons
Start / End	Beginning of the process flow. End of the process flow
1	Remarks note

→	Connector between process
A (gray circle)	Linkage point within the same page
A (black)	Linkage point between page
(x) (flag)	Cheque/ Cash
R	Requestor Role
P	Preparer Role
A	Approver Role
M	Authorized Person Role

Abbreviations and Definitions

Abbreviation	Definition
AP	Accounts Payable
AR	Accounts Receivable
FA	Fixed Asset Accounting
GL	General Ledger
I&C	Inventory & Costing
TR	Treasury Operations
MA	Managerial Reporting and Budgeting
D&I	Digital and Innovation
MS&L	Marketing, Sales & Logistics

Abbreviation	Definition
ERP	Enterprise Resource Planning system
ECM	Enterprise Content Management system
ACCP	Accounting Portal system
VAT	Value Added Tax
WHT	Withholding Tax
SBT	Specific Business Tax
CIT	Corporate Income Tax
ARV	Accounts Receivable Voucher

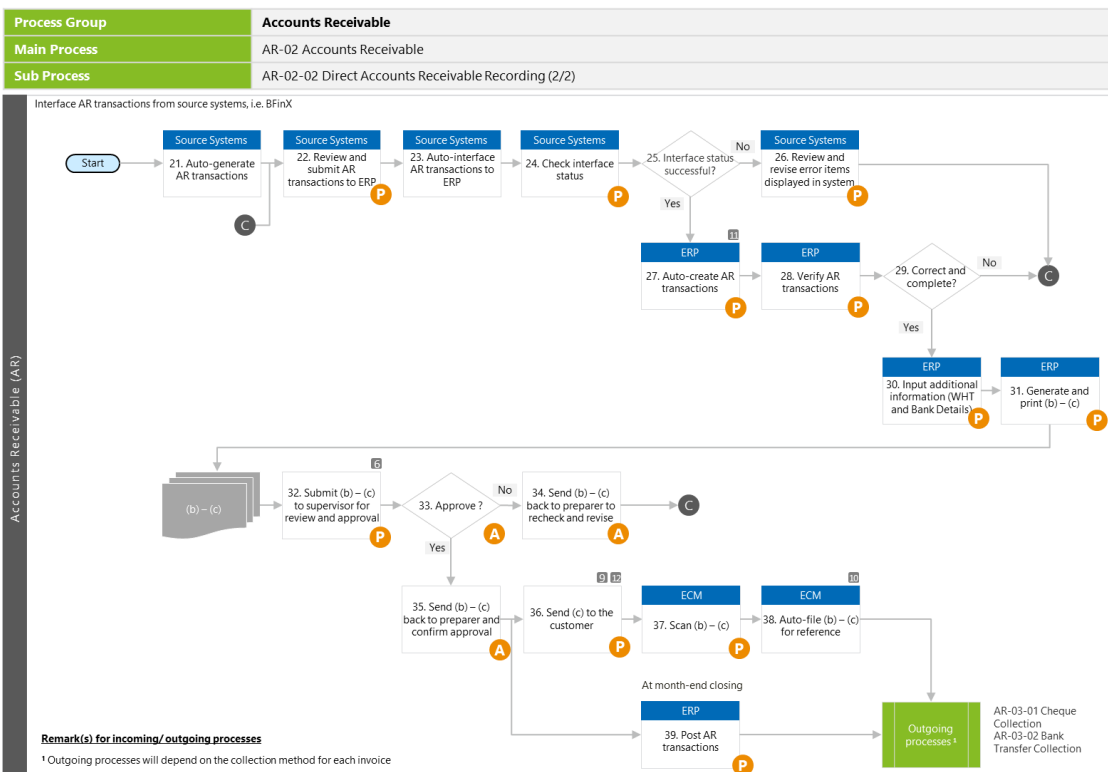| Process Group	Accounts Receivable
Main Process	AR-02 Accounts Receivable
Sub Process	AR-02-02 Direct Accounts Receivable Recording (1/2)

Relevant Document(s)

a) Examples of supporting documents for AR recording include:
   - Memo to sell fixed assets, spare parts, scraps, projects, etc.
   - Sales contracts such as Management Fee
   - Purchase order from the customer
b) ARV with QR code (For ECM reference to upload supporting documents)
c) Invoice or Invoice/ Tax Invoice

Remark(s)

