Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

Laguna Resorts & Hotels Public Company Limited (“the Company”, “LRH”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Assets (Thailand) Company Limited, which was incorporated in Thailand. The parent company of the Group is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Group is principally engaged in the hotel business and property development. There are five hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Golf Phuket and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shop rental and sale of holiday club memberships.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. Like almost all businesses in the hospitality industry in Thailand, the COVID-19 pandemic has significantly impacted the Group’s businesses, especially the hotel business.

The Group’s hotels in Phuket province had to cease operations from April to May 2020 to comply with the government’s measures to stop the spread of COVID-19 pandemic. To reduce the Group’s overhead costs, the Group’s hotels in Phuket province continued to remain closed from June to August 2020 due to the lack of tourists and reopened in September 2020 after the Thai Government launched the subsidised travel scheme to stimulate domestic travel in Thailand. To further improve the Group’s hotel business, the Group has launched numerous promotional campaigns through trade fairs and social media by offering attractive value-added hotel packages.

The Group has also taken extensive measures to reduce its overhead expenses through an unpaid leave scheme, delaying unnecessary expenditure, rationalising its workforce, and a corporate restructuring to improve productivity which has significantly reduced its “burn rate”. The Group has also successfully negotiated with its bank to defer loan principle repayments and interest payments at least by 12 months.

In terms of the property development business, the Group had to temporarily suspend the construction of several existing property projects due to the lockdown measure in Phuket province where the property projects are located. The Group has restarted the construction of some of its property projects in June 2020. Despite the pandemic, the Group is continuing to sell properties and in 2020 new properties of more than Baht 1,000 million have been sold to date.

Nevertheless, the COVID-19 pandemic continues to impact the Group’s financial position, operating results, and cash flows at present, including compliance with debt covenants, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

|  |  | Country of | Percentage of | |
| --- | --- | --- | --- | --- |
| Company’s name | Nature of business | incorporation | shareholding | |
|  |  |  | 2020 | 2019 |
|  |  |  | % | % |
| Subsidiaries directly held by the Company |  |  |  |  |
| Banyan Tree Gallery (Singapore) Pte. Limited | Sale of merchandise | Singapore | 51.0 | 51.0 |
| Banyan Tree Gallery (Thailand) Limited | Sale of merchandise | Thailand | 51.0 | 51.0 |
| Laguna Banyan Tree Limited(1) | Hotel operations, property development sales and marketing service for holiday club membership | Thailand | 100.0 | 100.0 |
| Laguna Holiday Club Limited | Holiday club membership and property development | Thailand | 100.0 | 100.0 |
| Laguna Grande Limited(2) | Operating a golf club and property development | Thailand | 100.0 | 100.0 |
| Laguna Lakes Limited | Property development | Thailand | 95.0 | 95.0 |
| Laguna Service Company Limited(3) | Provide utilities and other services to hotels of subsidiaries | Thailand | 72.9 | 72.9 |
| Laguna (3) Limited | Owns land on which a hotel is situated | Thailand | 100.0 | 100.0 |
| TWR - Holdings Limited | Investment holding and property development | Thailand | 100.0 | 100.0 |
| Subsidiaries held through TWR - Holdings Limited | |  | | |
| Laguna Excursions Limited | Travel operations | Thailand | 49.0 | 49.0 |
| Laguna Village Limited | Dormant company | Thailand | 100.0 | 100.0 |
| Mae Chan Property Company Limited | Holds land plots for future development | Thailand | 100.0 | 100.0 |
| Pai Samart Development Company Limited | Holds land plots for future development | Thailand | 100.0 | 100.0 |
| Phuket Grande Resort Limited | Property development and hotel operations | Thailand | 100.0 | 100.0 |
| PT AVC Indonesia | Holiday club membership and operating a golf club | Indonesia | 100.0 | 100.0 |
| Talang Development Company Limited | Property development | Thailand | 50.0 | 50.0 |
| Thai Wah Plaza Limited | Hotel operations, lease of office building space and property development | Thailand | 100.0 | 100.0 |
| Thai Wah Tower Company Limited | Lease of office building space | Thailand | 100.0 | 100.0 |
| Thai Wah Tower (2) Company Limited | Owns land on which a hotel is situated | Thailand | 100.0 | 100.0 |
| Twin Waters Limited | Property development | Thailand | 100.0 | 100.0 |
| Subsidiaries held through Laguna Grande Limited | |  |  |  |  |
| Bangtao (1) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao (2) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao (3) Limited | Property development | Thailand | 100.0 | 100.0 |
|  |  |  |  |  |
| Bangtao (4) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao Laguna Limited | Owns land on which a hotel is situated and property development | Thailand | 100.0 | 100.0 |
| Bangtao Grande Limited | Hotel operations and property development | Thailand | 100.0 | 100.0 |
| Vision 9 Farm Limited | Farming and restaurant | Thailand | 60.0 | - |
| Subsidiary held through Laguna Holiday Club Limited | |  |  |  |  |
| Cheer Golden Limited | Investment holding | Hong Kong | 100.0 | 100.0 |

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

(b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

(c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

(d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

(e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

(f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

(g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement, statement of comprehensive income and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

**3. New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|  |  |
| --- | --- |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

Accounting standard:

|  |  |
| --- | --- |
| TAS 32 | Financial Instruments: Presentation |

Financial Reporting Standard Interpretations:

|  |  |
| --- | --- |
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group’s financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its debt instruments measured at amortised cost or fair value through other comprehensive income, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings and other components of shareholders’ equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

**Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

In the first quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, fair value measurement of property, plant and equipment, investment properties and investments in unquoted equity instruments, impairment of assets and goodwill, and reversal of deferred tax assets.

During the year 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives and recognised the resulting losses totaling Baht 235 million as expenses in the consolidated statement of income. These pertain to a decrease in deferred tax assets of Baht 94 million and an increase in impairment losses of property, plant and equipment of Baht 141 million.

In addition, the Group recognised the decreasing of the valuation of assets totaling Baht 227 million as other comprehensive income in the consolidated statement of comprehensive income. These pertain to a decrease in the fair value of investments in unquoted equity instruments and a decrease in the revaluation surplus on property, plant and equipment of Baht 189 million and Baht 38 million, respectively.

**(b)  Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard**

As described in Note 3, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings and other components of shareholders’ equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | |
|  |  | The impacts of | |  | |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 | |
| **Statement of financial position** |  |  |  |  | |
| **Assets** |  |  |  |  | |
| **Non-current assets** |  |  |  |  | |
| Other non-current financial assets | - | 949,060 | - | 949,060 | |
| Other long-term investments | 606,365 | (606,365) | - | - | |
| Right-of-use assets | - | - | 79,536 | 79,536 | |
| Deferred tax assets | 54,198 | - | 270 | 54,468 | |
| Leasehold rights | 5,811 | - | (5,811) | - | |
| **Liabilities and shareholders’ equity** |  |  |  |  | |
| **Current liabilities** |  |  |  |  | |
| Trade and other payables | 1,188,160 | - | (4,969) | 1,183,191 | |
| Current portion of lease liabilities | - | - | 28,643 | 28,643 | |
| Other current liabilities | 261,323 | - | (9,498) | 251,825 | |
| **Non-current liabilities** |  |  |  |  | |
| Lease liabilities, net of current portion | - | - | 60,900 | 60,900 | |
| Deferred tax liabilities | 2,676,465 | 68,539 | - | 2,745,004 | |
| **Shareholders’ equity** |  |  |  |  | |
| Retained earnings - unappropriated | 1,858,942 | - | (1,081) | 1,857,861 | |
| Other components of shareholders’ equity | 5,704,657 | 274,156 | - | 5,978,813 | |

| (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- |
|  | Separate financial statements | | |
|  | 31 December | The impacts of | 1 January |
|  | 2019 | TFRS 16 | 2020 |
| **Statement of financial position** |  |  |  |
| **Assets** |  |  |  |
| **Non-current assets** |  |  |  |
| Right-of-use assets | - | 5,998 | 5,998 |
| Deferred tax assets | - | 141 | 141 |
| **Liabilities and shareholders’ equity** |  |  |  |
| **Current liabilities** |  |  |  |
| Trade and other payables | 38,606 | (900) | 37,706 |
| Current portion of lease liabilities | - | 4,120 | 4,120 |
| **Non-current liabilities** |  |  |  |
| Lease liabilities, net of current portion | - | 3,483 | 3,483 |
| **Shareholders' equity** |  |  |  |
| Retained earnings - unappropriated | 901,647 | (564) | 901,083 |

**4.1 Financial instruments**

a) Details of the impact on other comprehensive income as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Fair value measurement of investments in equity instruments of non-listed companies | 274,156 | - |
| Impacts on other comprehensive income due to the adoption of financial reporting standards related to financial instruments | 274,156 | - |

b) The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | |
|  |  | Fair value through other comprehensive |  |  |
|  |  | income | Amortised cost | Total |
| **Financial assets as at 1 January 2020** |  |  |  |  |
| Cash and cash equivalents | 632,544 | - | 632,544 | 632,544 |
| Trade and other receivables | 813,940 | - | 813,940 | 813,940 |
| Long-term restricted deposits at financial institution | 37,873 | - | 37,873 | 37,873 |
| Long-term fixed deposit | 2,269 | - | 2,269 | 2,269 |
| Long-term trade accounts receivables | 796,461 | - | 796,461 | 796,461 |
| Other non-current financial asset | 606,365 | 949,060 | - | 949,060 |
| Total financial assets | 2,889,452 | 949,060 | 2,283,087 | 3,232,147 |

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | |
|  |  | Fair value through other comprehensive |  |  |
|  |  | income | Amortised cost | Total |
| **Financial assets as at 1 January 2020** |  |  |  |  |
| Cash and cash equivalents | 21,706 | - | 21,706 | 21,706 |
| Trade and other receivables | 64,262 | - | 64,262 | 64,262 |
| Long-term fixed deposit | 2,269 | - | 2,269 | 2,269 |
| Long-term loans to subsidiaries | 1,905,550 | - | 1,905,550 | 1,905,550 |
| Total financial assets | 1,993,787 | - | 1,993,787 | 1,993,787 |

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

**4.2 Leases**

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at 1 January 2020.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Operating lease commitments as at 31 December 2019 | 139,820 | 9,589 |
| Less: Short-term leases and leases of low-value assets | (10,990) | (139) |
| Less: Contracts reassessed as service agreements | (34,865) | (2,284) |
| Add: Accrued rental expenses | 4,970 | 900 |
| Less: Deferred interest expenses | (9,392) | (463) |
| Lease liabilities as at 1 January 2020 | 89,543 | 7,603 |
| Weighted average incremental borrowing rate (% per annum) | 4.4% | 5.0% |
|  |  |  |
| Comprise of: |  |  |
| Current lease liabilities | 28,643 | 4,120 |
| Non-current lease liabilities | 60,900 | 3,483 |
|  | 89,543 | 7,603 |

**5. Significant accounting policies**

**5.1 Revenue and expense recognition**

(a) Revenue from hotel operations

- Revenue from hotel operations, mainly comprises room sales, food and beverage sales and revenue from auxiliary activities, is recognised at a point in time upon completion of the service. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

- Revenue from sales of merchandise (Gallery operation) is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowance and price promotions to customers.

(b) Revenue from property development operations

-Revenue from the real estate sales

Revenue from sales of real estate is recognised at the point in time when control of the asset is transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where properties are sold to non-Thais, the land is sold under a long-term lease agreement comprising an initial term of thirty years with an option to extend for two or three successive periods of thirty years each, without any additional consideration to be paid in addition to the sum of the rental paid for the initial lease term. These long-term lease agreements also contain a further option that provides if Thai law permits non-Thais to own land on a freehold basis, the lessor shall consent to sell the land to the lessee in return for a token payment. Consequently, long-term leases are recognised as sales of land for accounting purposes in accordance with the principle of applying substance over form.

- Revenue from sales of furniture

Revenue from sales of furniture is recognised at the point in time when control of furniture is transferred to the buyer, generally when furniture is completely and satisfactorily installed.

- Revenue from services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

(c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

(d) Interest income

Interest income is calculated using the effective interest method and recognised in an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

(e) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

(f) Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cost of property development

In determining the cost of property development sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in profit or loss.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Inventories

Inventories are valued at the lower of cost and net realisable value, cost being determined on either the first-in, first-out or the weighted average basis.

5.5 Property development cost

Property development cost is valued at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure, construction and related interest.

**5.6 Cost to obtain contracts with customers**

The Group recognises commission paid to obtain a customer contract as an asset and amortises to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

5.7 Investments in subsidiaries and associates

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

**5.8 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.9 Property, plant and equipment/Depreciation

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset’s carrying amount is increased as a result of the revaluation of the Company’s and subsidiaries’ assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of “Revaluation surplus on assets”. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset’s carrying amount is decreased as a result of a revaluation of the Company’s and subsidiaries’ assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in “Revaluation surplus on assets” in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

|  |  |
| --- | --- |
| Building and building improvement | 10 - 50 years |
| Machinery and equipment | 5 - 15 years |
| Furniture, fixtures and motor vehicles | 5 years |
| Operating and office equipment | 3 - 5 years |
| Golf course, land improvement and external work | 5 - 50 years |

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. The revaluation surplus presented in other components of shareholders' equity has been directly transferred to retained earnings on retirement or disposal of the assets.

