Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

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 is incorporated in Thailand. The parent company of the Group is Banyan Tree Holdings Limited, which is 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), spa, 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.

On 1 July 2021, the Phuket Sandbox has been commenced and the Group has been one of the spearheads, together with government authorities, our peers in the tourism sector and all our staffs, in collaborating and leading the “Phuket Sandbox” initiatives, with an utmost attempt to bring back tourism momentum to Phuket and Thailand.

On 1 November 2021, Thailand launched “Test & Go” scheme, where fully vaccinated travelers are exempted from quarantine requirements. 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 restructure its principal loan repayments and interest payments to a long term repayment plan as well as new loans to ensure stronger liquidity position.

   In terms of the property development business, the Group has still performed the construction of some of its property projects during the year. Despite the pandemic, the Group is able to sell new properties continuously.

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 | |
|  |  |  | 2021 | 2020 |
|  |  |  | % | % |
| 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 Jobs Co., Ltd. (4) | Employment services | 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 | 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.

(4) Formerly known as “Laguna Village Limited”. The subsidiary changed its name and registered the change with the Ministry of Commerce on 14 December 2021.

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**

**3.1 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

**3.2  Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group’s financial statements.

**4. Significant accounting policies**

**4.1 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, allowances 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 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 on 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) Dividends income

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

(f) Finance cost

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

4.2 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.

4.3 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.

4.4 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.

4.5 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.

**4.6 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.

4.7 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.

**4.8 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.

4.9 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 Group’s assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in 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 Group’s 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.

**4.10 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.

**4.11 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.

**4.12 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**

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

Pier 3 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.

**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.

**4.13 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.

**4.14 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 associates, 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.

**4.15 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.

**4.16 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 investment properties 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.

**4.17 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 plans, 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.

**4.18 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.

**4.19 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.

**4.20 Financial instruments**

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.

**Classification and measurement of financial liabilities**

Except for derivative 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 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 as credit impaired or 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.

ECLs are calculated 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.

**4.21 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.

**5. 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:

**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 18.

**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 19.

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.

**6. Cash and cash equivalents**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Cash | 4,535 | 5,684 | 148 | 138 |
| Bank deposits | 727,394 | 563,051 | 148,553 | 146,543 |
| Total | 731,929 | 568,735 | 148,701 | 146,681 |

As at 31 December 2021, bank deposits in saving accounts carried interest rates between 0.05% and 0.13% per annum (2020: between 0.05% and 0.13% per annum).

**7. 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.

**8. Trade and other receivables**

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Trade accounts receivable |  |  |  |  |
| Trade accounts receivable - hotel operations | 164,893 | 132,156 | 7,554 | 7,291 |
| Less: Allowance for expected credit losses | (45,681) | (33,285) | (6,810) | (4,419) |
| Trade accounts receivable - hotel operations, net | 119,212 | 98,871 | 744 | 2,872 |
| Trade accounts receivable - sales of property |  |  |  |  |
| - installments due | 74,318 | 126,351 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable | 306,027 | 335,992 | - | - |
| Less: Deferred interest income | (3,364) | - | - | - |
| Current portion of long-term trade accounts receivable, net (Note 15) | 302,663 | 335,992 | - | - |
| Trade accounts receivable - sales of property, net | 376,981 | 462,343 | - | - |
| Trade accounts receivable - sales of holiday club  memberships - installments due and trade accounts  receivable from sales and marketing services for  holiday club memberships | 62,691 | 48,559 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 15) | - | 76 | - | - |
| Trade accounts receivable - sales of holiday club  memberships and sales and marketing services for  holiday club memberships | 62,691 | 48,635 | - | - |
| Less: Allowance for expected credit losses | (48,360) | (17,256) | - | - |
| Trade accounts receivable - sales of holiday club  memberships and sales and marketing services for  holiday club memberships, net | 14,331 | 31,379 | - | - |
| Trade accounts receivable, net | 510,524 | 592,593 | 744 | 2,872 |
| Other receivables |  |  |  |  |
| Amounts due from related parties (Note 9) | 88,939 | 80,218 | 265,323 | 181,768 |
| Villa owner receivables | 80,545 | 79,088 | 2,210 | 2,389 |
| Accrued rental income | 5,364 | 20,959 | 5,364 | 20,959 |
| Other receivables | 19,512 | 9,898 | 364 | 502 |
| Total other receivables | 194,360 | 190,163 | 273,261 | 205,618 |
| Less: Allowance for expected credit losses | (25,393) | - | - | - |
| Total other receivables, net | 168,967 | 190,163 | 273,261 | 205,618 |
| Trade and other receivables, net | 679,491 | 782,756 | 274,005 | 208,490 |

