

Type: Standard Operating Procedure No: AR-03-05 Title: Allowance for Doubtful Accounts Recording	Banpu Public Company Limited Finance	Page 1 / 4
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### **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 the 'Allowance for Doubtful Accounts Recording process,' ensuring that appropriate provisions are calculated to cover anticipated bad debts and record to reflect in the financial statements in the manner that also complies with accounting standards.

### **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:

- Allowance for Doubtful Accounts

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

### **References:**

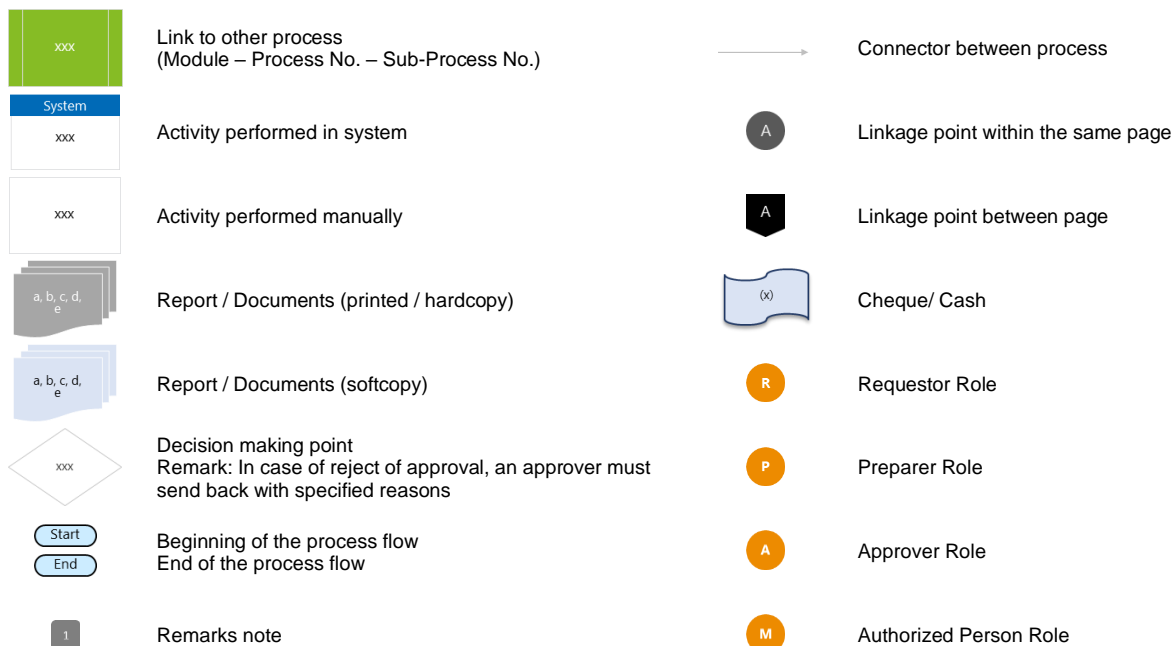
- For Allowance for Doubtful Accounts criteria, conditions and approval:
  - Allowance for Doubtful Accounts recording policy
  - DOA

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

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## Flowchart:

### Process Flowchart Legends

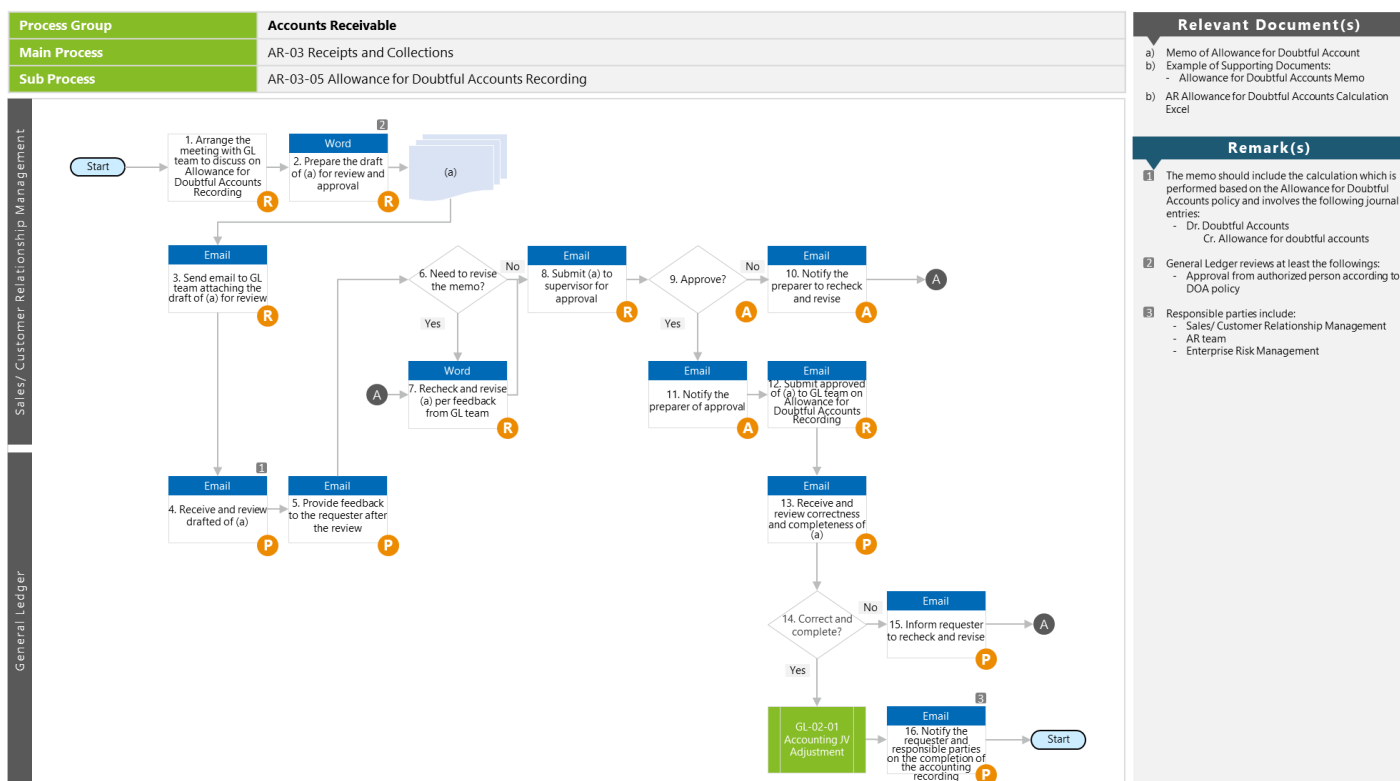


### Abbreviations and Definitions

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

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### **Detail of Procedure: AR-03-05**

1. Sales/ Customer Relationship Management requester arranges the meeting with GL team to discuss on the Allowance for Doubtful Accounts Recording.
2. Sales/ Customer Relationship Management requester prepares the draft of Memo of Allowance for Doubtful Account. The memo should include the calculation which is performed based on the Allowance for Doubtful Account policy and involves the following journal entries:
  - Dr. Doubtful Accounts
  - Cr. Allowance for Doubtful Accounts
3. Sales/ Customer Relationship Management requester sends email to GL team attaching the draft of Memo of Allowance for Doubtful Account for review.
4. GL preparer receives and reviews the draft of Memo of Allowance for Doubtful Account via email. The review should include at least the following:
  - Approval from authorized person according to DOA policy
5. GL preparer provides feedback to the requester via email after the review.
6. Sales/ Customer Relationship Management requester consider whether the memo needs to be revised according to GL team's feedback.
  - a. If need to revise the memo, proceed to step #7.
  - b. If no need to revise the memo, proceed to step #8.
7. Sales/ Customer Relationship Management requester rechecks and revises the memo according to GL team's feedback.
8. Sales/ Customer Relationship Management requester submits the memo to supervisor for approval via email.
9. Sales/ Customer Relationship Management approver reviews the memo and considers whether to approve:
  - a. If approve, proceed to step #11.
  - b. If not approve, proceed to step #10.
10. Sales/ Customer Relationship Management approver notifies the preparer to recheck and revise via email. Then proceed back to step #7.
11. Sales/ Customer Relationship Management approver notifies the preparer of approval.
12. Sales/ Customer Relationship Management requester submits the approved memo to GL team on Allowance and Doubtful Accounts Recording.
13. GL preparer receives the memo via email, then reviews the correctness and completeness of the memo.
14. GL preparer reviews the result from step #13 whether the approved memo is correct and complete:
  - a. If correct and complete, proceed to the work procedure of GL-02-01 Accounting JV Adjustment, then to step #16.
  - b. If incorrect and/or incomplete, proceed to step #15.
15. GL preparer informs the requester to recheck and revise the transaction. Then proceed back to step #7
16. After the accounting for Allowance and Doubtful Accounts is recorded, GL preparer notifies the requester and responsible parties on the completion of the accounting recording. The responsible parties include:
  - Sales/ Customer Relationship Management
  - AR team
  - Enterprise Risk Management