**5.10 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

**5.11 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group’s cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

**5.12 Leases**

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Group as a lessee**

*Accounting policies adopted since 1 January 2020*

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land 3 years

Buildings and building improvement 5 years

Machinery and equipment 4 - 5 years

Vehicles 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

*Accounting policies adopted before 1 January 2020*

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leasehold rights of hotel units are stated at cost less accumulated amortisation and any impairment losses (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over 20 years. The amortisation is included in determining income.

**The Group as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

**5.13 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

**5.14 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company’s operations.

**5.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company’s functional currency. Items on each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

**5.16 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

**5.17 Employee benefits**

***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

***Post-employment benefits and other long-term employee benefits***

*Defined contribution plans*

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund’s assets are held in a separate trust fund and the Group’s contributions are recognised as expenses when incurred.

*Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

**5.18 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**5.19 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**5.20 Financial instruments**

*Accounting policies adopted since 1 January 2020*

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

**Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Financial assets designated at FVOCI (equity instruments)***

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

**Classification and measurement of financial liabilities**

At initial recognition, the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisitionfees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

**Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*Accounting policies adopted before 1 January 2020*

**Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

**Investments**

Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association*.*

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders’ equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

**5.21 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

**6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Leases**

***Determining the lease term with extension and termination options - The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group’s historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

**Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Investment properties**

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach or the market approach. The key assumptions used in estimating the fair value are described in Note 19.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Group measures land and buildings at revalued amounts. Such amounts are determined by independent valuer using the market approach for land, the replacement cost approach or the income approach for buildings. The valuation involves certain assumptions and estimates as described in Note 20.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Group has contingent liabilities as a result of litigation. The Company’s and subsidiaries’ management has used judgement to assess of the results of the litigation and recorded contingent liabilities under "Long-term provision - provision for legal cases" as at the end of reporting period.

**Investments in associates**

The management determined that the Company has significant influence over some associates, even though the Company holds less than 20% of its shares. This is because the Company has key representative on the Board of Directors of the investees including participate in policy-making processes.

**7. Cash and cash equivalents**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Cash | 5,684 | 7,044 | 138 | 145 |
| Bank deposits | 563,051 | 625,500 | 146,543 | 21,561 |
| Total | 568,735 | 632,544 | 146,681 | 21,706 |

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interest rates between 0.05% and 0.13% per annum (2019: between 0.22% and 0.60% per annum).

**8. Long-term restricted deposit at financial institution**

The long-term restricted deposit pledged with a financial institution as security for bank guarantee and short-term loans facilities of a subsidiary.

**9. Trade and other receivables**

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Trade accounts receivable |  |  |  |  |
| Trade accounts receivable - hotel operations | 132,156 | 223,108 | 7,291 | 5,326 |
| Less: Allowance for expected credit losses  (2019: Allowance for doubtful accounts) | (33,285) | (9,119) | (4,419) | (3,528) |
| Trade accounts receivable - hotel operations, net | 98,871 | 213,989 | 2,872 | 1,798 |
| Trade accounts receivable - sales of property |  |  |  |  |
| - Installments due | 126,351 | 121,606 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 15) | 335,992 | 295,637 | - | - |
| Trade accounts receivable - sales of property, net | 462,343 | 417,243 | - | - |
| Trade accounts receivable - sales of holiday club  memberships - Installments due and trade accounts  receivable from sales and marketing services for  holiday club memberships | 48,559 | 41,213 | - | - |
| Current portion of long-term trade |  |  | - |  |
| accounts receivable (Note 15) | 76 | 484 |  | - |
| Trade accounts receivable - sales of holiday club  memberships and sales and marketing services for  holiday club memberships | 48,635 | 41,697 | - | - |
| Less: Allowance for expected credit losses | (17,256) | - | - | - |
| Trade accounts receivable - sales of holiday club  memberships and sales and marketing services for  holiday club memberships, net | 31,379 | 41,697 | - | - |
| Trade accounts receivable, net | 592,593 | 672,929 | 2,872 | 1,798 |
| Other receivables |  |  |  |  |
| Amounts due from related parties (Note 10) | 80,218 | 51,504 | 181,768 | 29,958 |
| Other receivables | 84,899 | 56,167 | 2,842 | 3,713 |
| Insurance claim receivable | 325 | 404 | - | - |
| Accrued other income | 3,762 | 4,376 | 49 | 233 |
| Interest receivable | - | 39 | - | 39 |
| Accrued rental | 20,959 | 28,521 | 20,959 | 28,521 |
| Total other receivables | 190,163 | 141,011 | 205,618 | 62,464 |
| Trade and other receivables, net | 782,756 | 813,940 | 208,490 | 64,262 |

The balances of trade accounts receivable - hotel operations as at 31 December 2020 and 2019, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 15,749 | 110,965 | 155 | 184 |
| Past due |  |  |  |  |
| Up to 30 days | 18,953 | 64,608 | 116 | 325 |
| 31 - 60 days | 12,320 | 17,397 | 28 | 211 |
| 61 - 90 days | 3,442 | 3,171 | 35 | 103 |
| 91 - 120 days | 1,546 | 7,658 | 19 | 56 |
| Over 120 days | 80,146 | 19,309 | 6,938 | 4,447 |
| Total | 132,156 | 223,108 | 7,291 | 5,326 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts) | (33,285) | (9,119) | (4,419) | (3,528) |
| Trade accounts receivable - hotel operations, net | 98,871 | 213,989 | 2,872 | 1,798 |

Set out below is the movement in the allowance for expected credit losses of trade receivables:

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
| As at 1 January 2020 | 9,119 | 3,528 |
| Additions | 25,607 | 961 |
| Amount written off | (1,441) | (70) |
| As at 31 December 2020 | 33,285 | 4,419 |

The significant increase in allowance for expected credit losses of trade accounts receivable of Baht 26 million in 2020 was mainly due to trade receivables which past due for more than one year and are not subject to enforcement activity.

The balances of trade accounts receivable - sales of property as at 31 December 2020 and 2019, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 364,129 | 378,626 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 39,779 | 8,689 | - | - |
| 31 - 60 days | 18,258 | 7,722 | - | - |
| 61 - 90 days | 8,545 | 5,507 | - | - |
| 91 - 120 days | 9,116 | 9,274 | - | - |
| Over 120 days | 22,516 | 7,425 | - | - |
| Trade accounts receivable - sales of property, net | 462,343 | 417,243 | - | - |

The balances of trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships as at 31 December 2020 and 2019, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | | Separate financial statements | | |
|  | 2020 | 2019 | 2020 | 2019 | |
| **Age of receivables** |  |  |  |  | |
| Not yet due | 1,205 | 21,117 | - | - | |
| Past due |  |  |  |  | |
| Up to 30 days | 432 | 2,248 | - | - | |
| 31 - 60 days | 470 | 5,287 | - | - | |
| 61 - 90 days | 877 | 2,707 | - | - | |
| 91 - 120 days | 1,960 | 3,085 | - | - | |
| Over 120 days | 43,691 | 7,253 | - | - | |
| Total | 48,635 | 41,697 | - | | - |
| Less: Allowance for expected credit losses | (17,256) | - | - | | - |
| Trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships, net | 31,379 | 41,697 | - | - | |

10. Related party transactions

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon basis between the Company, its subsidiaries and those related parties.

|  |  | |  | | | (Unit: Million Baht) |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | | |  |
|  | financial statements | | financial statements | | | Transfer pricing policy |
|  | 2020 | 2019 | 2020 | | 2019 |  |
| Transactions with subsidiaries | | |  | |  |  |
| (eliminated from the consolidated financial statements) | | |  | |  |  |
| Guarantee fee income | - | - | 1 | | 1 | (3) agreed basis |
| Guarantee fee expenses | - | - | 7 | | 2 | (3) agreed basis |
| Interest income | - | - | 81 | | 73 | (5) agreement |
| Interest expenses | - | - | 11 | | 35 | (5) agreement |
| Management fee income | - | - | 90 | | 103 | (4), (7) agreement |
| Reimbursement receipts | - | - | - | | 3 | (11) agreed basis |
| Reimbursement payments | - | - | 5 | | 8 | (11) agreed basis |
| Rental and service income | - | - | 3 | | 4 | (12)(iii) agreement |
| Rental and service expenses | - | - | 6 | | 6 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 5 | | 8 | (14) agreed basis |
| Dividend income | - | - | - | | 1,010 | As declared |
|  |  |  |  | |  |  |
| Transactions with associates | | | |  |  |  |
| Dividend income | - | - | 12 | | 28 | As declared |
| Reimbursement receipts | 3 | 6 | - | | - | (11) agreed basis |
| Reimbursement payments | 1 | - | - | | - | (11) agreed basis |
| Rental and service income | 15 | 22 | - | | - | (12)(iv) agreement |
|  |  |  |  | |  |  |
| Transactions with related companies | | | |  |  |  |
| Credit card commission receipts | - | 1 | - | | - | (1) agreed basis |
| Inter resort payments | 16 | 64 | - | | - | (1) agreed basis |
| Management fee income | 5 | 5 | 4 | | 4 | (15), (16) agreement |
| Management fee expenses | 68 | 296 | - | | 6 | (6), (17) agreement |
| Purchase of spa and gallery vouchers | 2 | 7 | - | | 1 | (2), (8) agreed basis |
| Sale of goods | 4 | 21 | - | | - | (9) agreed basis |
| Reimbursement receipts | 41 | 55 | | 12 | 7 | (11) agreed basis |
| Reimbursement payments | 61 | 49 | | 1 | 1 | (11) agreed basis |
| Rental and service income | 13 | 23 | | - | - | (12)(i), (ii), (iv), (vi) agreement |
| Rental and service expenses | 6 | 1 | | - | - | (12)(vii) agreement |
| Rental return on hotel units | 4 | 4 | | - | - | (13) agreement |
| Resort service income | 2 | 5 | | - | - | (14) agreed basis |
| Training charges | 3 | 8 | | - | - | (10) agreed basis |
| Interest expenses | - | 1 | | - | - | (5), (18) agreement |
|  |  |  | |  |  |  |
| Transactions with management and directors | | | |  |  |  |
| Rental return on hotel units | - | 2 | | - | - | As actual |

The nature, pricing policy and agreements relating to the above transactions are summarised below:

(1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Laguna Golf Bintan primarily for treatments at the spa, goods purchased at the shops and golf fees at golf course.

(2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55% discount to the Spa price list. The Gallery vouchers are priced at 20% discount to the face value of the voucher.

(3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies’ bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.

(4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).

(5) Loans between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders’ borrowing costs per annum (based upon commercial bank’s interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore, such loans are recorded as non-current assets/liabilities in the statements of financial position.

(6) The terms of the operating agreements are disclosed in Note 40 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of “Banyan Tree”, “Angsana” and “Cassia” trademarks and all other proprietary rights associated with it.

(i) Banyan Tree Phuket (Laguna Banyan Tree Limited), Cassia Phuket (Phuket Grande Resort Limited), Angsana Villas Resort Phuket (Bangtao Grande Limited) and Laguna Holiday Club Phuket Resort (Bangtao Grande Limited) pay a royalty fee of 2% of total revenue.

(ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.

(iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

(iv) The Technical Assistance Agreement of Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.

(v) The Hotel Management Agreement of Banyan Tree Bangkok and Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket, Angsana Villas Resort Phuket and Laguna Holiday Club Phuket Resort pay a hotel management fee of 7.5% of gross operating profit.

(vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:

- Group marketing services shared on a group basis are based on 2% of total actual hotel revenue.

- Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok, Angsana Laguna Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

(7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.

(8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.

(9) These transactions relate to:

(i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.

(ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 30% and 40% margin.

(10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.

(11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.

(12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).

(i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

Payee Payer Rental Period Expiry Date

BGL BTRS(T) 30 years November 2041

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

(ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square metre per month.

(iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.

(iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.

(v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.

(vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.

(vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet per month.

(13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.

(14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:

- Water supply : at the determined price and actual usage

- Laundry charge : at the price based on cost plus a certain margin

- Common area services, : based on actual cost

transportation charges

- Staff buses : at the price based on cost plus a certain margin

- Marketing fee : at the rate of 0.75% of the operations’ actual revenue

- Community service : based on actual cost

- Other services : at the determined price and actual usage

(15) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources.

(16) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.

(17) This relates to project management services which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

(18) Loan from a related company is unsecured and is denominated in Thai Baht. The loans carry interest at a rate 1.5% per annum. The loan is repayable within December 2023.