The balances of trade accounts receivable - hotel operations as at 31 December 2021 and 2020, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 45,145 | 15,749 | 317 | 155 |
| Past due |  |  |  |  |
| Up to 30 days | 45,542 | 18,953 | 141 | 116 |
| 31 - 60 days | 10,060 | 12,320 | 62 | 28 |
| 61 - 90 days | 2,783 | 3,442 | 59 | 35 |
| 91 - 120 days | 818 | 1,546 | 56 | 19 |
| Over 120 days | 60,545 | 80,146 | 6,919 | 6,938 |
| Total | 164,893 | 132,156 | 7,554 | 7,291 |
| Less: Allowance for expected credit losses | (45,681) | (33,285) | (6,810) | (4,419) |
| Trade accounts receivable - hotel operations, net | 119,212 | 98,871 | 744 | 2,872 |

The normal credit term of trade accounts receivable - hotel operations is 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivable - hotel operations:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 33,285 | 9,119 | 4,419 | 3,528 |
| Additions | 12,396 | 25,607 | 2,391 | 961 |
| Amount written off | - | (1,441) | - | (70) |
| Balance at end of year | 45,681 | 33,285 | 6,810 | 4,419 |

The significant increase in allowance for expected credit losses of trade accounts receivable - hotel operations of Baht 12 million in 2021 (2020: Baht 26 million) 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 2021 and 2020, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 309,735 | 364,129 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 11,996 | 39,779 | - | - |
| 31 - 60 days | 9,813 | 18,258 | - | - |
| 61 - 90 days | 7,913 | 8,545 | - | - |
| 91 - 120 days | 6,232 | 9,116 | - | - |
| Over 120 days | 34,656 | 22,516 | - | - |
| Total | 380,345 | 462,343 | - | - |
| Less: Deferred interest income | (3,364) | - | - | - |
| Trade accounts receivable - sales of property, net | 376,981 | 462,343 | - | - |

The normal credit term of trade accounts receivable - sales of property is 30 days.

The balances of trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships as at 31 December 2021 and 2020, aged on the basis of due dates, are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 508 | 1,205 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 1,613 | 432 | - | - |
| 31 - 60 days | 697 | 470 | - | - |
| 61 - 90 days | 622 | 877 | - | - |
| 91 - 120 days | 85 | 1,960 | - | - |
| Over 120 days | 59,166 | 43,691 | - | - |
| Total | 62,691 | 48,635 | - | - |
| Less: Allowance for expected credit losses | (48,360) | (17,256) | - | - |
| Trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships, net | 14,331 | 31,379 | - | - |

The normal credit term of trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships is 30 days.

The significant increase in allowance for expected credit losses of trade accounts receivable - sales of holiday club memberships and sales and marketing service for holiday club memberships of Baht 31 million in 2021 (2020: Baht 17 million) was mainly due to trade receivables which past due for more than one year and are not subject to enforcement activity.

