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|--|------------------------------|------------|
| Type: Standard Operating Procedure | Banpu Public Company Limited | Page 1 / 6 |
| No: AP-03-01 Revision: 00 | Finance | |
| Title: Employee Advance Recording | | |

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 'Employee Advance Recording process', ensuring that AP transactions from employee advance requests are processed accurately and in a timely manner into the Enterprise Resource Planning (ERP) system to facilitate timely payment processing.

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:

- Employee Advance
- Supervisor

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

References:

For employee advance approval:

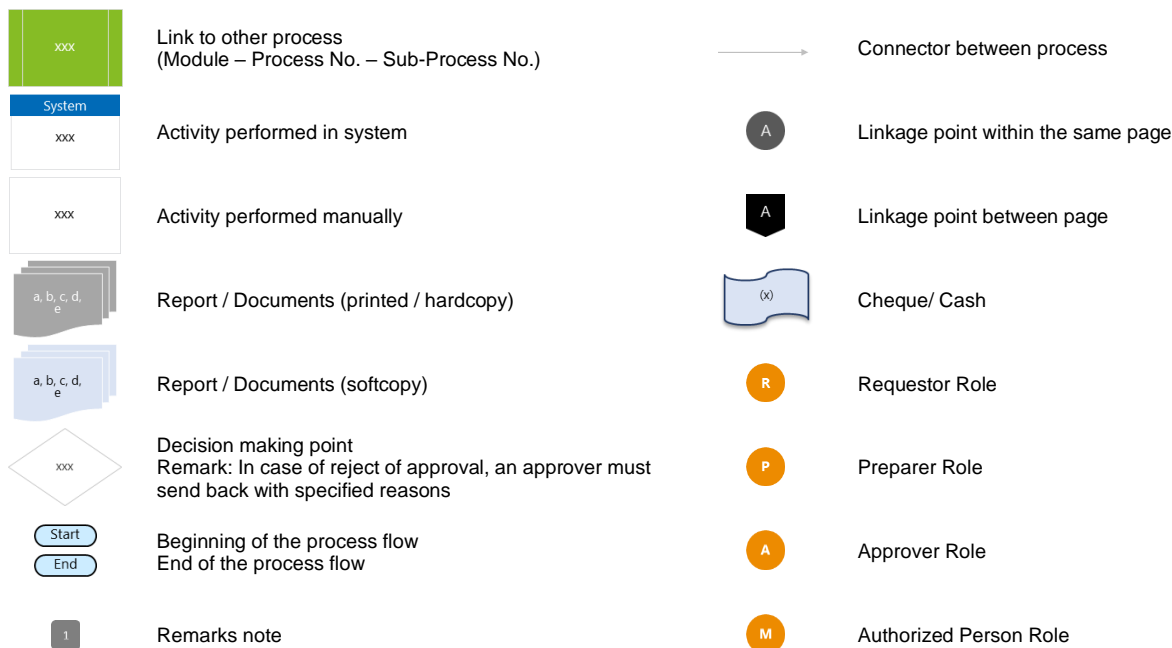
- DOA

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

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|------------------------------------|------------------------------|------------|
| Type: Standard Operating Procedure | Banpu Public Company Limited | Page 2 / 6 |
| No: AP-03-01 | Revision: 00 | |
| Title: Employee Advance Recording | Finance | |

Flowchart:

Process Flowchart Legends



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 |
| APV | Accounts Payable Voucher |