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2020 | 2019 |
| Overdrafts and bank guarantee facilities | 106 | 106 |

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Group as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2020 | 2019 |
| Short-term loan facilities | 150 | 150 |
| Long-term loan facilities | 900 | 900 |
| Overdrafts and bank guarantee facilities | 20 | 20 |

As at 31 December 2020 and 2019, the balances of the accounts between the Company and related companies are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | | Separate financial statements | | | |
|  | 2020 | 2019 | | 2020 | | 2019 | |
| **Amounts due from related parties** |  |  | |  | |  | |
| Subsidiaries | - | - | | 172,060 | | 25,973 | |
| Associated companies | 259 | 169 | | - | | - | |
| Related companies (related by |  |  | |  | |  | |
| common shareholders) | 79,959 | 51,335 | | 9,708 | | 3,985 | |
| Total amounts due from related |  |  | |  | |  | |
| parties (Note 9) | 80,218 | 51,504 | | 181,768 | | 29,958 | |
| **Amounts due to related parties** | | |  | |  | |  | |
| Subsidiaries | - | - | | 27,686 | | 10,009 | |
| Associated companies | 24 | 24 | | - | | - | |
| Related companies (related by |  |  | |  | |  | |
| common shareholders) | 134,079 | 150,829 | | 6,207 | | 3,234 | |
| Total amounts due to related parties |  |  | |  | |  | |
| (Note 24) | 134,103 | 150,853 | | 33,893 | | 13,243 | |
| **Dividend payable (Note 24)** |  |  | |  | |  | |
| Related company (related by |  |  | |  | |  | |
| common shareholders) | 130,048 | - | | 130,048 | | - | |

Long-term loans to subsidiaries and long-term loans from subsidiaries and related company

As at 31 December 2020 and 2019, the balance of loans between the Company and related companies and the movement are as follows:

Long-term loans to subsidiaries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Separate financial statements | | | |
|  | 1 January 2020 | Addition | Repayment | 31 December 2020 |
| Laguna Banyan Tree Limited | 725,000 | 210,500 | (341,500) | 594,000 |
| Laguna Holiday Club Limited | 224,000 | 10,000 | (58,500) | 175,500 |
| Laguna Lakes Limited | 300,000 | 6,000 | (13,000) | 293,000 |
| Laguna Grande Limited | 625,500 | 293,000 | (753,500) | 165,000 |
| Laguna (3) Limited | 3,000 | - | (3,000) | - |
| Banyan Tree Gallery (Thailand) Limited | 28,050 | - | - | 28,050 |
| Total | 1,905,550 | 519,500 | (1,169,500) | 1,255,550 |

**Long-term loans from subsidiaries**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Separate financial statements | | | |
|  | 1 January 2020 | Addition | Repayment | 31 December 2020 |
| Laguna (3) Limited | - | 14,500 | (1,000) | 13,500 |
| TWR - Holdings Limited | 173,000 | 564,000 | (618,000) | 119,000 |
| Total | 173,000 | 578,500 | (619,000) | 132,500 |

**Long-term loan from related company**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | | |
|  | 1 January 2020 | Addition | Repayment | 31 December 2020 |
| Banyan Tree Hotels & Resorts (Thailand) Limited | 26,950 | - | - | 26,950 |
| Total | 26,950 | - | - | 26,950 |

Directors and management’s benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Short-term employee benefits | 65,015 | 87,727 | 29,146 | 42,838 |
| Post-employment benefits | 2,696 | 2,875 | 1,206 | 1,429 |
| Other long-term employee benefits | 38 | 32 | 14 | 15 |
| Total | 67,749 | 90,634 | 30,366 | 44,282 |

**11. Inventories**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Food and beverage | 16,142 | 22,864 | - | - | 16,142 | 22,864 |
| Finished goods and supplies | 57,236 | 66,443 | (611) | (982) | 56,625 | 65,461 |
| Total | 73,378 | 89,307 | (611) | (982) | 72,767 | 88,325 |

12. Property development cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Property development cost - net | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Property for sale under holiday club memberships | 230,156 | 231,701 | (25,001) | (2,639) | 205,155 | 229,062 |
| Completed buildings | 457,682 | 532,081 | - | - | 457,682 | 532,081 |
| Land | 1,902,488 | 1,924,053 | - | - | 1,902,488 | 1,924,053 |
| Property under construction | 1,599,381 | 1,453,202 | - | - | 1,599,381 | 1,453,202 |
| Total | 4,189,707 | 4,141,037 | (25,001) | (2,639) | 4,164,706 | 4,138,398 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Property development cost - net | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | 111,429 | 111,429 | - | - | 111,429 | 111,429 |
| Total | 111,429 | 111,429 | - | - | 111,429 | 111,429 |

During the year, the management reviewed property development cost of suspended projects and determined that the property under construction of Baht 139 million will no longer be developed and have no future benefits to the Group. Hence, such amount was written off and recognised as expenses in the income statement of the current year.

During the year, the Group reduced cost of property for sale under holiday club memberships by Baht 22 million to reflect the net realisable value. This was included in cost of property development operations.

Subsidiaries have mortgaged property development cost amounting to Baht 1,486 million (2019: Baht 1,288 million) as collateral against its credit facilities received from financial institutions.

Certain property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 6.5 million were capitalised for the year ended 31 December 2020 (2019: Baht 35.5 million). The weighted average rate of 2.18% - 5.53% (2019: 3.67% - 4.93%) has been used to determine the amount of borrowing costs eligible for capitalisation.

13. Costs to obtain contracts with customers

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Balance at beginning of year | 99,982 | 70,722 | - | - |
| Addition during the year | 36,390 | 56,324 | - | - |
| Amortisation as selling expenses | (35,060) | (27,064) | - | - |
| Balance at end of year | 101,312 | 99,982 | - | - |

14. Other current assets

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Value added tax | 44,280 | 43,971 | 3,283 | 1,355 |
| Prepaid expenses and withholding |  |  |  |  |
| tax deducted at source | 40,162 | 53,642 | 2,821 | 7,118 |
| Advances to suppliers and staff | 25,223 | 37,357 | 1,323 | 745 |
| Income tax and VAT refundable | 47,246 | 32,807 | 12,628 | 5,976 |
| Deposit for purchase of land and office units for rent | - | 74,061 | - | - |
| Total | 156,911 | 241,838 | 20,055 | 15,194 |

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

15.1 Installments receivable from property sales which bear interest at a rate of 5.0% - 7.0% and MLR plus 0.5% per annum (2019: 3.0% - 7.0% and MLR plus 0.5% per annum) and installments are repaid over a period of 3 to 10 years.

15.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 9.0% per annum and installments are repaid over a period of 5 years.

Long-term trade accounts receivable are due as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | |
|  | 2020 | 2019 |
| Current portion of long-term trade |  |  |
| accounts receivable | 336,068 | 296,121 |
| Long-term trade accounts receivable | 723,503 | 796,461 |
| Total | 1,059,571 | 1,092,582 |
| Sales of property |  |  |
| Within 1 year (Note 9) | 335,992 | 295,637 |
| Over 1 year to 5 years | 723,503 | 796,385 |
| Long-term trade accounts receivable - |  |  |
| sales of property | 1,059,495 | 1,092,022 |
|  |  |  |
| Sales of holiday club memberships |  |  |
| Within 1 year (Note 9) | 76 | 484 |
| Over 1 year to 5 years | - | 76 |
| Long-term trade accounts receivable - |  |  |
| sales of holiday club memberships | 76 | 560 |
| Total | 1,059,571 | 1,092,582 |

**16. Investments in subsidiaries**

Details of investments in subsidiaries as presented in separate financial statements are as follows:

| Company’s name | Paid-up capital | | | Shareholding percentage | | Cost | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | Million Baht | | Million Baht | % | % | Million Baht | Million Baht |
| **Subsidiaries held by the Company** |  | |  |  |  |  |  |
| Banyan Tree Gallery (Singapore) Pte Limited | SGD 0.43 | | SGD 0.43 | 51.0 | 51.0 | 4.0 | 4.0 |
|  | Million | | Million |  |  |  |  |
| Banyan Tree Gallery (Thailand) Limited | 7.8 | | 7.8 | 51.0 | 51.0 | 4.0 | 4.0 |
| Laguna Banyan Tree Limited (1) | 1,500.0 | | 1,500.0 | 100.0 | 100.0 | 1,325.1 | 1,325.1 |
| Laguna Holiday Club Limited | 330.0 | | 330.0 | 100.0 | 100.0 | 330.0 | 330.0 |
| Laguna Grande Limited (2) | 1,000.0 | | 1,000.0 | 100.0 | 100.0 | 958.5 | 958.5 |
| Laguna Lakes Limited | 1.0 | | 1.0 | 95.0 | 95.0 | 0.9 | 0.9 |
| Laguna Service Company Limited (3) | 90.5 | | 90.5 | 72.9 | 72.9 | 22.4 | 22.4 |
| Laguna (3) Limited | 0.1 | | 0.1 | 100.0 | 100.0 | 47.8 | 47.8 |
| TWR - Holdings Limited | 1,550.0 | | 1,550.0 | 100.0 | 100.0 | 1,550.0 | 1,550.0 |
| **Subsidiaries held through TWR - Holdings Limited** |  | |  |  |  |  |  |
| Laguna Excursions Limited | 8.0 | | 8.0 | 49.0 | 49.0 | - | - |
| Laguna Village Limited | 179.0 | | 6.0 | 100.0 | 100.0 | - | - |
| Mae Chan Property Company Limited | 232.3 | | 232.3 | 100.0 | 100.0 | - | - |
| Pai Samart Development Company Limited | 28.4 | | 28.4 | 100.0 | 100.0 | - | - |
| Phuket Grande Resort Limited | 100.0 | | 100.0 | 100.0 | 100.0 | - | - |
| PT AVC Indonesia | USD 7.0  Million | | USD 7.0  Million | 100.0 | 100.0 | - | - |
| Talang Development Company Limited | 251.0 | | 251.0 | 50.0 | 50.0 | - | - |
| Thai Wah Plaza Limited | 2,250.0 | | 2,250.0 | 100.0 | 100.0 | - | - |
| Thai Wah Tower Company Limited | 455.0 | | 455.0 | 100.0 | 100.0 | - | - |
| Thai Wah Tower (2) Company Limited | 21.0 | | 21.0 | 100.0 | 100.0 | - | - |
| Twin Waters Company Limited | 214.4 | | 214.4 | 100.0 | 100.0 | - | - |
| **Subsidiaries held through Laguna Grande Limited** |  | |  |  |  |  |  |
| Bangtao (1) Limited | 20.9 | | 20.9 | 100.0 | 100.0 | - | - |
| Bangtao (2) Limited | 19.1 | | 19.1 | 100.0 | 100.0 | - | - |
| Bangtao (3) Limited | 7.8 | | 7.8 | 100.0 | 100.0 | - | - |
| Bangtao (4) Limited | 14.6 | | 14.6 | 100.0 | 100.0 | - | - |
| Bangtao Laguna Limited | 80.0 | | 80.0 | 100.0 | 100.0 | - | - |
| Bangtao Grande Limited | 1,546.0 | | 1,546.0 | 100.0 | 100.0 | - | - |
| Vision 9 Farm Limited | 2.0 | | - | 60.0 | - | - | - |
| **Subsidiary held through Laguna Holiday Club Limited** | |  |  |  |  |  |  |
| Cheer Golden Limited | - | | - | 100.0 | 100.0 | - | - |
| **Total investments in subsidiaries** |  | |  |  |  | 4,242.7 | 4,242.7 |

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

During the years, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

|  | Separate financial statements | |
| --- | --- | --- |
| Company's name | 2020 | 2019 |
| Laguna (3) Limited | - | 32,884 |
| TWR - Holdings Limited | - | 747,100 |
| Laguna Grande Limited | - | 157,173 |
| Banyan Tree Gallery (Thailand) Limited | - | 43,348 |
| Laguna Service Company Limited | - | 29,055 |
| Total | - | 1,009,560 |

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the profits of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

During the year, movements of the investments in subsidiaries accounts are summarised below:

a)  On 22 June 2020, the Extraordinary General Meeting of Shareholders No. 1/2020 of Laguna Village Limited approved an increase in the registered capital from Baht 6 million to Baht 179 million through the issuance of an additional 1.73 million ordinary shares with a par value of Baht 100 each. TWR - Holdings Limited made the full payment of addition shares. Laguna Village Limited registered the increase of its share capital with the Ministry of Commerce on 8 July 2020.

b)  On 17 December 2019, Laguna Grande Limited (“LGL”, a wholly owned subsidiary) entered into a joint venture agreement with an individual to establish Vision 9 Farm Limited, to engage farming and restaurant in Chiang Mai province. Vision 9 Farm Limited was incorporated as a limited company in Thailand on 8 June 2020 with a registered share capital of Baht 2 million. LGL held 60% of its registered shares and has already made payment amounting to Baht 1.2 million for the shares.

Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company’s name | Proportion of equity interest held by  non-controlling interests | | Dividend paid to non-controlling interests during the year | |
|  | 2020 | 2019 | 2020 | 2019 |
|  | (%) | (%) |  |  |
| Banyan Tree Gallery (Thailand) Company Limited | 49.0 | 49.0 | - | 41.7 |
| Laguna Services Company Limited | 27.1 | 27.1 | - | 31.9 |
| Talang Development Company Limited | 50.0 | 50.0 | - | 37.0 |
|  |  |  | - | 110.6 |

The Company has goodwill from purchase of shares in subsidiaries as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated  financial statements | |
|  | 2020 | 2019 |
| Thai Wah Plaza Limited | 56,976 | 56,976 |
| Laguna Banyan Tree Limited | 350,928 | 350,928 |
| Total | 407,904 | 407,904 |

Goodwill acquired through business combination was related to Thai Wah Plaza Limited and Laguna Banyan Tree Limited. Each entity has been identified as the single cash-generating unit (“CGU”) for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations are as below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Thai Wah Plaza Limited | | Laguna Banyan Tree Limited | |
|  | 2020 | 2019 | 2020 | 2019 |
| Growth rate (% per annum) | 3.19 | 2.15 | 8.56 | 9.80 |
| Discount rate (% per annum) | 5.85 | 7.92 | 6.41 | 7.83 |

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets.