9. 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 |
|  | 2021 | 2020 | 2021 | | 2020 |  |
| Transactions with subsidiaries | | |  | |  |  |
| (eliminated from the consolidated financial statements) | | |  | |  |  |
| Guarantee fee income | - | - | 1 | | 1 | (2) agreed basis |
| Guarantee fee expenses | - | - | 20 | | 7 | (2) agreed basis |
| Interest income | - | - | 57 | | 81 | (4) agreement |
| Interest expenses | - | - | 6 | | 11 | (4) agreement |
| Management fee income | - | - | 56 | | 90 | (3) agreed basis |
| Reimbursement receipts | - | - | 1 | | - | (9) agreed basis |
| Reimbursement payments | - | - | 23 | | 5 | (9) agreed basis |
| Rental and service income | - | - | 1 | | 3 | (10)(iii) agreement |
| Rental and service expenses | - | - | 6 | | 6 | (10)(iii), (iv) agreement |
| Resort service expenses | - | - | 3 | | 5 | (12) agreed basis |
| Dividend income | - | - | 2 | | - | As declared |
|  |  |  |  | |  |  |
| Transactions with associates | | | |  |  |  |
| Reimbursement receipts | 2 | 3 | - | | - | (9) agreed basis |
| Reimbursement payments | - | 1 | - | | - | (9) agreed basis |
| Rental and service income | 15 | 15 | - | | - | (10)(iv) agreement |
| Dividend income | - | - | 12 | | 12 | As declared |
|  |  |  |  | |  |  |
| Transactions with related companies | | | |  |  |  |
| Inter resort payments | 3 | 16 | - | | - | (1) agreed basis |
| Management fee income | 2 | 5 | 1 | | 4 | (13), (14) agreement |
| Management fee expenses | 28 | 68 | - | | - | (5) agreement |
| Purchase of spa and gallery vouchers | 4 | 2 | 1 | | - | (16) agreed basis |
| Sale of goods | 4 | 4 | - | | - | (7) agreed basis |
| Reimbursement receipts | 37 | 41 | | 9 | 12 | (9) agreed basis |
| Reimbursement payments | 61 | 61 | | 1 | 1 | (9) agreed basis |
| Transaction with related companies (continued) | |  | |  |  |  |
| Rental and service income | 13 | 13 | | - | - | (10)(i), (ii), (iv), (v) agreement |
| Rental and service expenses | - | 6 | | - | - | (10)(vi) agreement |
| Rental return on hotel units | - | 4 | | - | - | (11) agreement |
| Resort service income | 1 | 2 | | - | - | (12) agreed basis |
| Training charges | - | 3 | | - | - | (8) agreed basis |
| Service fees | 52 | - | | - | - | (6), (15) agreed basis |
| Purchase of operating assets | 2 | - | | - | - | At net book value plus 5% markup |

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 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) 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.

(3) 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 working hours.

(4) 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.

(5) The terms of the operating agreements are disclosed in Note 38 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 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.

(6) The centralised service fee charges by Banyan Tree Resorts & Spas (Thailand) Company Limited in respect of providing centralised services related to accounting, purchasing, human resources, learning & development, reservation and information technology.  Where the charges is based on 5% markup of actual cost, the same is applied to all hotels and business operations concerned.

(7) 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.

(iii) Sale and purchase of goods among Banyan Tree Gallery (Singapore) Pte. Ltd. and Banyan Tree Gallery (Thailand) Limited are priced at cost plus a handling fee of 5% to 20%. In this instance, they act as a purchasing agent and central purchasing for products in their countries to facilitate bulk purchasing for competitive pricing.

(8) 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.

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

(10) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (10)(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

This agreement was terminated on 1 January 2021.

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 1,207 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) Service income from rental of Banyan Tree Management Academy is at Baht 136,591 per month.

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

(11) 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.

(12) 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

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

(14) 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.

(15) 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.

(16) 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.

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)

|  |  |  |
| --- | --- | --- |
|  | 2021 | 2020 |
| 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)

|  |  |  |
| --- | --- | --- |
|  | 2021 | 2020 |
| Short-term loan facilities | 150 | 150 |
| Long-term loan facilities | 900 | 900 |
| Overdrafts and bank guarantee facilities | 20 | 20 |

As at 31 December 2021 and 2020, the balances of the accounts between the Company and related companies are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Amounts due from related parties** |  |  |  |  |
| Subsidiaries | - | - | 261,156 | 172,060 |
| Associated companies | 1,920 | 259 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 87,019 | 79,959 | 4,167 | 9,708 |
| Total amounts due from related |  |  |  |  |
| parties (Note 8) | 88,939 | 80,218 | 265,323 | 181,768 |
| **Amounts due to related parties** |  |  |  |  |
| Subsidiaries | - | - | 40,704 | 27,686 |
| Associated companies | - | 24 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 169,773 | 134,079 | 2,700 | 6,207 |
| Total amounts due to related parties |  |  |  |  |
| (Note 22) | 169,773 | 134,103 | 43,404 | 33,893 |
| **Dividend payable (Note 22)** |  |  |  |  |
| Related company (related by |  |  |  |  |
| common shareholders) | 130,048 | 130,048 | 130,048 | 130,048 |

