SP JAIN LONDON SCHOOL OF MANAGEMENT
Policy on Provision for Bad Debts

Accounting Policy – Provision for Bad Debts (FRS 102)

The below policy is applicable for all financial reporting periods with effect from 01-April-2026

1. Policy Statement

The institution recognises a provision for bad debts (impairment of receivables) in accordance with **Section 11 (Basic Financial Instruments)** and **Section 2 (Prudence)** of FRS 102.

Trade receivables (primarily tuition fees and other student-related charges) are measured initially at transaction price and subsequently measured at amortised cost less any impairment losses.

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2. Basis of Impairment Assessment

The institution applies an **Expected Credit Loss (ECL) approach** to assess recoverability of receivables.

At the end of each quarter, management evaluates whether there is **objective evidence of impairment**, including:

- Significant financial difficulty of the debtor (student/guardian)
- Default or delinquency in payments
- Historical experience of non-collection
- Adverse changes in economic or regulatory environment
- Withdrawal or non-continuation of student enrolment

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3. Provision Methodology

Provision for bad debts is determined using:

- Applied to **individually significant receivables**
- Based on case-by-case review (e.g., disputed fees, withdrawn students, legal cases)
- Full or partial impairment recognised where recovery is doubtful

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4. Write-off Policy

Receivables are written off when:

- There is **no reasonable expectation of recovery**, and
- All collection efforts (including legal, where applicable) have been exhausted.

Write-offs are approved by management in line with internal delegation of authority. An email approval should be taken from the management before writing off any receivables.

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5. Recognition in Financial Statements

- Impairment losses are recognised in the **Statement of Comprehensive Income** under administrative or operating expenses.
- The provision is deducted from receivables in the **Statement of Financial Position**.

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6. Reversal of Impairment

If, in a subsequent period, the amount of impairment decreases due to an identifiable event:

- The previously recognised impairment loss is reversed
- The reversal is recognised in profit or loss

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7. Significant Judgements and Estimates

The calculation involves:

- Student retention and payment behaviour trends
- Student attendance and level of course engagement

These estimates are reviewed regularly and updated as necessary.

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8. Disclosure

The institution discloses:

- Accounting policy for impairment
- Movement in provision for bad debts
- Ageing analysis of receivables
- Significant assumptions and estimation uncertainties

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9. Mitigation of Bad Debts

To minimise exposure to bad debts and improve fee collection, the following procedures shall be followed for overdue receivables:

- **Monthly Review of Debtors**

The Accounts Team, together with the Senior Management Team (SMT), shall review outstanding debtor balances monthly and assess each case individually.

- **Reminder Process for Overdue Fees**

Students who fail to meet the fee payment deadline shall receive up to three payment reminders from the Accounts Team.

- **Escalation to Chief Operating Officer (COO)**

If payment remains outstanding after the third reminder, the case shall be escalated to the Chief Operating Officer (COO), who will issue a formal notice requesting immediate settlement of the outstanding fees.

- **Restriction of Academic Documents**

The Registry Team shall be notified of all overdue debtors, and the release of academic certificates, transcripts, and other official documents may be withheld until all outstanding dues are cleared.

- **Withdrawal of Campus Facilities**

Where fees remain unpaid despite escalation by the COO, access to certain campus facilities and services may be suspended or withdrawn until payment is received.