With regards to the assessment of value in use, management believes that goodwill is not impaired.

Management believes that any reasonably possible change in the key assumptions on which the units’ recoverable amount are based would not cause the units’ carrying amount to exceed its recoverable amount.

**17. Investments in associates**

17.1 Details of associates

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Consolidated financial statements | | | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
|  |  |  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  | (%) | (%) |  |  |  |  |
| Tropical Resorts Ltd. | Holding company | Hong Kong | 26 | 26 | 17,673 | 17,673 | - | - |
| Less: Allowance for impairment of investment | |  |  |  | (17,673) | (17,673) | - | - |
|  |  |  |  |  | - | - | - | - |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other | Thailand | 10.03 | 10.03 | 777,454 | 777,454 | 743,475 | 759,168 |
|  | food products |  |  |  |  |  |  |  |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 173,495 | 173,495 | 216,899 | 222,014 |
| Total investments in associates - net | | |  |  | 950,949 | 950,949 | 960,374 | 981,182 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | |
|  |  |  | 2020 | 2019 | 2020 | 2019 |
|  |  |  | (%) | (%) |  |  |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other food products | Thailand | 10.03 | 10.03 | 777,454 | 777,454 |
| Total |  |  |  |  | 777,454 | 777,454 |

Banyan Tree China Pte. Ltd., held by Laguna Banyan Tree Limited, was incorporated in Singapore and is engaged in investment holding.

Tropical Resorts Ltd., held by Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

As at 31 December 2020 and 2019, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

17.2 Share of comprehensive income and dividend received

During the years, the Company and subsidiary have recognised their share of comprehensive income from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | Share of profit from investments in | | Share of other comprehensive income from investments in | |
| Company’s name | associates during the years | | associates during the years | |
|  | 2020 | 2019 | 2020 | 2019 |
| Thai Wah Public Company Limited | 970 | 4,263 | (4,824) | (10,544) |
| Banyan Tree China Pte. Ltd. | 1,656 | 517 | (6,772) | - |
| Total | 2,626 | 4,780 | (11,596) | (10,544) |

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Separate financial statements | |
| Company’s name | Dividend received | |
|  | 2020 | 2019 |
| Thai Wah Public Company Limited | 11,839 | 28,271 |
| Total | 11,839 | 28,271 |

17.3 Fair value investments in a listed associate

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Million Baht) | |
| Associate | Fair values as at 31 December | |
|  | 2020 | 2019 |
| Thai Wah Public Company Limited | 341 | 369 |

17.4 Summarised financial information about material associates

Summarised information about financial position

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | |
|  | Thai Wah Public Company Limited | | Banyan Tree China Pte. Ltd. | |
|  | 2020 | 2019 | 2020 | 2019 |
| Current assets | 3,491 | 3,243 | - | - |
| Non-current assets | 4,635 | 4,655 | 2,499 | 2,552 |
| Current liabilities | (1,007) | (1,009) | - | - |
| Non-current liabilities | (1,916) | (1,621) | - | - |
| Non-controlling interests | (311) | (275) | - | - |
| Net assets | 4,892 | 4,993 | 2,499 | 2,552 |
| Shareholding percentage (%) | 10.03 | 10.03 | 10.69 | 10.69 |
| Share of net assets | 491 | 501 | 267 | 273 |
| Difference in share of net assets and net book value of investment | - | - | (50) | (51) |
| Difference in fair value of identifiable assets | 154 | 160 | - | - |
| Goodwill | 98 | 98 | - | - |
| Carrying amounts of associates based an equity method | 743 | 759 | 217 | 222 |

Summarised information about comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | |
|  | Thai Wah Public Company Limited | | Banyan Tree China Pte. Ltd. | |
|  | 2020 | 2019 | 2020 | 2019 |
| Revenue | 7,200 | 7,407 | - | - |
| Profit | 37 | 51 | 15 | 5 |
| Other comprehensive income | (6) | (108) | (63) | (5) |
| Total comprehensive income | 31 | (57) | (48) | - |

17.5 Summarised financial information of other associate

| (Unit: Million Baht) | | |
| --- | --- | --- |
|  | For the year ended 31 December | |
|  | Tropical Resorts Ltd. | |
|  | 2020 | 2019 |
| Profit (loss) | (250) | 11 |
| Other comprehensive income | 159 | (201) |
| Total comprehensive income | (91) | (190) |

17.6 Investment in associate with capital deficit

The subsidiary recognised share of losses from investment in Tropical Resorts Ltd., until the value of the investment approached zero. Subsequent losses incurred by this associate has not been recognised in the subsidiary’s accounts since the subsidiary has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Unrecognised share of losses | | | |
| Company’s name | Share of losses during the years | | Cumulative share  of losses up to  31 December | |
|  | 2020 | 2019 | 2020 | 2019 |
| Tropical Resorts Ltd. | (24) | (49) | (302) | (278) |

18. Other non-current financial assets/Other long-term investments

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | Consolidated financial statements | | |
|  | 31 December  2020 | 1 January  2020 | |
| **Non-listed equity instruments** |  |  | |
| Bibace Investments Ltd. | 375,369 | 564,998 | |
| Banyan Tree Indochina Hospitality Fund, L.P. | 337,812 | 384,062 | |
| **Total other non-current financial assets** | 713,181 | 949,060 | |

The Group has elected to measure these equity securities at fair value through other comprehensive income due to the Group’s intention to hold these equity instruments for long-term appreciation.

| (Unit: Thousand Baht) | |
| --- | --- |
|  | Consolidated  Financial statements |
|  | 31 December 2019 |
| **Investments in other companies** |  |
| Bibace Investments Ltd. | 188,425 |
| Banyan Tree Indochina Hospitality Fund, L.P. | 417,940 |
| **Total other long-term investments** | 606,365 |

19. Investment properties

|  | (Unit: Thousand Baht) | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |
|  |  | Units in office building and |  |  |  | Units in office building and |  |  |
|  | Land awaiting | shops for rent |  |  | Land awaiting | shops for rent |  |  |
|  | development | (including | Construction |  | development | (including | Construction |  |
|  | / sales | land) | in progress | Total | / sales | land) | in progress | Total |
| Balance as at  31 December 2018 | 191,077 | 1,032,602 | 9,672 | 1,233,351 | 73,352 | 100,839 | 9,430 | 183,621 |
| Addition | - | 83,626 | - | 83,626 | - | - | - | - |
| Transfer from property development cost | - | 17,387 | - | 17,387 | - | - | - | - |
| Write off | - | - | (9,672) | (9,672) | - | - | (9,430) | (9,430) |
| Gain on revaluation of investment properties | 11,640 | 74,870 | - | 86,510 | 1,419 | 6,009 | - | 7,428 |
| Balance as at  31 December 2019 | 202,717 | 1,208,485 | - | 1,411,202 | 74,771 | 106,848 | - | 181,619 |
| Loss on revaluation of investment properties | - | (625) | - | (625) | - | (17) | - | (17) |
| Balance as at  31 December 2020 | 202,717 | 1,207,860 | - | 1,410,577 | 74,771 | 106,831 | - | 181,602 |

As at 31 December 2020 and 2019, the fair value of the investment properties has been determined based on valuation performed by an independent valuer, using the Market Approach.

Key assumptions used in the valuation are summarised below:

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | | Result to fair value where as an increase in assumption value |
|  | Consolidated financial statements | Separate financial statements |
| Price per rai | 110 - 16,000 | 171 - 16,000 | Increase in fair value |
| Price per Sq.m. | 32 - 149 | - | Increase in fair value |

As at 31 December 2020, the subsidiaries have pledged investment properties amounting to approximately Baht 844 million (2019: Baht 837 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 46.

20. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **At cost** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 1,510,773 | 5,282,972 | 432,481 | 1,766,550 | 1,147,701 | 570,733 | 61,545 | 197,533 | 225,148 | 11,195,436 |
| Additions | 9,700 | 67,880 | 1,644 | 32,612 | 33,086 | 51,400 | 603 | 7,337 | 737,675 | 941,937 |
| Disposals and write-off | - | (493) | - | (8,391) | (21,329) | (29,637) | (20,783) | (3,283) | (3,142) | (87,058) |
| Transfers in/out | - | 405,771 | 1,559 | 191,761 | 100,602 | 36,772 | 1,584 | 45,434 | (783,483) | - |
| Transfer to property development  cost | (3,105) | (26,141) | - | (4,691) | (10,927) | - | - | - | - | (44,864) |
| Transfer from property development cost | 7,088 | 263,018 | - | - | 32,950 | - | - | - | - | 303,056 |
| Adjustments | (224) | (806) | (726) | (233) | (244) | (203) | - | (79) | (780) | (3,295) |
| As at 31 December 2019 | 1,524,232 | 5,992,201 | 434,958 | 1,977,608 | 1,281,839 | 629,065 | 42,949 | 246,942 | 175,418 | 12,305,212 |
| Additions | 467 | 36,828 | 45 | 15,032 | 12,486 | 21,838 | 2,770 | 5,479 | 68,215 | 163,160 |
| Disposals and write-off | (245) | (1,033) | (297,368) | (60,589) | (75,672) | (49,896) | (1,332) | (28,678) | (12,664) | (527,477) |
| Transfers in/out | - | 31,504 | - | 12,649 | 56,694 | 4,792 | 498 | 1,114 | (107,251) | - |
| Transfer to property development  cost | (225) | - | - | - | - | - | - | - | - | (225) |
| Transfer from property development cost | 24,008 | - | - | - | - | - | - | - | - | 24,008 |
| Adjustments | (281) | (14,716) | (1,074) | 130 | 14,159 | 2,865 | - | (99) | (749) | 235 |
| As at 31 December 2020 | 1,547,956 | 6,044,784 | 136,561 | 1,944,830 | 1,289,506 | 608,664 | 44,885 | 224,758 | 122,969 | 11,964,913 |

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | (571) | (1,802,477) | (344,328) | (1,267,320) | (968,267) | (406,078) | (49,220) | (173,405) | - | (5,011,666) |
| Depreciation charged for the year | - | (166,219) | (11,808) | (94,099) | (70,449) | (56,902) | (3,611) | (6,874) | - | (409,962) |
| Disposals and write-off | - | 328 | - | 8,195 | 20,955 | 29,393 | 18,636 | 3,283 | - | 80,790 |
| Transfer to property development cost | - | 8,683 | - | 3,874 | 8,321 | - | - | - | - | 20,878 |
| Adjustments | - | 165 | 37 | 8 | 375 | 156 | - | 69 | - | 810 |
| As at 31 December 2019 | (571) | (1,959,520) | (356,099) | (1,349,342) | (1,009,065) | (433,431) | (34,195) | (176,927) | - | (5,319,150) |
| Depreciation charged for the year | (4) | (176,153) | (11,535) | (108,511) | (84,604) | (58,825) | (2,330) | (9,766) | - | (451,728) |
| Disposals and write-off | 244 | 981 | 297,368 | 60,422 | 75,646 | 49,682 | 1,332 | 28,678 | - | 514,353 |
| Adjustments | - | 917 | 65 | 444 | (4,318) | (56) | - | 99 | - | (2,849) |
| As at 31 December 2020 | (331) | (2,133,775) | (70,201) | (1,396,987) | (1,022,341) | (442,630) | (35,193) | (157,916) | - | (5,259,374) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | - | (4,753) | - | - | - | - | - | - | - | (4,753) |
| Addition | - | (11,150) | - | - | - | - | - | - | - | (11,150) |
| Adjustments | - | 162 | - | - | - | - | - | - | - | 162 |
| As at 31 December 2019 | - | (15,741) | - | - | - | - | - | - | - | (15,741) |
| Addition | (39,225) | (79,808) | (21,414) | - | - | (307) | - | - | - | (140,754) |
| Adjustments | - | 130 | - | - | - | - | - | - | - | 130 |
| As at 31 December 2020 | (39,225) | (95,419) | (21,414) | - | - | (307) | - | - | - | (156,365) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 1,510,202 | 3,475,742 | 88,153 | 499,230 | 179,434 | 164,655 | 12,325 | 24,128 | 225,148 | 6,179,017 |
| As at 31 December 2019 | 1,523,661 | 4,016,940 | 78,859 | 628,266 | 272,774 | 195,634 | 8,754 | 70,015 | 175,418 | 6,970,321 |
| As at 31 December 2020 | 1,508,400 | 3,815,590 | 44,946 | 547,843 | 267,165 | 165,727 | 9,692 | 66,842 | 122,969 | 6,549,174 |