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

As at 31 December 2021 and 2020, 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 2021 | Addition | Repayment | 31 December 2021 |
| Laguna Banyan Tree Limited | 594,000 | 237,000 | (15,000) | 816,000 |
| Laguna Holiday Club Limited | 175,500 | 17,000 | (25,000) | 167,500 |
| Laguna Lakes Limited | 293,000 | - | (18,000) | 275,000 |
| Laguna Grande Limited | 165,000 | 48,000 | (213,000) | - |
| Banyan Tree Gallery (Thailand) Limited | 28,050 | - | - | 28,050 |
| Total | 1,255,550 | 302,000 | (271,000) | 1,286,550 |

**Long-term loans from subsidiaries**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Separate financial statements | | | |
|  | 1 January 2021 | Addition | Repayment | 31 December 2021 |
| Laguna (3) Limited | 13,500 | 5,000 | (4,000) | 14,500 |
| TWR - Holdings Limited | 119,000 | 431,000 | (419,000) | 131,000 |
| Laguna Grande Limited | - | 160,000 | (77,000) | 83,000 |
| Total | 132,500 | 596,000 | (500,000) | 228,500 |

**Long-term loan from related company**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | | |
|  | 1 January 2021 | Addition | Repayment | 31 December 2021 |
| Banyan Tree Hotels & Resorts (Thailand) Limited | 26,950 | - | (4,000) | 22,950 |
| Total | 26,950 | - | (4,000) | 22,950 |

Directors and management’s benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses of their directors and management as below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Short-term employee benefits | 68,166 | 65,015 | 35,998 | 29,146 |
| Post-employment benefits | 2,364 | 2,696 | 722 | 1,206 |
| Other long-term employee benefits | 42 | 38 | 11 | 14 |
| Total | 70,572 | 67,749 | 36,731 | 30,366 |

**10. Inventories**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Food and beverage | 14,840 | 16,142 | - | - | 14,840 | 16,142 |
| Finished goods and supplies | 46,228 | 57,236 | (918) | (611) | 45,310 | 56,625 |
| Total | 61,068 | 73,378 | (918) | (611) | 60,150 | 72,767 |

11. Property development cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Property development cost - net | |
|  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | 1,305,104 | 1,305,104 | - | - | 1,305,104 | 1,305,104 |
| Land and property under construction | 1,994,103 | 1,766,003 | - | - | 1,994,103 | 1,766,003 |
| Land and completed building | 898,070 | 1,118,600 | (24,628) | (25,001) | 873,442 | 1,093,599 |
| Total | 4,197,277 | 4,189,707 | (24,628) | (25,001) | 4,172,649 | 4,164,706 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Property development cost - net | |
|  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | 111,429 | 111,429 | - | - | 111,429 | 111,429 |
| Total | 111,429 | 111,429 | - | - | 111,429 | 111,429 |

In 2020, the management reviewed property development cost of suspended projects and determined that the property under construction of Baht 139 million (2021: Nil) 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 for the year ended 31 December 2020.

In 2020, the Group reduced cost of property for sale under holiday club memberships by Baht 22 million (2021: Nil) to reflect the net realisable value. This was included in cost of property development operations.

Subsidiaries have mortgaged property development cost amounting to Baht 1,071 million (2020: Baht 1,486 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 12.7 million were capitalised for the year ended 31 December 2021 (2020: Baht 6.5 million). The weighted average rate of 3.17% - 3.75% (2020: 2.18% - 5.53%) has been used to determine the amount of borrowing costs eligible for capitalisation.

12. Costs to obtain contracts with customers

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 101,312 | 99,982 | - | - |
| Addition during the year | 71,089 | 36,390 | - | - |
| Amortisation as selling expenses | (20,775) | (35,060) | - | - |
| Balance at end of year | 151,626 | 101,312 | - | - |

13. Other financial assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Debt instrument at amortised cost |  |  |  |  |
| Fixed deposit | 2,367 | 2,269 | 2,367 | 2,269 |
| Total debt instrument at amortised cost | 2,367 | 2,269 | 2,367 | 2,269 |
| Equity instruments designated at FVOCI |  |  |  |  |
| Non-listed equity instruments |  |  |  |  |
| Bibace Investments Ltd. | 481,190 | 375,369 | - | - |
| Banyan Tree Indochina Hospitality Fund, L.P. | 365,081 | 337,812 | - | - |
| Total equity instruments designated at FVOCI | 846,271 | 713,181 | - | - |
| Total other financial assets | 848,638 | 715,450 | 2,367 | 2,269 |
|  |  |  |  |  |
| Current | 2,367 | 2,269 | 2,367 | 2,269 |
| Non-current | 846,271 | 713,181 | - | - |
|  | 848,638 | 715,450 | 2,367 | 2,269 |

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.