1. AR team must check at least the following:
   - Customer details (Code, Name, etc.)
   - Elements required for booking for relevant segment
   - Sales information (Transaction date, Service/ product type, Sales/Service amount, VAT/ WHT amount, etc.)
   - Approval from the authorized person
2. In case of new customer, AR team has to create new customer account before recording transactions
3. AR transactions can be recorded through three main methods
   - Individual Recording: entering the details of each transaction directly into the system
   - Mass Recording: uploading a template file containing information for multiple transactions
   - Copying Previous Transactions: copying an existing transaction and then adjusting the relevant information for the new transaction
4. If an outstanding deposit balance exists, it should be applied to the customer's account when recording the AR transaction
5. AR team has to review Invoice or Tax Invoice details in the system before submitting the document at least the following:
   - Customer details (name, address, and Tax ID)
   - Due date and amount
   - VAT and WHT amount
   - Payment channel
6. AR team may submit the documents for review and approval via either hard copy or email
7. AR team may submit the documents to AP team via either hard copy or email
8. Examples of intercompany transactions include Management fee and Intercompany reimbursement/ chargeback
9. In case customer required actual invoice for bill placement, the AR team will submit hard copy via EMS
10. ECM will create a folder based on ARV and upload the supporting documents in designated folder

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Process Group	Accounts Receivable
Main Process	AR-02 Accounts Receivable
Sub Process	AR-02-02 Direct Accounts Receivable Recording (2/2)

Relevant Document(s)

a) Examples of supporting documents for AR recording include:
   - Memo to sell fixed assets, spare parts, scraps, projects, etc.
   - Sales contracts such as Management Fee
   - Purchase order from the customer
b) AR Voucher (ARV) with QR code (For ECM reference to upload supporting documents)
c) Invoice or Invoice/ Tax Invoice

Remark(s)

6. AR team may submit the documents for review and approval via either hard copy or email
9. In case customer required actual invoice for bill placement, the AR team will submit hard copy via EMS
10. ECM will create a folder based on ARV and upload the supporting documents in designated folder
11. Interfaced AR transactions should include details of VAT and WHT, and counterpart (Intercompany) information and generate accounting entries:
   Dr. AR
        Cr. VAT (if any)
        Cr. Revenue
12. AR team may send the documents to customer via either hard copy or email.

Remark(s) for incoming/ outgoing processes
¹ Outgoing processes will depend on the collection method for each invoice.

Detail of Procedure: AR-02-02

In case of manual direct AR transaction (from step #1 - #20)

1. AR preparer receives the request for invoice issuance and supporting documents via Email from requestor. Examples of supporting documents for AR recording include:
   - Memo to sell fixed assets, spare parts, scraps, projects, etc.
   - Sales contracts such as Management Fee.
   - Purchase order from the customer.

2. AR preparer checks the correctness and completeness of request and supporting document. AR team must check at least the following:
   - Customer details (Code, Name, etc.).
   - Elements required for booking for relevant segment.
   - Sales information (Transaction date, Service/ product type, Sales/Service amount, VAT/ WHT amount, etc.).
   - Approval from the authorized person.

3. AR preparer reviews the result from the step #2 whether the request and supporting documents are correct and complete:
   a. If correct and complete, proceed to step #5.
   b. If incorrect and/or incomplete, proceed to step #4.

4. AR preparer notifies the requestor to recheck and revise via Email. Then proceed back to step #1.

5. Within 3 business days after receiving a request, AR preparer manually creates AR transactions in ERP. AR transactions can be recorded through three main methods:
   - <u>Individual Recording</u>: entering the details of each transaction directly into the system.
   - <u>Mass Recording</u>: uploading a template file containing information for multiple transactions.
   - <u>Copying Previous Transactions</u>: copying an existing transaction and then adjusting the relevant information for the new transaction.

   If an outstanding deposit balance exists, it should be applied to the customer's account when recording the AR transaction.
   <u>Note:</u> In case of new customer, AR preparer has to create new customer account before recording transactions.

6. AR preparer generates ARV and Invoice or Invoice/ Tax Invoice from ERP to review against the request and supporting documents. AR team has to review at least the following:
   - Customer details (name, address, and Tax ID)
   - Due date and amount
   - VAT and WHT amount
   - Payment channel

7. AR preparer reviews the result from the step #6 whether ARV and Invoice or Invoice/ Tax Invoice are correct and complete:
   a. If correct and complete, proceed to step #9.
   b. If incorrect and/or incomplete, proceed to step #8.

8. AR preparer rechecks and revises AR transaction in ERP. Then proceed to step #9.

9. AR preparer prints the supporting documents received from Email, and ARV and Invoice or Invoice/ Tax Invoice generated from ERP.

10. AR preparer submits the supporting documents, ARV, and Invoice or Invoice/ Tax Invoice to supervisor for review and approval.
    <u>Note:</u> AR team may submit the documents for review and approval via either hard copy or email.