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **Revaluation portion** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 5,257,496 | 130,129 | - | - | - | - | - | - | - | 5,387,625 |
| Additions | 990,724 | 63,959 | - | - | - | - | - | - | - | 1,054,683 |
| Transfer to property development cost | (153,460) | (249) | - | - | - | - | - | - | - | (153,709) |
| As at 31 December 2019 | 6,094,760 | 193,839 | - | - | - | - | - | - | - | 6,288,599 |
| Additions (reversal) | 8,081 | (104,831) | - | - | - | - | - | - | - | (96,750) |
| Transfer to property development cost | (51,903) | - | - | - | - | - | - | - | - | (51,903) |
| Adjustment | - | 124 | - | - | - | - | - | - | - | 124 |
| As at 31 December 2020 | 6,050,938 | 89,132 | - | - | - | - | - | - | - | 6,140,070 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | - | (39,963) | - | - | - | - | - | - | - | (39,963) |
| Depreciation of revaluation surplus  on assets | - | (1,955) | - | - | - | - | - | - | - | (1,955) |
| Addition | - | (39,213) | - | - | - | - | - | - | - | (39,213) |
| Transfer to property development cost | - | 83 | - | - | - | - | - | - | - | 83 |
| As at 31 December 2019 | - | (81,048) | - | - | - | - | - | - | - | (81,048) |
| Depreciation of revaluation surplus  on assets | - | (4,514) | - | - | - | - | - | - | - | (4,514) |
| Reversal | - | 49,768 | - | - | - | - | - | - | - | 49,768 |
| Adjustment | - | (41) | - | - | - | - | - | - | - | (41) |
| As at 31 December 2020 | - | (35,835) | - | - | - | - | - | - | - | (35,835) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 5,257,496 | 90,166 | - | - | - | - | - | - | - | 5,347,662 |
| As at 31 December 2019 | 6,094,760 | 112,791 | - | - | - | - | - | - | - | 6,207,551 |
| As at 31 December 2020 | 6,050,938 | 53,297 | - | - | - | - | - | - | - | 6,104,235 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 6,767,698 | 3,565,908 | 88,153 | 499,230 | 179,434 | 164,655 | 12,325 | 24,128 | 225,148 | 11,526,679 |
| As at 31 December 2019 | 7,618,421 | 4,129,731 | 78,859 | 628,266 | 272,774 | 195,634 | 8,754 | 70,015 | 175,418 | 13,177,872 |
| As at 31 December 2020 | 7,559,338 | 3,868,887 | 44,946 | 547,843 | 267,165 | 165,727 | 9,692 | 66,842 | 122,969 | 12,653,409 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |  |
| 2019 |  |  |  |  |  |  |  |  |  | 411,755 |
| 2020 |  |  |  |  |  |  |  |  |  | 456,112 |

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and |  | Machinery |  | Operating |  |  |  |  |
|  | land |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | Building | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **At cost** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 189 | 26,658 | 16,195 | 15,445 | 36,323 | 1,527 | 8,558 | 7,101 | 111,996 |
| Additions | - | - | - | 616 | 1,673 | - | - | 6,565 | 8,854 |
| Disposals and write-off | - | - | - | (247) | (420) | - | - | - | (667) |
| Transfer in/out | - | 12,284 | - | - | - | - | - | (12,284) | - |
| As at 31 December 2019 | 189 | 38,942 | 16,195 | 15,814 | 37,576 | 1,527 | 8,558 | 1,382 | 120,183 |
| Additions | - | - | 1,925 | 24 | 547 | - | - | 4,536 | 7,032 |
| Disposals and write-off | - | - | - | - | (8) | - | - | - | (8) |
| As at 31 December 2020 | 189 | 38,942 | 18,120 | 15,838 | 38,115 | 1,527 | 8,558 | 5,918 | 127,207 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | - | (18,230) | (6,535) | (12,606) | (28,985) | (1,439) | (8,109) | - | (75,904) |
| Depreciation charged for the year | - | (2,455) | (1,091) | (965) | (3,538) | (32) | (184) | - | (8,265) |
| Disposals and write-off | - | - | - | 245 | 420 | - | - | - | 665 |
| As at 31 December 2019 | - | (20,685) | (7,626) | (13,326) | (32,103) | (1,471) | (8,293) | - | (83,504) |
| Depreciation charged for the year | - | (3,439) | (1,156) | (899) | (2,059) | (27) | (181) | - | (7,761) |
| Disposals and write-off | - | - | - | - | 7 | - | - | - | 7 |
| As at 31 December 2020 | - | (24,124) | (8,782) | (14,225) | (34,155) | (1,498) | (8,474) | - | (91,258) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |
| Additions | - | (2,920) | - | - | - | - | - | - | (2,920) |
| As at 31 December 2019 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| As at 31 December 2020 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 189 | 8,428 | 9,660 | 2,839 | 7,338 | 88 | 449 | 7,101 | 36,092 |
| As at 31 December 2019 | 189 | 15,337 | 8,569 | 2,488 | 5,473 | 56 | 265 | 1,382 | 33,759 |
| As at 31 December 2020 | 189 | 11,898 | 9,338 | 1,613 | 3,960 | 29 | 84 | 5,918 | 33,029 |

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and |  |  |  | Operating |  |  |  |  |
|  | Land |  | Machinery and | Furniture and | and office | External | Motor | Construction |  |
|  | Improvement | Building | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **Revaluation portion** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 3,804 | 4,997 | - | - | - | - | - | - | 8,801 |
| Additions | 444 | 7,522 | - | - | - | - | - | - | 7,966 |
| As at 31 December 2019 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| As at 31 December 2020 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | - | (2,803) | - | - | - | - | - | - | (2,803) |
| Depreciation of revaluation  surplus on assets | - | (49) | - | - | - | - | - | - | (49) |
| Additions | - | (5,128) | - | - | - | - | - | - | (5,128) |
| As at 31 December 2019 | - | (7,980) | - | - | - | - | - | - | (7,980) |
| Depreciation of revaluation surplus on assets | - | (126) | - | - | - | - | - | - | (126) |
| As at 31 December 2020 | - | (8,106) | - | - | - | - | - | - | (8,106) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 3,804 | 2,194 | - | - | - | - | - | - | 5,998 |
| As at 31 December 2019 | 4,248 | 4,539 | - | - | - | - | - | - | 8,787 |
| As at 31 December 2020 | 4,248 | 4,413 | - | - | - | - | - | - | 8,661 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2019 | 3,993 | 10,622 | 9,660 | 2,839 | 7,338 | 88 | 449 | 7,101 | 42,090 |
| As at 31 December 2019 | 4,437 | 19,876 | 8,569 | 2,488 | 5,473 | 56 | 265 | 1,382 | 42,546 |
| As at 31 December 2020 | 4,437 | 16,311 | 9,338 | 1,613 | 3,960 | 29 | 84 | 5,918 | 41,690 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |
| 2019 |  |  |  |  |  |  |  |  | 8,314 |
| 2020 |  |  |  |  |  |  |  |  | 7,887 |

The Group arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 28 December 2020 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.

- Buildings were revalued using the Replacement Cost Approach or Income Approach.

Key assumptions used in the valuation are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  | | Result to fair value where as an increase in assumption value |
|  | Consolidated financial statements | | Separate financial statements |
| Building - Price per square metre (Baht) | 1,000 - 78,000 | | 1,000 - 16,000 | Increase in fair value |
| Discount rate (%) | 12 | | - | Decrease in fair value |
| Average room rate per night (Baht) | 7,004 | | - | Increase in fair value |
| Land - Price per rai (Million Baht) | 2 - 400 | | 18 | Increase in fair value |

As at 31 December 2020, certain buildings and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 1,865 million (2019: Baht 2,204 million) (the Company only: Baht 53 million, 2019: Baht 45 million).

During 2019, the Group had an outstanding balance of new buildings under construction amounting to Baht 231 million. The construction has been financed with loans from a financial institution. Borrowing costs amounting to Baht 11 million were capitalised during the year ended 31 December 2019. The weighted average rate of 4.93% has been used to determine the amount of borrowing costs eligible for capitalisation.

The subsidiaries have mortgaged land and buildings at fair value of Baht 8,948 million (2019: Baht 9,135 million) as collateral against credit facilities received from financial institutions.

During the year, the Company recognises an impairment loss for golf course amounting to Baht 28 million to reduce the carrying amount of the assets to the recoverable amount.

# 21. Leases

**21.1 The Group as a lessee**

The Group has entered into lease agreements to lease villa/unit and various items of machinery and equipment for use in their hotel operations. The term of agreements are generally between 2 - 6 years.

1. **Right-of-use assets**

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | | | |
|  | Land | Buildings | Machinery and equipment | Motor vehicles | Total |
| 1 January 2020 | 606 | 58,509 | 7,488 | 12,933 | 79,536 |
| Additions | - | - | 513 | - | 513 |
| Depreciation for the year | (250) | (19,089) | (2,331) | (827) | (22,497) |
| Impairment | - | (854) | - | - | (854) |
| Translation adjustment | - | 80 | - | - | 80 |
| Other adjustments | - | (237) | - | - | (237) |
| 31 December 2020 | 356 | 38,409 | 5,670 | 12,106 | 56,541 |
|  | (Unit: Thousand Baht) | | | | |
|  | Separate financial statements | | | | |
|  | Land | Buildings | Machinery and equipment | Motor vehicles | Total |
| 1 January 2020 | - | 5,998 | - | - | 5,998 |
| Depreciation for the year | - | (2,959) | - | - | (2,959) |
| 31 December 2020 | - | 3,039 | - | - | 3,039 |

1. **Lease liabilities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Lease payments | 84,040 | - | 6,265 | - |
| Less: Deferred interest expenses | (5,230) | - | (131) | - |
| Total | 78,810 | - | 6,134 | - |
| Less: Portion due within one year | (40,168) | - | (6,017) | - |
| Lease liabilities - net of current portion | 38,642 | - | 117 | - |

A maturity analysis of lease payments is disclosed in Note 44 under the liquidity risk.

1. **Expenses relating to leases that are recognised in profit or loss**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the year ended 31 December 2020 | |
|  | Consolidated  financial statements | Separate  financial statements |
| Depreciation expense of right-of-use assets | 22,497 | 2,959 |
| Interest expense on lease liabilities | 4,162 | 332 |
| Expense relating to short-term leases | 2,990 | - |
| Expense relating to leases of low-value assets | 880 | 42 |
| Expense relating to variable lease payments | 44,692 | 8,345 |

The Group has lease agreements in respect of cash rewards options for villa/unit rental scheme agreements. The cash reward options are included fixed return or variable return based on actual hotel revenue or hotel profit. The term of the agreements are generally 2 - 6 years.

1. **Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 76 million, including the cash outflow related to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right of use assets and lease liabilities of Baht 0.6 million. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 40.

**21.2 Group as a lessor**

The Group has entered into operating leases for its investment property portfolio consisting of office and building of the lease terms are 3 - 5 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 and 2019 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Within 1 year | 20,896 | 27,299 | 5,160 | 7,165 |
| Over 1 and up to 5 years | 12,955 | 33,851 | 3,947 | 9,107 |
| Total | 33,851 | 61,150 | 9,107 | 16,272 |

**22. Leasehold rights**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Hotel units |
| **Cost** |  |  |
| As at 1 January 2019 |  | 48,124 |
| Exchange rate adjustment |  | (2,795) |
| As at 31 December 2019 |  | 45,329 |
| Transferred to right-of-use assets |  | (45,329) |
| As at 31 December 2020 |  | - |
| **Accumulated amortisation** |  |  |
| As at 1 January 2019 |  | (39,486) |
| Amortisation for the year |  | (2,371) |
| Exchange rate adjustment |  | 2,339 |
| As at 31 December 2019 |  | (39,518) |
| Transferred to right-of-use assets |  | 39,518 |
| As at 31 December 2020 |  | - |
| **Net book value** |  |  |
| As at 31 December 2019 |  | 5,811 |
| As at 31 December 2020 |  | - |

Leasehold rights of hotel units are amortised over the term of the lease of 20 years from July 2002 to June 2022.

**23. Bank overdraft and short-term loans from financial institutions**

(Unit: Thousand Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Interest rate | Consolidated financial statements | | Separate  financial statements | |
|  | (percent per annum) | 2020 | 2019 | 2020 | 2019 |
| Bank overdrafts | MOR | 26,304 | - | - | - |
| Short-term loans from financial institutions | 1.85 - 5.47  (2019: 2.40 - 6.00) | 1,282,500 | 1,117,000 | 670,000 | 650,000 |
| Total | | 1,308,804 | 1,117,000 | 670,000 | 650,000 |

MOR : Minimum Overdraft Rate

These bank overdrafts and short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 20 and by the guarantee provided by subsidiaries.