14. Other current assets

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Value added tax | 48,726 | 44,280 | 2,041 | 3,283 |
| Prepaid expenses and withholding |  |  |  |  |
| tax deducted at source | 28,017 | 40,162 | 1,969 | 2,821 |
| Advances to suppliers and staff | 25,588 | 25,223 | 1,416 | 1,323 |
| Income tax and VAT refundable | - | 47,246 | - | 12,628 |
| Deposit for purchase of land | 7,064 | - | - | - |
| Total | 109,395 | 156,911 | 5,426 | 20,055 |

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

15.1 Installments receivable from property sales which bear interest at rates of 0.0% - 7.0% and MLR plus 0.5% per annum (2020: 5.0% - 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 | |
|  | 2021 | 2020 |
| Current portion of long-term trade |  |  |
| accounts receivable | 302,663 | 336,068 |
| Long-term trade accounts receivable | 471,147 | 723,503 |
| Total | 773,810 | 1,059,571 |
| Sales of property |  |  |
| Within 1 year | 306,027 | 335,992 |
| Less: Deferred interest income | (3,364) | - |
| Within 1 year, net (Note 8) | 302,663 | 335,992 |
| Over 1 year to 5 years | 476,341 | 723,503 |
| Less: Deferred interest income | (5,194) | - |
| Over 1 year to 5 years, net | 471,147 | 723,503 |
| Long-term trade accounts receivable - |  |  |
| sales of property | 773,810 | 1,059,495 |
| Sales of holiday club memberships |  |  |
| Within 1 year (Note 8) | - | 76 |
| Long-term trade accounts receivable - |  |  |
| sales of holiday club memberships | - | 76 |
| Total | 773,810 | 1,059,571 |

**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 | | | |
|  | 2021 | 2020 | | 2021 | | 2020 | | 2021 | | 2020 | |
|  | Million | Million | | % | | % | | Million | | Million | |
|  | Baht | Baht | |  | |  | | Baht | | Baht | |
| **Subsidiaries held by the Company** | | |  | |  | |  | |  | |  | |
| Banyan Tree Gallery (Singapore) Pte. Ltd. | 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 Jobs Co., Ltd.(4) | 179.0 | 179.0 | | 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 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 | 2.0 | | 60.0 | | 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.

(4) Formerly known as “Laguna Village Limited”. The subsidiary changed its name and registered the change with the Ministry of Commerce on 14 December 2021.

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

(Unit: Thousand Baht)

|  | Separate financial statements | |
| --- | --- | --- |
| Company's name | 2021 | 2020 |
| Banyan Tree Gallery (Singapore) Pte. Ltd. | 2,493 | - |
| Total | 2,493 | - |

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.

Details of investment in subsidiary that have material non-controlling interests.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company’s name | Proportion of equity interest held by  non-controlling interests | | Dividend paid to non-controlling interests during the years | |
|  | 2021 | 2020 | 2021 | 2020 |
|  | (%) | (%) |  |  |
| Banyan Tree Gallery (Singapore) Pte. Ltd. | 49.0 | 49.0 | 2,268 | - |
|  |  |  | 2,268 | - |

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

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated  financial statements | |
|  | 2021 | 2020 |
| 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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| Growth rate (% per annum) | 4.60 | 7.54 | 3.68 | 5.28 |
| Discount rate (% per annum) | 7.36 | 5.85 | 7.02 | 6.41 |

Overall business was affected by the COVID-19 and revenue has significantly dropped since 2020. However, the management expects that the operation will recover in 2024, and thus the growth rate has been calculated from that year onwards.