11. AR approver reviews the submitted transactions with supporting documents:
    a. If approve, proceed to step #13.
    b. If not approve, proceed to step #12.

12. AR approver sends the supporting documents, ARV, and Invoice or Invoice/ Tax Invoice back to the preparer to recheck and revise the transactions. Then proceed back to step #8.

13. AR approver sends the supporting documents, ARV, and Invoice or Invoice/ Tax Invoice back to the preparer and confirms approval.

14. AR preparer considers whether the AR transactions are intercompany transactions:
    a. If they are intercompany transactions, proceed to step #15.
    b. If they are not intercompany transactions, proceed to step #16.

15. Within a business day upon AR transactions approval, AR preparer submits the supporting documents and Invoice or Invoice/ Tax Invoice to AP team to record AP transaction for intercompany. Examples of intercompany transactions include Management fee and Intercompany reimbursement/ chargeback. Then proceed to the work procedure of AP-02-03 Direct Accounts Payable Recording, then proceed to the step of #16.
    Note: AR team may submit the documents to AP team via either hard copy or email.

16. AR preparer sends Invoice or Invoice/Tax Invoice and the supporting documents to customer and requester via Email. Then proceed to step #17 and #19.
    Note: In case customer required actual invoice for bill placement, the AR team will submit hard copy via EMS.

17. AR preparer scans the supporting documents, ARV, and Invoice or Invoice/ Tax Invoice via ECM.

18. ECM automatically files the scanned documents from the step #17 for reference. ECM will create a folder based on ARV and upload the supporting documents in designated folder. Then proceed to step #20.

19. At month-end closing, AR preparer posts AR transactions in ERP.

20. AR preparer considers whether the customer requires bill placement:
    a. If customer require, proceed to the work procedure of AR-02-04 Bill Placement.
    b. If customer doesn't require, proceed to the work procedure of AR-03-01 Cheque Collection and AR-03-02 Bank Transfer Collection depends on the collection method for each invoice.

In case of Interface AR transactions from source systems such as BFinX (from step #21 - #39)

21. Source Systems automatically generates AR transactions.

22. AR preparer reviews and submits AR transaction from Source Systems to prepare for interfacing to ERP.

23. Source Systems automatically interfaces the prepared AR transaction from Source Systems to ERP.

24. AR preparer checks the interface status in Source Systems.

25. AR preparer reviews whether the interface status is successful:
    a. If the interface status is successful, proceed to step #27.
    b. If the interface status is unsuccessful, proceed to step #26.

26. AR preparer reviews and revises the error items displayed in Source Systems. Then proceed back to step #22.

27. ERP automatically creates AR transactions. The interfaced AR transactions should include details of VAT and WHT, and counterpart (Intercompany) information and generate accounting entries:
     Dr. AR.
              Cr. VAT (if any).
              Cr. Revenue.

28. AR preparer verifies the correctness and completeness of AR transactions.

29. AR preparer reviews the result from step #28 whether correct and complete:
    a. If correct and complete, proceed to step #30.
    b. If incorrect and/or incomplete, proceed back to step #22.

30. AR preparer inputs additional information for WHT and bank details.

31. AR preparer generates and prints ARV and Invoice or Invoice/ Tax Invoice from ERP.

32. AR preparer submits the ARV, and Invoice or Invoice/ Tax Invoice to supervisor for review and approval.
    Note: AR team may submit the documents for review and approval via either hard copy or email.

33. AR approver reviews the submitted transactions with supporting documents:
    a. If approve, proceed to step #35.
    b. If not approve, proceed to step #34.

34. AR approver sends the ARV, and Invoice or Invoice/ Tax Invoice back to the preparer to recheck and revise the transactions. Then proceed back to step #22.

35. AR approver sends the ARV, and Invoice or Invoice/ Tax Invoice back to the preparer and confirms approval. Then proceed to step #36 and #39.

36. AR preparer sends Invoice or Invoice/ Tax Invoice to customer via either hardcopy or email.
    Note: In case customer required actual invoice for bill placement, the AR team will submit hard copy via EMS.

37. AR preparer scans the supporting documents, ARV, and Invoice or Invoice/ Tax Invoice via ECM.

38. ECM automatically files the scanned documents from the step #37 for reference. ECM will create a folder based on ARV and upload the supporting documents in designated folder. Then proceed the work procedure of AR-03-01 Cheque Collection and AR-03-02 Bank Transfer Collection depends on the collection method for each invoice.

39. At month-end closing, AR approver posts AR transactions in ERP. Then proceed the work procedure of AR-03-01 Cheque Collection and AR-03-02 Bank Transfer Collection depends on the collection method for each invoice.