**24. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  Financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Trade accounts payable | 603,354 | 433,703 | 4,225 | 2,046 |
| Accrued construction | 5,924 | 18,122 | - | - |
| Amounts due to related  parties (Note 10) | 134,103 | 150,853 | 33,893 | 13,243 |
| Accrued expenses | 174,125 | 225,314 | 13,809 | 16,220 |
| Dividend payable (Note 10) | 130,048 | - | 130,048 | - |
| Other payables | 262,888 | 231,371 | 880 | 263 |
| Service charge payable to  hotel staff | 5,057 | 36,783 | - | - |
| Accrued rental to villa owners | 81,239 | 92,014 | 4,379 | 6,834 |
| Total | 1,396,738 | 1,188,160 | 187,234 | 38,606 |

**25. Other current liabilities**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Value added tax payable | 53,086 | 65,185 | 8,076 | 3,173 |
| Unearned income | 27,997 | 33,467 | - | - |
| Other tax payable | 145,702 | 153,653 | 4,802 | 21,052 |
| Short-term provision | - | 9,018 | - | - |
| Total | 226,785 | 261,323 | 12,878 | 24,225 |

26. Long-term loans from financial institutions

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **The Company** |  |  |  |  |
| (1) Baht loan from a bank, with a facility of Baht 75 million |  |  |  |  |
| repayable quarterly from April 2017 to January 2025, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2017 onwards: MLR less 0.75%, 1.25% and 1.5% per annum | 67,750 | 70,250 | 67,750 | 70,250 |
| (2) Baht loan from a bank, with a facility of Baht 1,300 million |  |  |  |  |
| repayable quarterly from February 2020 to November 2028, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 1,292,000 | 1,300,000 | 1,292,000 | 1,300,000 |
| Subsidiaries |  |  |  |  | |
| (3) Baht loan from a bank, with a facility of Baht 1,000 million(a) |  |  |  |  | |
| repayable quarterly from October 2009 to January 2023, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2018 onwards: MLR less 0.5% and 0.75% per annum | 272,550 | 339,550 | - | - | |
| (4) Baht loan from a bank, with a facility of Baht 800 million |  |  |  |  | |
| repayable quarterly from March 2013 to December 2023, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2012 onwards: MLR less 1% per annum | 240,000 | 240,000 | - | - | |
| (5) Baht loan from a bank, with a facility of Baht 298 million(a) |  |  |  |  | |
| repayable quarterly from June 2014 to June 2023, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2016 onwards: MLR less 1% per annum | 73,729 | 82,729 | - | - | |
| (6) Baht loan from a bank, with a facility of Baht 175 million, |  |  |  |  | |
| repayable quarterly from January 2017 to October 2024, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum | 153,500 | 157,500 | - | - | |
| (7) Baht loan from a bank, with a facility of Baht 100 million, |  |  |  |  | |
| repayable quarterly from December 2016 to September 2023, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2015 onwards: MLR less 1% and 1.25% per annum | 48,000 | 48,000 | - | - | |
| (8) Baht loan from a bank, with a facility of Baht 600 million(a) |  |  |  |  | |
| repayable quarterly from June 2016 to March 2021, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2015 onwards: MLR less 0.75% and 1.25% per annum | - | 158,000 | - | - | |
| (9) Baht loan from a bank, with a facility of Baht 900 million(a) |  |  |  |  | |
| repayable annually from August 2018 to August 2022, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2015 onwards: MLR less 0.75% and 1.25% per annum | 263,949 | 367,041 | - | - | |
| (10) Baht loan from a bank, with a facility of Baht 800 million |  |  |  |  | |
| repayable quarterly from February 2019 to May 2031, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2018 - 2022: MLR less 1.5% per annum |  |  |  |  | |
| 2023 onwards: MLR less 1.25% per annum | 798,750 | 799,000 | - | - | |
| (11) Baht loan from a bank, with a facility of Baht 300 million |  |  |  |  | |
| repayable quarterly from December 2018 to July 2031, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2018 onwards: MLR less 1.25% and 1.50% per annum | 76,619 | 131,181 | - | - | |
|  |  |  |  |  | |
|  |  |  |  |  | |
| (12) Baht loan from a bank, with a facility of Baht 450 million |  |  |  |  | |
| repayable quarterly from August 2017 to May 2024, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum | 305,000 | 323,000 | - | - | |
| (13) Baht loan from a bank, with a facility of Baht 335 million |  |  |  |  | |
| repayable quarterly from November 2019 to August 2028, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 292,680 | 115,500 | - | - | |
| (14) Baht loan from a bank, with a facility of Baht 100 million(a) |  |  |  |  | |
| repayable annually from December 2020 to December 2023, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 60,795 | 32,000 | - | - | |
| (15) Baht loan from a bank, with a facility of Baht 400 million |  |  |  |  | |
| repayable quarterly from February 2020 to November 2028, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 398,750 | 300,000 | - | - | |
| (16) Baht loan from a bank, with a facility of Baht 75 million |  |  |  |  | |
| repayable quarterly from July 2019 to April 2027, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 73,500 | 74,000 | - | - | |
| (17) Baht loan from a bank, with a facility of Baht 400 million(a) |  |  |  |  | |
| repayable annually from December 2020 to December 2024, |  |  |  |  | |
| at an interest rate as follows: |  |  |  |  | |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 330,000 | 329,000 | - | - | |
| (18) Baht loan from a bank, with a facility of Baht 600 million(a)  repayable quarterly from December 2022 to December 2024  at an interest rate as follows:  2020 onwards: MLR less 1.25% and 1.5% per annum | 52,000 | - | - | - | |
| (19) Baht loan from a bank, with a facility of Baht 135 million(a)  repayable annually from July 2020 to July 2024  at an interest rate as follows:  2020 onwards: MLR less 1.25% and 1.5% per annum | 109,110 | - | - | - | |
| (20) Baht loan from a bank, with a facility of Baht 4 million  repayable monthly from December 2020 to May 2022  at an interest rate as follows:  2020 onwards: 2.0% per annum | 3,770 | - | - | - | |
| (21) Baht loan from a bank, with a facility of Baht 480 million(a)  repayable annually from December 2022 to December 2025,  at an interest rate as follows:  2020 onwards: MLR less 1.25% and 1.5% per annum | 196,000 | - | - | - | |
| Total long-term loans from financial institutions | 5,108,452 | 4,866,751 | 1,359,750 | 1,370,250 | |
| Less: Deferred financial fees | (13,382) | (8,424) | (5,555) | (6,441) | |
| Long-term loans from financial institutions, net | 5,095,070 | 4,858,327 | 1,354,195 | 1,363,809 | |
| Less: Current portion | (737,411) | (899,235) | (26,500) | (37,000) | |
| Long-term loans from financial institutions, net of current portion | 4,357,659 | 3,959,092 | 1,327,695 | 1,326,809 | |

MLR: Minimum Lending Rate

1. Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

Movement of the long-term loan account during the year ended 31 December 2020 are summarised below:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | Separate financial statements |
| Balance as at 1 January 2020 | 4,866,751 | 1,370,250 |
| Add: Draw down | 789,475 | - |
| Less: Repayments | (547,774) | (10,500) |
| Balance as at 31 December 2020 | 5,108,452 | 1,359,750 |

The additional borrowings during the year are for the property development projects, hotel renovation and supporting liquidity of a subsidiary business.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 12, 19, 20. The loan in (10) above is guaranteed by the pledge of 10 million ordinary shares of Thai Wah Public Company Limited.

The loan agreements contain several covenants which, among other things, require the Group to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2020, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 1,086 million (2019: Baht 936 million).

During the year, the Group received relief measure from a financial institution for a 1-year grace period on principal repayment of 13 loan agreements. The principal repayment which is postponed during the grace period amounting Baht 406 million.

27. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | 2020 | | | 2019 | | |
|  | Post-employment benefits | Other long-term benefits | Total | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 52,494 | 21,835 | 74,329 | 41,994 | 23,499 | 65,493 |
| Included in profit or loss: |  |  |  |  |  |  |
| Current service cost | 2,734 | 1,633 | 4,367 | 4,168 | 1,205 | 5,373 |
| Interest cost | 856 | 436 | 1,292 | 575 | 523 | 1,098 |
| Past service costs and gains or losses on  settlement | 78,370 | (6,100) | 72,270 | 7,132 | - | 7,132 |
| Actuarial loss arising from |  |  |  |  |  |  |
| Demographic assumptions changes | - | 6,818 | 6,818 | - | - | - |
| Financial assumptions changes | - | 4,312 | 4,312 | - | - | - |
| Experience adjustments | - | 4,553 | 4,553 | - | - | - |
| Included in other comprehensive income: |  |  |  |  |  |  |
| Actuarial (gain) loss arising from |  |  |  |  |  |  |
| Demographic assumptions changes | 27,252 | - | 27,252 | - | - | - |
| Financial assumptions changes | (537) | - | (537) | - | - | - |
| Experience adjustments | 8,208 | - | 8,208 | - | - | - |
| Benefits paid during the year | (85,866) | (3,722) | (89,588) | (1,375) | (3,392) | (4,767) |
| **Balance at end of year** | 83,511 | 29,765 | 113,276 | 52,494 | 21,835 | 74,329 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | 2020 | | | 2019 | | |
|  | Post-employment benefits | Other long-term benefits | Total | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 17,961 | 1,677 | 19,638 | 14,577 | 1,693 | 16,270 |
| Included in profit or loss: |  |  |  |  |  |  |
| Current service cost | 254 | 81 | 335 | 1,255 | 79 | 1,334 |
| Interest cost | 121 | 29 | 150 | 79 | 41 | 120 |
| Past service costs and gains or losses on  settlement | 6,270 | (65) | 6,205 | 2,050 | - | 2,050 |
| Actuarial loss arising from |  |  |  |  |  |  |
| Demographic assumptions changes | - | 402 | 402 | - | - | - |
| Financial assumptions changes | - | 779 | 779 | - | - | - |
| Experience adjustments | - | 307 | 307 | - | - | - |
| Included in other comprehensive income: |  |  |  |  |  |  |
| Actuarial (gain) loss arising from |  |  |  |  |  |  |
| Demographic assumptions changes | 4,097 | - | 4,097 | - | - | - |
| Financial assumptions changes | (260) | - | (260) | - | - | - |
| Experience adjustments | 2,542 | - | 2,542 | - | - | - |
| Benefits paid during the year | (4,316) | (666) | (4,982) | - | (136) | (136) |
| **Balance at end of year** | 26,669 | 2,544 | 29,213 | 17,961 | 1,677 | 19,638 |

The Group expects to pay Baht 24 million of long-term employee benefits during the next year (the Company only: Baht 17 million) (2019: Baht 22 million, the Company: Baht 13 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2019: 10 years, the Company only: 10 years).

Significant actuarial assumptions are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Discount rate (% per annum) | 1.40 | 2.75 | 1.40 | 2.75 |
| Salary increase rate (% per annum) | 2.00 | 3.25 | 2.00 | 3.25 |
| Gold price (Baht) | 26,000 | 18,500 | 26,000 | 18,500 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | Increase | Decrease | Increase | Decrease |
| Discount rate (+/- 0.50%) | (2,871) | 3,041 | (353) | 371 |
| Salary increase rate (+/-1.00%) | 5,597 | (5,063) | 917 | (854) |
| Gold Price (+/- 1,000 Baht) | 512 | (512) | 93 | (93) |

28. Long-term provision

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statement | |
|  | 2020 | 2019 |
| **Provision for legal cases** |  |  |
| Balance at beginning of year | 18,314 | 20,682 |
| Increase during the year | 105 | 1,668 |
| Settlement during the year | (16,645) | (4,036) |
| Balance at end of year | 1,774 | 18,314 |

29. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

30. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Balance at beginning of year | 5,580,941 | 4,790,813 | 141,313 | 139,043 |
| Addition (reversal) of revaluation surplus on assets | (37,586) | 809,898 | - | 2,270 |
| Reversal of revaluation surplus on disposal of assets | (64,952) | (19,770) | - | - |
| Balance at end of year | 5,478,403 | 5,580,941 | 141,313 | 141,313 |

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**32. Revenue from contracts with customers**

**32.1 Disaggregated revenue information**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | | |
|  | 2020 | 2019 | 2020 | 2019 | |
| **Revenue from contract with customers:** |  |  |  |  | |
| Revenue from hotel operations | 1,206,727 | 3,356,259 | 14,011 | 36,297 | |
| Revenue from property development operations | 1,572,727 | 2,568,163 | - | - | |
| Revenue from office rental operations - service income | 7,198 | 21,979 | 1,549 | 2,481 | |
| Management fee income | 4,392 | 4,633 | 94,844 | 107,432 | |
| **Total revenue from contract with customers** | **2,791,044** | **5,951,034** | **110,404** | **146,210** | |
| Revenue from office rental operations - rental income | 28,638 | 69,204 | 7,710 | 19,096 | |
| Dividend income | - | - | 11,839 | 1,037,831 | |
| Gain on change in fair value of investment properties | - | 86,510 | - | 7,428 | |
| Other | 14,637 | 12,879 | 2,390 | 1,864 | |
| **Total revenue** | **2,834,319** | **6,119,627** | **132,343** | **1,212,429** | |
|  |  |  |  |  | |
| **Timing of revenue recognition:** |  |  |  |  | |
| Revenue recognised at a point in time | 2,687,395 | 5,799,271 | 14,011 | 36,297 | |
| Revenue recognised over time | 103,649 | 151,763 | 96,393 | 109,913 | |
| **Total revenue from contracts with customers** | **2,791,044** | **5,951,034** | **110,404** | **146,210** | |

**32.2 Contract balances and revenue recognised in relation to contract balances**

As at 31 December 2020 and 2019, the Group had significant contract balances and revenue recognised in relation to contract balance from hotel and property development operations, which are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Revenue recognised that was included in contract liabilities at the beginning of year | 340,133 | 547,433 | - | - |

**32.3 Revenue to be recognised for the remaining performance obligations**

As at 31 December 2020, the Group has revenue from property development operations of Baht 2,473 million which is expected to be recognised as revenue over the next 3 years (2019: Baht 3,086 million which is expected to be recognised as revenue over the next 3 years) as construction of development properties progress.