Type: Standard Operating Procedure

No: AP-03-01

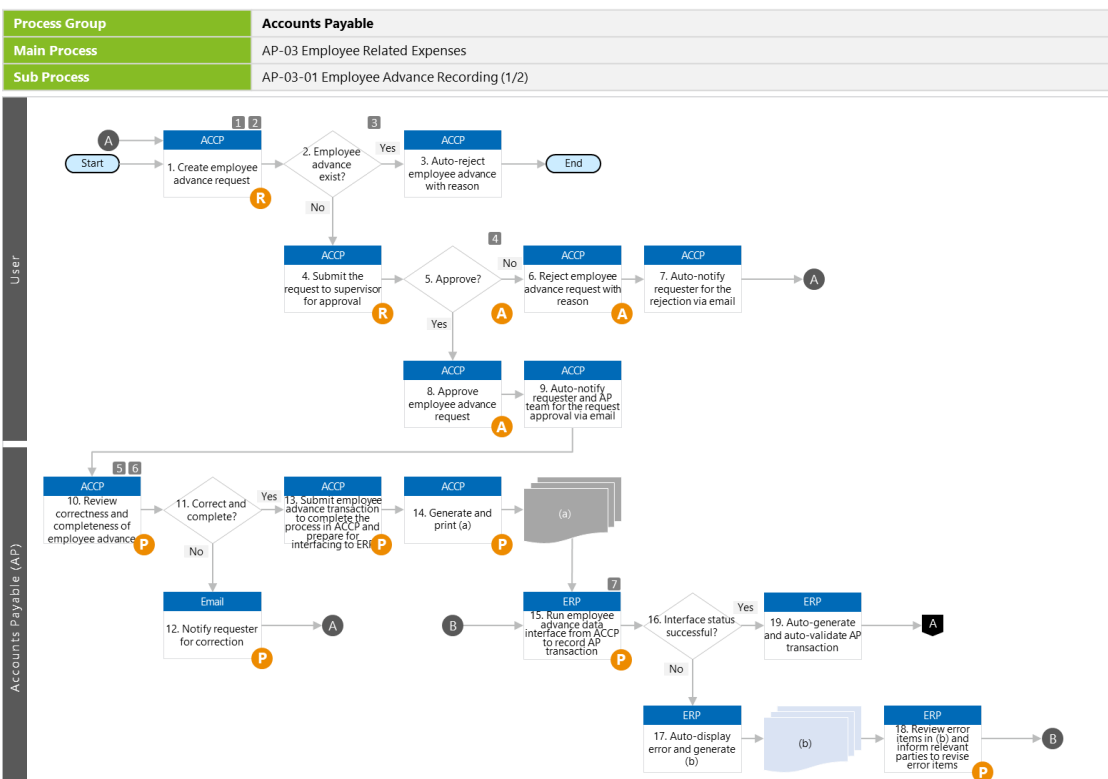
Revision: 00

Banpu Public Company Limited

Finance

Page 3 / 6

Title: Employee Advance Recording

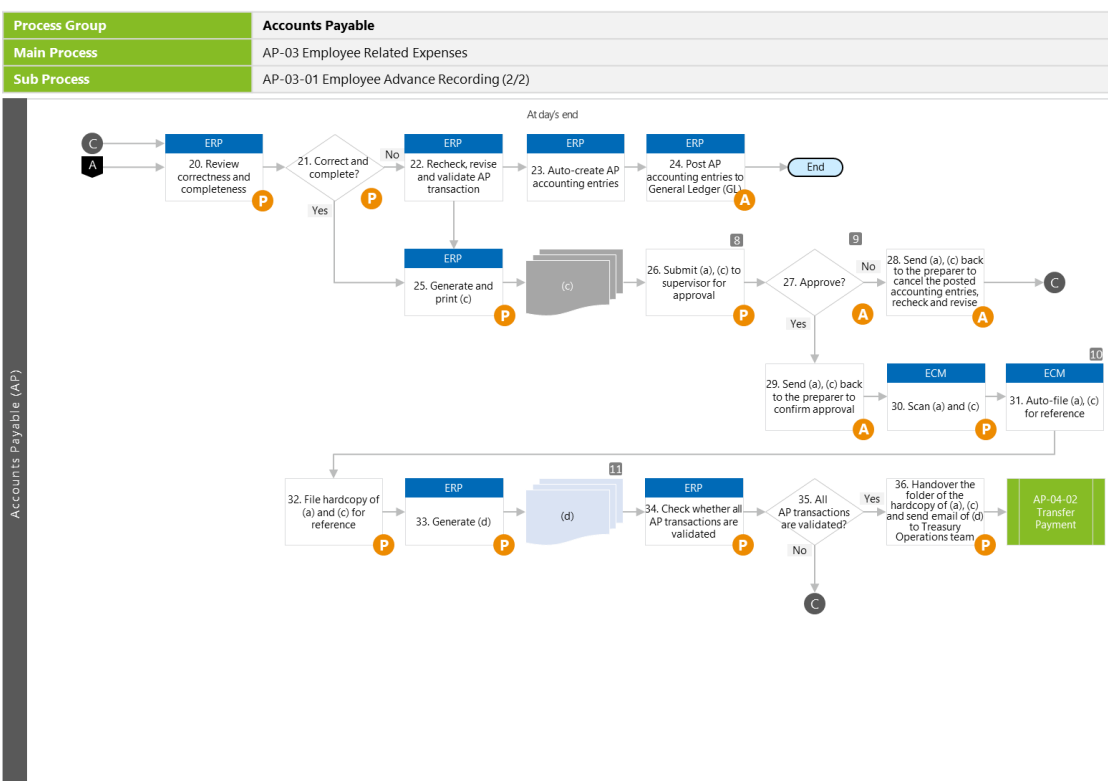


Relevant Document(s)

