AUTO LINE

DEBT IMPAIREMENT & WRITE OFF POLICY

DOCUMENT TITLE: This policy document is titled Policy for Debt Impairment & write off.

A. DATE OF COMING INTO FORCE OF THE POLICY: This policy shall come into force on and May 25, 2024, being duly approved and adopted by the Board of Directors in their Meeting held on May 25, 2024.

B. INTRODUCTION: The policy aims to ensure that debtors are disclosed in the annual financial Statements at the amounts deemed to be collectable and uncollectable debt is written off within the guidelines of existing policies and applicable legislation.

By adopting this policy clear guidelines are set on the treatment of the impairment and write-off of debtors.

C. OBJECTIVE: The objectives of this policy are to:

- Ensure the identification of bad debts during the financial year.
- Ensure that the company makes enough provision for bad debts in the budget.
- Ensure that outstanding amount which have been outstanding for a long time after all attempts have been made in terms of recovering them should then be written off.

Provide guidelines on the writing off bad debts at least three months before the end of the financial year.

D. APPLICABILITY : This policy will be applicable to all categories but not limited to the following

- Sundry debtors.
- Other Receivables & payables

E. IDENTIFICATION OF IRRECOVERABLE DEBTS

- Debt is identified to be irrecoverable after the whole credit control and debt collection process has been followed and no payments were received towards the outstanding account.

F. WRITING OFF OF IRRECOVERABLE DEBTS

Where debts are identified as being irrecoverable, the process of writing off will be treated as follows:

The Senior Manager Accounts must prepare a report containing the following:

- consumer details;
- irrecoverable amount broken down by service;
- Details on credit and debt collection processes followed to recover the debt;
- Reasons that led to debt being identified as being irrecoverable;
- Confirmation that all available avenues to recover debt have been exhausted
- Confirmation that further actions would be fruitless and not cost effective.

Upon approval by the DGM/CFO, the Senior Manager Accounts will pass an entry in the books of Account.

G. RECOVERY OF IRRECOVERABLE DEBTS

- **The company will continue to pursue all legal options available including sending notices, filling of case at competent authority for the recovery of the outstanding amount.**
- Should there be a payment in respect of the account which has already beenwritten off, such amount must be allocated to the specific account designed for the recovery of irrecoverable debts.

H. IMPAIRMENT OF DEBTORS (PROVISION FOR DOUBTFUL DEBT)

- Accounts receivable, long term receivables and other debtors are stated at cost, less a provision for bad debt.
- Significant financial difficulties of the debtor and default or delinquency in payments or all debt outstanding for more than 1095 days are considered indicators to determine that debtors are impaired.
- Impairment of debtors (provision for doubtful debt) is recognized as an expense in the statement of financial performance.

In the assessment for impairment the following criteria shall apply:

Debtors are evaluated at each reporting date and impaired as follows:

Category of Debtors	Provision for Irrecoverable Percentage %
Debt ageing more than 1095 Days	100%

I. IMPLEMENTATION AND REVIEW

- This policy shall be implemented once approved by board and it shall be reviewed on annual basis as part of budget processes.

J. SHORT TITLE AND COMMENCEMENT

- This Policy shall be called Debt Impairment & Write off Policy and takes effect on the First Board Meeting each year after Board approval.