**33. Other income**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Dividend income | - | - | 11,839 | 1,037,831 |
| Gain on revaluation |  |  |  |  |
| of investment properties (Note 19) | - | 86,510 | - | 7,428 |
| Management fee income | 4,392 | 4,633 | 94,844 | 107,432 |
| Other | 14,637 | 12,879 | 2,390 | 1,864 |
| Total | 19,029 | 104,022 | 109,073 | 1,154,555 |

**34. Finance cost**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Interest expense under effective interest method | 230,660 | 132,252 | 84,072 | 53,475 |
| Interest expense on lease liabilities | 4,162 | - | 332 | - |
| **Total** | 234,822 | 132,252 | 84,404 | 53,475 |

**35. Expenses by nature**

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Salaries, wages and other employee benefits | 687,995 | 1,037,431 | 74,048 | 108,021 |
| Depreciation | 478,609 | 411,755 | 10,846 | 8,314 |
| Rental expenses from operating lease agreements | 62,746 | 205,064 | 21,085 | 32,783 |
| Repairs and maintenance | 86,858 | 180,553 | 1,106 | 2,525 |
| Water and electricity | 102,320 | 216,093 | 2,819 | 4,830 |
| Management fee, incentive fee and royalty fees | 47,960 | 179,444 | - | - |
| Commission | 105,437 | 173,378 | - | - |
| Sales and marketing expenses | 144,456 | 334,806 | 148 | 1,274 |
| Food and beverage cost | 120,356 | 337,395 | - | - |
| Increase in land and construction during the year | 866,982 | 1,809,520 | - | - |
| Change in property development cost | (26,308) | (323,058) | - | - |

**36. Income tax**

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge | 25,504 | 82,076 | - | - |
| Adjustment in respect of income tax of previous year | 3,289 | 4,122 | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 138,805 | 138,320 | 10,668 | (492) |
| **Income tax expense reported profit or loss** | 167,598 | 224,518 | 10,668 | (492) |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Deferred tax relating to revaluation  surplus on assets | (9,396) | 203,093 | - | 568 |
| Deferred tax relating to gain on investments in equity designated at fair value | (47,175) | - | - | - |
| Deferred tax relating to actuarial loss | (6,985) | - | (1,276) | - |

The reconciliation between accounting profit (loss) and income tax expense is shown below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Accounting profit (loss) before income tax | (800,617) | 582,723 | (18,252) | 1,019,764 |
|  |  |  |  |  |
| Applicable tax rate | 0% - 20% | 0% - 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | (160,481) | 116,452 | (3,650) | 203,953 |
| Adjustment in respect of income tax of  previous year | 3,289 | 4,122 | - | - |
| Write off property development cost and property, plant and equipment | 30,345 | - | - | - |
| Effects of: |  |  |  |  |
| Gain on sales of investments in subsidiaries in the Group | - | 19,002 | - | - |
| Gain on sales of land in subsidiaries in the Group | - | 21,608 | - | - |
| Gain on conversion of loan to share capital of subsidiaries in the Group | - | 12,647 | - | - |
| Dividend income | 2,368 | 5,008 | - | (207,566) |
| Unused tax losses | 281,077 | 34,585 | 13,152 | - |
| Non-taxable expenses | 11,000 | 11,094 | 1,166 | 3,121 |
| Total | 294,445 | 103,944 | 14,318 | (204,445) |
| **Income tax expense reported in profit or**  **loss** | 167,598 | 224,518 | 10,668 | (492) |

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

|  | Statements of financial position | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | 2020 | | 2019 | |
| **Deferred tax assets (liabilities)** |  | |  | |
| Unutilised tax losses | 828 | | 97,714 | |
| Allowance for expected credit losses | 10,405 | | 1,394 | |
| Provision for long-term employee benefits | 22,305 | | 14,942 | |
| Intercompany charges to property development cost |  | |  | |
| and property, plant and equipment | (9,036) | | 15,360 | |
| Other items of deferred tax assets | 31,639 | | 30,034 | |
| Revaluation surplus on assets | (1,678,646) | | (1,675,714) | |
| Temporary differences arising from |  | |  | |
| revenue and cost recognition | (919,954) | | (882,500) | |
| Gain on revaluation of investment properties | (225,143) | | (223,497) | |
| Leases | 1,819 | | - | |
| **Net deferred tax assets (liabilities)** | (2,765,783) | | (2,622,267) | |
|  |  | |  | |
| **Reflected in the statements of financial position as follows:** | |  | |
| Deferred tax assets | 45,009 | | 54,198 | |
| Deferred tax liabilities | (2,810,792) | | (2,676,465) | |
| **Net deferred tax assets (liabilities)** | (2,765,783) | | (2,622,267) | |

(Unit: Thousand Baht)

|  | Statements of financial position | |
| --- | --- | --- |
|  | Separated financial statements | |
|  | 2020 | 2019 |
| **Deferred tax assets (liabilities)** |  |  |
| Unutilised tax losses | - | 15,965 |
| Allowance for expected credit losses | 884 | 706 |
| Provision for long-term employee benefits | 5,843 | 3,928 |
| Other items of deferred tax assets | 1,075 | 305 |
| Revaluation surplus on assets | (21,160) | (21,185) |
| Temporary differences arising from |  |  |
| revenue recognition | (76,618) | (80,525) |
| Gain on revaluation of investment properties | (26,207) | (26,047) |
| Leases | 79 | - |
| **Net deferred tax assets (liabilities)** | (116,104) | (106,853) |

During the year, the Group has reduced deferred tax assets of Baht 94 million (the Company only: Baht 16 million) as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

As at 31 December 2020, the Group has unused tax losses totaling Baht 1,492 million (2019: Baht 452 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| 31 December 2020 | - | 95,219 | - | - |
| 31 December 2021 | 159,262 | 96,617 | 11,525 | - |
| 31 December 2022 | 159,433 | 112,668 | - | - |
| 31 December 2023 | 158,213 | 125,136 | 27,437 | - |
| 31 December 2024 | 74,306 | 21,911 | - | - |
| 31 December 2025 | 940,841 | - | - | - |
|  | 1,492,055 | 451,551 | 38,962 | - |

**37. Basic earnings per share**

Basic earnings per share is calculated by dividing the profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the years ended 31 December | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | (947,299) | 364,101 | (28,920) | 1,020,256 |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings (loss) per share (Baht/share) | (5.68) | 2.18 | (0.17) | 6.12 |

**38. Provident fund**

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Group and will be paid to employees upon termination in accordance with the fund rules of the Group’s provident fund.

During the years, the contributions were recognised as expenses as following details:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Fund Manager | | Company’s contribution in | |
|  | Operation staffs | Office staffs | 2020 | 2019 |
| Laguna Resorts & Hotels Public Company Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 2.0 | 2.9 |
| Laguna Grande Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.7 | 0.9 |
| Bangtao Grande Limited | SCB Asset Management  Company Limited | - | 3.5 | 4.2 |
| Laguna Banyan Tree Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 4.5 | 6.6 |
| Banyan Tree Gallery (Thailand) Limited | - | MFC Asset Management Plc. | 0.4 | 0.6 |
| Banyan Tree Gallery (Singapore) Pte Limited | - | Central Provident Fund Board | 0.3 | 1.1 |
| Laguna Service Company Limited | - | MFC Asset Management Plc. | 1.6 | 2.2 |
| Laguna Holiday Club Limited | - | MFC Asset Management Plc. | 0.5 | 0.8 |
| Thai Wah Plaza Limited | TISCO Assets Management  Company Limited | MFC Asset Management Plc. | 2.8 | 4.1 |
| Laguna Excursions Limited | - | MFC Asset Management Plc. | 0.2 | 0.3 |
| Phuket Grande Resort Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.5 | 0.9 |

**39.** **Dividends**

Dividends declared in 2020 and 2019 consisted of:

| Dividend | Approved by | Total dividends | Dividend per share |
| --- | --- | --- | --- |
|  |  | (Million Baht) | (Baht) |
| Dividends on retained earnings for the year ended 31 December 2019 | Annual General Meeting of the shareholders on 27 April 2020 | 500.04 | 3.00 |
| Total for 2020 |  | 500.04 | 3.00 |
|  |  |  |  |
| Interim dividends on retained earnings for the period ended 30 September 2019 | Board of Directors’ Meeting on 20 November 2019 | 1,500.14 | 9.00 |
| Dividends on retained earnings for the year ended 31 December 2018 | Annual General Meeting of the shareholders on 26 April 2019 | 68.33 | 0.41 |
| Total for 2019 |  | 1,568.47 | 9.41 |

40. Commitments

Capital commitment

As at 31 December 2020, the Group has capital commitments as follows:

(a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 101 million (2019: Baht 119 million).

(b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,632 million (2019: Baht 1,396 million).

Operating agreements

As at 31 December 2020, the Group has operating agreements as follows:

1. The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries’ hotel business. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company | Business unit | Operator | Contract period | Fees |
| Bangtao Grande Limited | Angsana Laguna Phuket | Banyan Tree Hotels & | 1.7.2012 - 30.11.2031 | - Royalty fee: 3% of total revenue |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 30.11.2031 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (Thailand) Limited |  |  |
|  | Angsana Villas Resort | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Royalty fee: 2% of total revenue |
|  | Phuket | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Management fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (c) |  |
|  | Laguna Holiday Club | Banyan Tree Hotels & | 19.10.2015 - 18.10.2035 | - Royalty fee: 2% of total revenue |
|  | Phuket Resort | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 19.10.2015 - 18.10.2035 | - Management fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (a) |  |
| Laguna Banyan Tree Limited | Banyan Tree Phuket | Banyan Tree Hotels & | 1.1.2016 - 31.12.2025 | - Royalty fee: 2% of total revenue |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.1.2016 - 31.12.2025 | - Technical fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (a) |  |
| Thai Wah Plaza Limited | Banyan Tree Bangkok | Banyan Tree Hotels & | 1.7.2012 - 31.12.2021 | - Royalty fee: 3% of total revenue |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 31.12.2021 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (b) |  |
| Phuket Grande Resort Limited | Cassia Phuket | Banyan Tree Hotels &  Resorts Pte. Limited | 20.10.2015 - 19.10.2040 | - Royalty fee: 2% of total revenue |
|  |  | Banyan Tree Hotels & Resorts (Thailand) Limited | 20.10.2015 - 19.10.2040  (c) | - Management fee: 7.5% of gross operating profit |
| Banyan Tree Gallery (Singapore) Pte. Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |
| Banyan Tree Gallery (Thailand) Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

(b) The Group has commitments in respect of cash rewards options including fixed return or variable return for villa/unit rental scheme agreements, as described in Note 21.1 c).

As at 31 December 2019, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| Payable within: |  |  |
| In up to 1 year | 23 | 4 |
| In over 1 and up to 5 years | 46 | 4 |

As a result of the adoption of the TFRS 16 as at 1 January 2020, the Group recognised the lease liabilities previously classified as operating lease, as described in Note 4.

(c)   The Group has entered into several service and lease agreements in respect of office building space, machinery, motor vehicles, golf carts and equipment. The terms of the agreements are generally between 1 - 5 years.

        As at 31 December 2019, future minimum lease payments required under these agreements were as follows:

                   (Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| Payable within: |  |  |
| In up to 1 year | 41 | 2 |
| In over 1 and up to 5 years | 30 | - |

As a result of the adoption of the TFRS 16 as at 1 January 2020, the Group recognised the lease liabilities previously classified as operating lease, as described in Note 4.

As at 31 December 2020, the Group has future minimum payments under service agreement, short-term leases and lease of low-value assets amounting to Baht 18 million (the Company only: Baht 1 million).

(d)  As at 31 December 2020, the Group has future lease payments required under these non-cancellable leases contracts related to villa/unit rental scheme agreements which have not yet commenced as follows:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Payable within: |  |  |  |  |
| In up to 1 year | 1 | - | - | - |
| In over 1 and up to 5 years | 4 | - | - | - |

Servitude over land

As at 31 December 2020, some subsidiaries have land servitudes of approximately 11 rai (2019: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

41. Guarantees

As at 31 December 2020, there were bank guarantees amounting to Baht 50 million (the Company only: Baht 0.4 million) issued to various parties on behalf of the Group, mainly provided for the usage of electricity, other utilities and telecommunication channels (2019: Baht 50 million, the Company only: Baht 0.4 million).

**42. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.

- Property development segment relates to property sales and sale of holiday club memberships.

- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.

- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group’s operating segments for the years ended 31 December 2020 and 2019, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2020 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 1,296 | 1,578 | 46 | - | 2,920 |
| Intersegment revenues | (89) | (6) | (10) | - | (105) |
| Revenue from external customers | 1,207 | 1,572 | 36 | - | 2,815 |
| Results: |  |  |  |  |  |
| Segment results | (681) | 230 | (32) | (156) | (639) |
| Unallocated income |  |  |  |  | 19 |
| Loss from operations and other income |  |  |  |  | (620) |
| Finance income | 1 | 51 | - | - | 52 |
| Finance cost | (98) | (64) | - | (73) | (235) |
| Share of profit from investments in associates | - | - | - | 3 | 3 |
| Loss before income tax expenses |  |  |  |  | (800) |
| Income tax expenses | (109) | (73) | 6 | 8 | (168) |
| Loss for the year |  |  |  |  | (968) |
| **Other segment information** |  |  |  |  |  |
| Depreciation of property, plant and equipment | 421 | 25 | 3 | 7 | 456 |
| Depreciation of right-of-use assets | 4 | 18 | - | - | 22 |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2019 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 3,552 | 2,574 | 104 | - | 6,230 |
| Intersegment revenues | (196) | (6) | (13) | - | (215) |
| Revenue from external customers | 3,356 | 2,568 | 91 | - | 6,015 |
| Results: |  |  |  |  |  |
| Segment results | 4 | 701 | 21 | (158) | 568 |
| Unallocated income |  |  |  |  | 104 |
| Profit from operations and other income |  |  |  |  | 672 |
| Finance income | 2 | 36 | - | - | 38 |
| Finance cost | (92) | (21) | - | (19) | (132) |
| Share of profit from investments in associates |  |  |  |  | 5 |
| Profit before income tax expenses |  |  |  |  | 583 |
| Income tax expenses | (33) | (148) | (4) | (40) | (225) |
| Profit for the year |  |  |  |  | 358 |
| **Other segment information** |  |  |  |  |  |
| Depreciation of property, plant and equipment | 387 | 15 | 3 | 7 | 412 |
| Amortisation of leasehold rights | - | 2 | - | - | 2 |

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2020 |  | 2019 |
| Revenue from external customers |  |  |  |
| Thailand | 2,785 |  | 5,966 |
| Others | 30 |  | 49 |
| Total | 2,815 |  | 6,015 |
| Non-current assets other than financial instruments  and deferred tax assets |  |  |  |
| Thailand | 14,512 |  | 14,982 |
| Others | 30 |  | 51 |
| Total | 14,542 |  | 15,033 |

For the years 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity’s revenues.

**43. Fair value hierarchy**

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Consolidated financial statements | | | |
|  | 31 December 2020 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 1,411 | 1,411 |
| Property, plant and equipment - land and building | - | - | 11,428 | 11,428 |
| Non-listed equity investments | - | - | 713 | 713 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 341 | - | - | 341 |
| (Unit: Million Baht) | | | | |
|  | Separate financial statements | | | |
|  | 31 December 2020 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 182 | 182 |
| Property, plant and equipment - land and building | - | - | 21 | 21 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 341 | - | - | 341 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Consolidated financial statements | | | |
|  | 31 December 2019 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 1,411 | 1,411 |
| Property, plant and equipment - land and building | - | - | 11,748 | 11,748 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 369 | - | - | 369 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Separate financial statements | | | |
|  | 31 December 2019 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 182 | 182 |
| Property, plant and equipment - land and building | - | - | 24 | 24 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 369 | - | - | 369 |

**44. Financial instruments**

**44.1 Financial risk management objectives and policies**

The Group’s financial instruments principally comprise cash and cash at banks, trade and other receivables, trade and other payables, investments, loans to and loans from. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

The Group is exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. For the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

***Trade receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group does not have high concentrations of credit risk since it has a large and unrelated customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by geographical region, product type, customer type and rating. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are provision for doubtful debts if past due for more than one year and are not subject to enforcement activity.

***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group’s Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group’s Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty’s potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**Foreign currency risk**

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2020 and 2019, the balances of the Group’s financial assets and liabilities denominated in foreign currencies are summarised below.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |  | |
|  | Financial assets as at 31 December | | Financial liabilities as at 31 December | | Financial assets as at 31 December | | Financial liabilities as at 31 December | | Average exchange rate as at 31 December | |
| Foreign currency | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 1 | 1 | - | - | - | - | - | 29.9909 | 30.1084 |

***Interest rate risk***

The Group’s exposure to interest rate risk relates primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, trade accounts payables, bank overdrafts and loans. Most of the Group’s financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Group does not use derivative financial instruments to hedge such risk.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | As at 31 December 2020 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 563 | 6 | 569 | 0.05 - 0.13 |
| Trade and other receivables | 404 | - | 1 | 378 | 783 | 3.00 - 9.00 and MLR + 0.5 |
| Other current financial asset | 2 | - | - | - | 2 | 1.45 |
| Long-term trade accounts receivable | - | 723 | 1 | - | 724 | 5.00 - 9.00 and MLR + 0.5 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 1,397 | 1,397 | - |
| Bank overdraft and short-term loans from financial institutions | 189 | - | 1,120 | - | 1,309 | 1.85 - 5.47 |
| Long-term loans from financial institutions | - | - | 5,095 | - | 5,095 | 2.00 - 4.75 |
| Long-term loans from related company | - | - | 27 | - | 27 | 1.50 |

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | As at 31 December 2020 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 147 | - | 147 | 0.05 - 0.13 |
| Trade and other receivables | - | - | - | 208 | 208 | - |
| Other current financial asset | 2 | - | - | - | 2 | 1.45 |
| Long-term loans to subsidiaries | - | - | 1,256 | - | 1,256 | 4.63 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 187 | 187 | - |
| Short-term loans from financial institution | 20 | - | 650 | - | 670 | 2.00 - 3.63 |
| Long-term loans from subsidiaries | - | - | 133 | - | 133 | 1.40 - 5.96 |
| Long-term loans from financial institution | - | - | 1,354 | - | 1,354 | 3.75 - 4.00 |

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | As at 31 December 2019 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 626 | 7 | 633 | 0.22 - 0.60 |
| Trade and other receivables | 343 | - | 1 | 470 | 814 | 3.00 - 9.00 and MLR + 0.5 |
| Long-term fixed deposit | - | 2 | - | - | 2 | 1.45 |
| Long-term trade accounts receivable | - | 796 | 1 | - | 797 | 3.00 - 9.00 and MLR + 0.5 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 1,188 | 1,188 | - |
| Short-term loans from financial institutions | 37 | - | 1,080 | - | 1,117 | 2.40 - 6.00 |
| Long-term loans from financial institutions | - | - | 4,858 | - | 4,858 | 4.53 - 5.53 |
| Long-term loans from related company | - | - | 27 | - | 27 | 1.50 |

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | As at 31 December 2019 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 22 | - | 22 | 0.25 - 0.375 |
| Trade and other receivables | - | - | - | 64 | 64 | - |
| Long-term fixed deposit | - | 2 | - | - | 2 | 1.45 |
| Long-term loans to subsidiaries | - | - | 1,906 | - | 1,906 | 5.53 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 39 | 39 | - |
| Short-term loans from financial institution | - | - | 650 | - | 650 | 3.53 - 3.60 |
| Long-term loans from subsidiaries | - | - | 173 | - | 173 | 1.85 - 6.58 |
| Long-term loans from financial institution | - | - | 1,364 | - | 1,364 | 4.53 - 4.78 |

Interest rate sensitivity

A possible change in floating interest rates of loans from financial institutions from by 1% may affect the Group’s profit before tax by Baht 49 million.

The above analysis has been prepared assuming that the amounts of the floating rate loans from financial institutions, and all other variables remain constant over one year. Moreover, the floating legs of these loans from financial institutions are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation.

**Liquidity risk**

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. As at 31 December 2020, approximately 37% of the Group’s debt will mature in less than one year (2019: 39%) (the Company only: 35%, 2019: 31%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group’s non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

|  | (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | > 5 years | Total |
| Bank overdraft and short-term loans from financial institutions | 26,304 | 1,282,500 | - | - | 1,308,804 |
| Trade and other payables | - | 1,396,738 | - | - | 1,396,738 |
| Long-term loans | - | 737,411 | 2,403,042 | 1,967,999 | 5,108,452 |
| Lease liabilities | - | 42,652 | 41,388 | - | 84,040 |
| Total | 26,304 | 3,459,301 | 2,444,430 | 1,967,999 | 7,898,034 |
|  | (Unit: Thousand Baht) | | | | |
|  | Separate financial statements | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | > 5 years | Total |
| Bank overdraft and short-term loans from financial institutions | - | 670,000 | - | - | 670,000 |
| Trade and other payables | - | 187,234 | - | - | 187,234 |
| Long-term loans | - | 26,500 | 563,250 | 770,000 | 1,359,750 |
| Lease liabilities | - | 6,148 | 117 | - | 6,265 |
| Total | - | 889,882 | 563,367 | 770,000 | 2,223,249 |

**44.2 Fair value of financial instruments**

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

1. For financial assets and liabilities which have short-term maturities, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
2. The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
3. The carring amounts of short-term and long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

**45. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2020, the Group’s debt-to-equity ratio was 1.13:1 (2019: 0.93:1) and the Company’s was 0.57:1 (2019: 0.48:1).

**46. Litigation**

46.1 A case was brought to the Phuket Provincial Court since 2004 in which a contractor (the plaintiff) sued a subsidiary and claimed for compensation and damages from the subsidiary. The plaintiff referred in the plaint that the plaintiff entered into construction contracts with the subsidiary in order to construct 24 houses in Laguna Townhomes II project. The plaintiff completed some of the construction and received some payments from the subsidiary. The construction could not be completed within the completion date of the contracts, therefore, the subsidiary terminated the contract. The plaintiff claimed that the subsidiary did not pay the plaintiff the last 10 payments of their work and did not return the retention to the plaintiff. The subsidiary countered that the plaintiff did not complete the work on the schedule and the subsidiary had to hire another contractor to complete their work. The subsidiary had to pay extra amount to the new contractor, therefore, the subsidiary did not have to pay the plaintiff for the uncompleted work and to return the retention.

In December 2017, the Phuket Provincial Court ordered the subsidiary to return Baht 3.7 million to the plaintiff plus interest 7.5% from the plaint date until the subsidiary has made full payment.

On 18 December 2018, the subsidiary placed Baht 17 million to the Phuket Provincial Court as security for the amount awarded by the Appeal Court.

On 18 February 2019, the subsidiary submitted the appeal statement to the Supreme Court.

As at 31 December 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case.

On 30 April 2020, the Supreme Court confirmed the judgement of the Appeal Court. The security of Baht 17 million was paid to the plaintiff. Therefore, the case has been finalised.

46.2 Two subsidiaries were sued by a former buyer of property sales project and claimed for refund of her payment in the amount of Baht 4.1 million plus interest 15% calculated from Baht 2.9 million from the plaint date.

On 15 August 2018, the Phuket Provincial Court ordered both subsidiaries to return Baht 1.4 million to the plaintiff plus interest 7.5% from the plaint date until both subsidiaries have made full payment.

On 26 February 2019, the Appeal Court confirmed the judgement of the Phuket Provincial Court.

On 21 June 2019, the subsidiaries submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court’s consideration.

As at 31 December 2020, the subsidiaries set aside a provision of Baht 1.8 million for liabilities arising as a result of this case (2019: Baht 1.7 million).

46.3 The Company was sued by a former shop lessee that the Company has breached the lease agreement and claimed for compensation of Baht 3.9 million plus interest 7.5% from the plaint date. However, the Phuket Provincial court and the Appeal court dismissed the case. This case is now pending on the Supreme Court’s consideration. The Company does not set up provision for this case.

46.4 A subsidiary was sued by a buyer of property sales project and claimed for refund of his payment in the amount of Baht 20.8 million plus interest 7.5% calculated from Baht 17.1 million from the plaint date. Currently, the Phuket Provincial Court schedules for the witness hearing in June 2021. The subsidiary does not set up provision for this case.

**47.    Events after reporting period**

a) On 1 January 2021, the Group has restructured some business operations by transferred spa and gallery operations from a subsidiary and a related company to under the hotel operations. All outlet spa and gallery revenue streams and expenses will be merged with the relevant operating hotels. The value of assets sold to the hotels are based on their net book value plus margin.

b) The Group secured a new working capital loan of Baht 130 million to support the hotels’ operating shortfall and capital expenditures. The drawdown would be available on a monthly basis based on the shortfall and capital expenditure requirements. Principal repayment is on a quarterly basis with 2-year grace period while interest payment will be on a monthly basis. Interest rate is at 2% p.a. for the first 2 years and subsequently at MLR -1.5% for the subsequent 5 years.

**48. Reclassification**

Certain amounts in the financial statements for the year ended 31 December 2019 have been reclassified to conform to the current year’s classification but with no effect to previously reported profit (loss) or shareholders’ equity. The reclassifications are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | As | As previously | As | As previously |
|  | reclassified | reported | reclassified | reported |
| **Income statements** |  |  |  |  |
| Revenue from property development operations | - | - | - | 350 |
| Other income | 104,022 | 142,215 | 1,154,555 | 1,227,348 |
| Finance income | 38,193 | - | 73,143 | - |

**49. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 24 February 2021.