- ACCP Form for Employee Advance
- Exception Report
- AP Voucher (APV) with QR Code (For ECM reference to upload supporting documents)
- AP Voucher Listing Report includes information at least:
 - Due Date
 - Pay Group

Remark(s)

- Employee advance request should contain at least the following:
 - Employee name and ID
 - Requester name
 - Advance requested amount
 - Description of the purpose of the employee advance
- In case of employee advance for travelling expense, user as a requester needs to input the "TA Number" for reference.
- Requester is allowed to have one employee advance at a time.
- Supervisor reviews employee advance at least the following:
 - Description/ Purpose
 - Amount
- AP team must ensure that the record of AP – Employee to pay cash advance has net with WHT amount.
- In case, there is advance WHT certificate issuance, the WHT certificate number needs to be recorded. However, the advance WHT certificate issuance is not recommended. Any service procured, withholding tax certificate must be issued only when employees clearing their advance. Also, encourage for requester to clear advance within the month expenses incurred to avoid case where company has to absorb WHT as their own expenses.
- Example of information that needs to be interfaced include at least the following:
 - Transaction description and amount
 - VAT code and amount
 - WHT code
 - Due date for payment per the conditions set



Relevant Document(s)

- ACCP Form for Employee Advance
- Exception Report
- AP Voucher (APV) with QR Code (For ECM reference to upload supporting documents)
- AP Voucher Listing Report includes information at least:
 - Due Date
 - Pay Group

Remark(s)

- AP preparer can submit AP Voucher (APV) for review and approval via either hardcopy or email
- AP supervisor reviews employee advance at least the following with supporting details from the requester:
 - Employee Information (name, site, etc.)
 - Amount
 - Description/ Purpose
 - Accounting Record
- ECM will create a folder based on AP Voucher (APV) and upload the supporting documents in designated folder
- AP voucher listing report shows AP vouchers by pay group and due date.

| | | |
|------------------------------------|------------------------------|------------|
| Type: Standard Operating Procedure | Banpu Public Company Limited | |
| No: AP-03-01 | Revision: 00 | Page 4 / 6 |
| Title: Employee Advance Recording | Finance | |

Detail of Procedure: AP-03-01

1. User as a requester creates employee advance request in ACCP. The employee advance request must contain at least the following:
 - Employee name and ID.
 - Requestor name.
 - Advance requested amount.
 - Description of the purpose of the employee advance.

Note: In case of employee advance for travelling expense, user as a requester needs to input the “TA Number” for reference.
2. ACCP automatically checks whether any outstanding employee advance for the requested employee exists.
 - a. If an outstanding employee advance exists, proceed to step #3.
 - b. If an outstanding employee advance does not exist, proceed to step #4.
3. ACCP automatically rejects the employee advance with reason. Then end of the employee advance recording process.

Note: Requestor is allowed to have one employee advance at a time.
4. User as a requester submits the employee advance request to user’s approver, e.g. supervisor, based on the condition per policy for approval (if any).
5. User as an approver reviews the submitted request and considers the request description/ purpose and requested amount by reviewing the following:
 - The description or purpose matches with the policy of employee advance (if any).
 - The requested amount matches with the policy of employee advance and DoA.
 - a. If approved, proceed to step #8.
 - b. If not approved, proceed to step #6.
6. User as an approver rejects the employee advance request with reason.
7. ACCP automatically notify the requester for employee advance request rejection via email. Then proceed back to step #1.
8. User as an approver approves employee advance request.
9. ACCP automatically notify the requester and AP preparer of employee advance request approval via email.
10. AP preparer reviews the correctness and completeness of employee advance request.

