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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 Corporate 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 'Inventory Received (Coal) process', ensuring that the cost of the inventory (including its landed cost) and quantity of the coal inventory received are correctly recorded and reflected in the financial statements in a timely manner.

Scope:

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

Definitions:

Key terminology used in this procedure includes the following:

- Landed cost

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

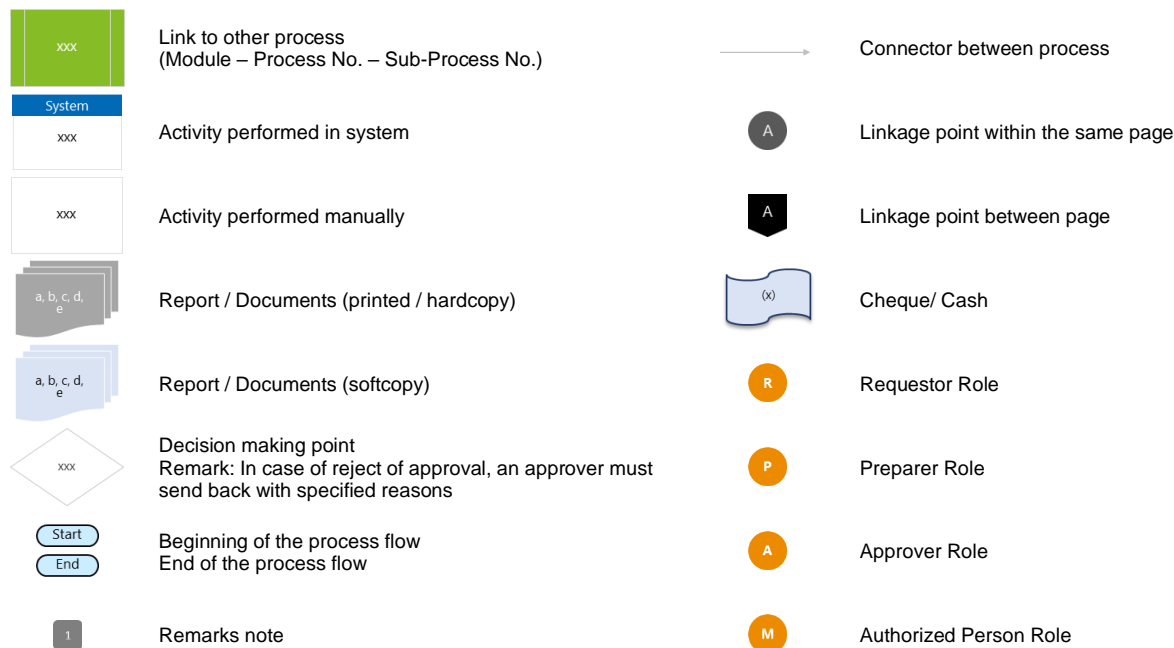
References:

N/A

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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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Process Group	Inventory and Cost Accounting/ Cost Controlling (I&C)
Main Process	INV-02 Costing Calculation
Sub Process	INV-02-03 Inventory Received (Coal)


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graph TD
    Start([Start]) --> T1[1. Receive supporting document for coal purchasing (a) from MS&L]
    T1 --> P1((a))
    P1 --> T2[2. Generate (b) for all cost related to coal purchased]
    T2 --> P2((b))
    P2 --> T3[3. Retrieve (c) to update coal purchased]
    T3 --> P3((c))
    P3 --> T4[4. Update coal quantity and value in (c) based on (a) - (b)]
    T4 --> P4((d))
    P4 --> T5[5. Reconcile (c) against (a) to check completeness and correctness]
    T5 --> D1{6. Correct and Complete?}
    D1 -- No --> T7[7. Contact MS&L team for revising the estimation of purchase cost detail]
    T7 --> P7(( ))
    P7 --> T8[8. Receive the cost estimation from MS&L]
    T8 --> P8(( ))
    P8 --> T9[9. Update estimated costs in (c) and prepare cost accrual]
    T9 --> P9(( ))
    P9 --> T10[10. Send (d) and notify General Ledger team to record accounting entries for adjustment]
    T10 --> P10(( ))
    P10 --> T11[11. Record inventory receipt transaction based on (c)]
    T11 --> P11(( ))
    P11 --> T12[12. Post and Transfer inventory accounting transaction to GL]
    T12 --> P12(( ))
    P12 --> T13[13. File (a) - (d) in the designated folder]
    T13 --> End([End])
    D1 -- Yes --> T11
    
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Relevant Document(s)

- a) Example of Coal Purchasing Documents:
 - Purchase Order Excel
 - Coal Purchase Invoice
 - Bill of Lading (BL)
 - Draft Survey
- b) General Ledger – Purchase cost
- c) Inventory (Coal) Costing Calculation Worksheet
- d) Purchase Costs Estimation Details

Remark(s)

1 The coal quantity will be determined based on the quantity declared in the Bill of Lading (BL) document, while the coal value will be based on the costs recorded in the ERP system.

2 Since costs related to coal purchases may not be received all at once, the I&C team should reconcile to ensure all costs are completely included and accrued before recording the coal quantity and value in the system.

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Detail of Procedure: INV-02-03

1. I&C preparer receives coal purchasing documents from MS&L team.
Note: Examples include at least the following:
 - Purchase Order document
 - Coal Purchase Invoice
 - Bill of Lading (BL)
 - Draft Survey
2. I&C preparer generates GL – Cost related to Coal Purchase Report from ERP.
3. I&C preparer retrieves Inventory (Coal) Costing Calculation Worksheet from ECM.
4. I&C preparer updates the coal quantity and value in the Costing Worksheet based on the 'Coal Purchasing Documents' from step #1 and and 'General Ledger – Expense related to Coal Purchase Report' from step #2 into the Inventory (Coal) Costing Calculation Worksheet
Note: The coal quantity will be determined based on the quantity declared in the Bill of Lading (BL) document, while the coal value will be based on the costs recorded in the ERP system
5. I&C preparer reconciles the Inventory (Coal) Costing Template Worksheet against coal purchasing documents to check for correctness and completeness.
Note: Since costs related to coal purchases may not be received all at once, as there are also landed cost (such as freight, custom and insurance). The I&C team should check to ensure all costs are completely included and accrued before recording the coal quantity and value in the system.
6. I&C preparer reviews the result from step #5 whether the documents are correct and complete:
 - a. If correct and complete, proceed to step #11.
 - b. If incorrect and/or incomplete, proceed to step #7.
7. I&C preparer contacts MS&L team for revising the estimation of purchase cost detail.
8. I&C preparer receives 'Purchase Costs Estimation Details' from MS&L team via email.
9. I&C preparer updates the estimated costs in Inventory (Coal) Costing Calculation Worksheet.
10. I&C preparer sends Inventory (Coal) Costing Calculation Worksheet and notify GL team to recording accounting entries for the adjustment, then proceed to GL-02-01 Accounting JV Adjustment and to step #10.
11. I&C preparer directly records inventory receipt transaction based on Inventory (Coal) Costing Calculation Worksheet in Inventory submodule of the ERP.
12. I&C preparer posts and transfers the inventory receipt accounting transaction to GL module in ERP.
13. I&C preparer uploads and files the following reports to the designated folder in ECM.
 - Example of Supporting Documents:
 - General Ledger – Expense related to Coal Purchase Report
 - Inventory (Coal) Costing Calculation Worksheet
 - Purchase Cost Estimation details