



European School LLC

შპს ევროპული სკოლა

# Enforced Payment Procedure



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## **Enforced Payment Procedure**

### **1. Purpose, Scope**

1.1. This Guideline (hereinafter referred to as the "Guideline") regulates the management of receivables and the principles of centralization of information related to said debts, including:

- Ways and methods of cooperating with existing debtors and collecting money from them;
- Rights and duties of structural subdivisions and employees involved in the process.

1.2. This Guideline is developed and regulated based on the internal regulations of the Company and the Georgian laws and is a legally binding instrument.

### **2. Definitions**

2.1. **Debtor** - legal representative of the student who is obliged to fulfill the request;

2.2. **Related Party** - "European School" LLC

2.4. **Overdue date/Delay** - the last day of the month following the origination of the request, unless otherwise specified in the contract.

### **3. Regulating Cooperation with Debtors**

#### **3.1. Comparison of final balances with the Debtor**

3.1.1. The final balance with the Debtor shall be compared via e-mail or an act of comparison one month before the end of each academic semester.

#### **3.2. Consideration of the accounts receivable and the responsible structural unit**

3.2.1 The Accountant shall to send a notice to the Debtor (the legal representative of the student) with the request to ensure/regulate the immediate payment of the debt within one month after the overdue period, and inform the Management about the delay. Furthermore, draw up/obtain full and accurate information/documentation in terms of the debt within the mentioned period, which includes:

- a) the signed contract, within the framework of which the payment was to be made;
- e) date of origination of receivables;
- f) date of the last cash transaction made by the Debtor;
- g) receivables balance;
- h) warning letter regarding the determination of a reasonable additional term for the fulfillment of the obligation by the Debtor.

3.2.2 Following the negotiations between the Management and the Debtor, it may be possible to agree on a debt payment schedule and/or postpone payment for a certain period. Such an agreement between the parties shall be made in writing and signed by authorized representatives;

3.2.3 When the receivables are not paid within 1 (one) calendar month after the overdue date, the Accounting Division shall hand over the complete documentation and information related to the debt to the Legal Division.

3.2.4 The Chief Lawyer of the Legal Division shall determine the lawyer responsible for the legal management of the debt, taking into account the content and nature of the debt, no later than 5 (five) business days after receiving the information.

3.2.5 The responsible lawyer shall prepare a letter in line with Article 33<sup>2</sup> (Rights and Obligations of Private Schools in Relation to Pupils) of the Law of Georgia "On General

Education", defining a reasonable period for the debtor to fulfill the relevant obligation, and explaining the consequences of non-fulfillment of this obligation. The letter shall be sent electronically via the school's official e-mail (Info@europeanschool.ge)

3.2.6 The responsible lawyer shall determine the debt status with the Accounting Division after the expiration of the specified period and, in case of debt, provide information via e-mail to the School Director and Administrative Management, who in turn determine the next action plan within 5 (five) working days at the latest.

3.2.7 If the school terminates the contract with the student in accordance with the law (Article 33<sup>2</sup> of the Law of Georgia on General Education), it shall send a notification to the Ministry and the student's legal representative in writing about this decision no later than the next day after making a decision to terminate the status of a student.

3.2.8 The Legal Division shall send the contract termination document and the written debt acknowledgment document to the Student's legal representative.

#### **Article 4. Filing a Lawsuit**

4.1 The Creditor shall go to court to get a judgment if:

- a) The Debtor does not fulfill the agreement signed with the Creditor regarding Acknowledgment of Debt (AOD) or debt installments.
- b) Despite the Creditor's warning, the Debtor does not pay the debt amount, violates the payment schedule signed with the Creditor at least twice in a row or refuses to pay it.

#### **5. Provision of Accounts Receivable for Financial Reporting**

5.1 The Accounting Division shall decide on the provision of receivables for financial reporting, taking into account International Financial Reporting Standards (IFRS).

#### **6. Conclusive Provisions**

7.1 The School's Administrative Manager, the Chief Accountant and the Chief Lawyer shall, within the scope of their competence, act as the persons authorized to implement this Guideline.

7.2. Any amendments or supplements to this Guideline shall be made by order of the Director or the Administrative Manager.