Note:

 - AP team must ensure that the record of AP – Employee to pay cash advance that has net with WHT amount.
 - In case, there is advance WHT certificate issuance, the WHT certificate number needs to be recorded. However, the advance WHT certificate issuance is not recommended. Any service procured, withholding tax certificate must be issued only when employees clearing their advance. Also, encourage for requester to clear advance within the month expenses incurred to avoid case where company has to absorb WHT as their own expenses.
11. AP preparer reviews the result from step #10 to determine whether the employee advance request is correct and complete:
 - a. If correct and complete, proceed to step #13.
 - b. If incorrect and/or incomplete, proceed to step #12.
12. AP preparer notifies the requester for correction via email. Then proceed back to step #1.

| | | |
|------------------------------------|------------------------------|------------|
| Type: Standard Operating Procedure | Banpu Public Company Limited | |
| No: AP-03-01 | Revision: 00 | Page 5 / 6 |
| Title: Employee Advance Recording | Finance | |

13. AP preparer submits the employee advance transaction to complete the process in ACCP and to prepare data for interfacing to ERP.
14. AP preparer generates and prints ACCP Form for Employee Advance from ACCP.
15. AP preparer runs to interface the prepared transactions from ACCP into ERP. Example of information that needs to be interfaced include at least the following:
 - Transaction description and amount
 - VAT code and amount
 - WHT code
 - Due date for payment per the conditions set
16. AP preparer reviews the interface result and considers whether the interface status is successful:
 - a. If the interface status is successful, proceed to step #19.
 - b. If the interface status is unsuccessful, proceed to step #17.
17. ERP automatically displays errors and generates Exception Report.
18. AP preparer reviews the error items in Exception Report and informs relevant parties to revise error items displayed. Then proceed back to step #15.
Note: The examples of error items are incorrect employee number, inactive employee, etc.
19. ERP automatically generates and validates the AP transactions of employee advance.
20. AP preparer reviews the correctness and completeness of AP transactions of employee advance before submitting to supervisor for approval.
21. AP preparer reviews the result from step #20 to determine whether the AP transactions are correct and complete:
 - a. If correct and complete, proceed to step #25.
 - b. If incorrect and/or incomplete, proceed to step #22.
22. AP preparer rechecks, revises and validates AP transactions. Then proceed to step #23 and #25.
23. At day's end, ERP automatically creates accounting entries for AP transaction per schedule.
24. AP supervisor as an approver, manually posts the AP accounting entries to GL. Then end of the employee advance recording process.
25. AP preparer generates and print APV.
26. AP preparer submits the ACCP Form for Employee Advance and APV to supervisor for approval.
Note: AP preparer can submit APV for review and approval via either hardcopy or email.
27. AP approver reviews the submitted documents to confirm the validation of AP transactions. AP supervisor reviews employee advance at least the following with supporting details from the requester:
 - Employee Information (name, site, etc.)
 - Amount
 - Description/ Purpose
 - Accounting Record
 - a. If approved, proceed to step #29.
 - b. If not approved, proceed to step #28.
28. AP approver sends the documents received from step #26 back to the preparer and informs the preparer to cancel the posted accounting entries, and to recheck and revise the AP transaction. Then proceed back to step #20.
29. AP approver sends the documents received from step #26 back to the preparer and confirms the approval.

| | | |
|------------------------------------|------------------------------|------------|
| Type: Standard Operating Procedure | Banpu Public Company Limited | |
| No: AP-03-01 | Revision: 00 | Page 6 / 6 |
| Title: Employee Advance Recording | Finance | |

30. AP preparer scans the ACCP Form for Employee Advance and APV via ECM.
31. ECM automatically files the scanned document from step #30 for reference in designated folder.
32. AP preparer files hardcopy of ACCP Form for Employee Advance and APV in a folder for reference.
33. AP preparer generates APV Listing Report.
Note: APV listing report shows all the invalidated/ validated/ posted APVs by pay group.
34. AP preparer checks whether all AP transactions are validated on the report.
35. AP preparer reviews the result from step #34 to determine whether all AP transactions are validated:
 - a. If all AP transactions are validated, proceed to step #36.
 - b. If some AP transactions are invalidated, proceed back to step #20.
36. AP preparer handovers the folder of hardcopy of ACCP Form for Employee Advance and APV and sends email of APV Listing Report to TR team to proceed to the work procedure of AP-04-02 Transfer Payment.