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 | |
|  |  |  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
|  |  |  | (%) | (%) |  |  |  |  |
| Tropical Resorts Ltd. | Holding company | Hong Kong | 25.87 | 25.87 | 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 | 768,365 | 743,475 |
|  | food products |  |  |  |  |  |  |  |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 173,495 | 173,495 | 217,253 | 216,899 |
| Total investments in associates - net | | |  |  | 950,949 | 950,949 | 985,618 | 960,374 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | |
|  |  |  | 2021 | 2020 | 2021 | 2020 |
|  |  |  | (%) | (%) |  |  |
| 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 2021 and 2020, 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 (loss) and dividend received

During the years, the Company and subsidiary have recognised their share of comprehensive income (loss) from investments in associates 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 (loss) from investments in | |
| Company’s name | associates during the years | | associates during the years | |
|  | 2021 | 2020 | 2021 | 2020 |
| Banyan Tree China Pte. Ltd. | 1,429 | 1,656 | (1,075) | (6,772) |
| Thai Wah Public Company Limited | 30,240 | 970 | 6,489 | (4,824) |
| Total | 31,669 | 2,626 | 5,414 | (11,596) |

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Separate financial statements | |
| Company’s name | Dividend received | |
|  | 2021 | 2020 |
| Thai Wah Public Company Limited | 11,839 | 11,839 |
| Total | 11,839 | 11,839 |

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 calculated based on its closed price as at 31 December is as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Million Baht) | |
| Associate | Fair values as at 31 December | |
|  | 2021 | 2020 |
| Thai Wah Public Company Limited | 490 | 341 |

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. | |
|  | 2021 | 2020 | 2021 | 2020 |
| Current assets | 4,074 | 3,491 | - | - |
| Non-current assets | 4,545 | 4,635 | 2,614 | 2,499 |
| Current liabilities | (2,254) | (1,007) | - | - |
| Non-current liabilities | (844) | (1,916) | - | - |
| Non-controlling interests | (370) | (311) | - | - |
| Net assets | 5,151 | 4,892 | 2,614 | 2,499 |
| Shareholding percentage (%) | 10.03 | 10.03 | 10.69 | 10.69 |
| Share of net assets | 517 | 491 | 279 | 267 |
| Difference in share of net assets and net book value of investment | - | - | (62) | (50) |
| Difference in fair value of identifiable assets | 153 | 154 | - | - |
| Goodwill | 98 | 98 | - | - |
| Carrying amounts of associates based an equity method | 768 | 743 | 217 | 217 |

Summarised information about comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | |
|  | Thai Wah Public Company Limited | | Banyan Tree China Pte. Ltd. | |
|  | 2021 | 2020 | 2021 | 2020 |
| Revenue | 9,192 | 7,200 | - | - |
| Profit | 312 | 37 | 13 | 15 |
| Other comprehensive income (loss) | 63 | (48) | (10) | (63) |
| Total comprehensive income (loss) | 375 | (11) | 3 | (48) |

17.5 Summarised financial information of other associate

| (Unit: Million Baht) | | |
| --- | --- | --- |
|  | For the year ended 31 December | |
|  | Tropical Resorts Ltd. | |
|  | 2021 | 2020 |
| Loss | (280) | (250) |
| Other comprehensive income (loss) | (280) | 159 |
| Total comprehensive income (loss) | (560) | (91) |

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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| Tropical Resorts Ltd. | (145) | (24) | (447) | (302) |

18. 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 |  | development | (including |  |
|  | / sales | land) | Total | / sales | land) | Total |
| Balance as at  1 January 2020 | 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 |
| Transfer to property, plant and equipment | (28,354) | - | (28,354) | - | - | - |
| Balance as at  31 December 2021 | 174,363 | 1,207,860 | 1,382,223 | 74,771 | 106,831 | 181,602 |

As at 31 December 2021 and 2020, 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 | |
|  | 2021 | 2020 | 2021 | 2020 |  |
| Price per rai | 110 - 16,000 | 110 - 16,000 | 171 - 16,000 | 171 - 16,000 | Increase in fair value |
| Price per Sq.m. | 32 - 149 | 32 - 149 | - | - | Increase in fair value |

As at 31 December 2021, the subsidiaries have mortgaged the investment properties amounting to approximately Baht 799 million (2020: Baht 844 million) as collateral against credit facilities received from financial institutions.

19. 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 2020 | 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 |
| Additions | 716 | 11,877 | - | 6,349 | 9,634 | 11,376 | 452 | 1,363 | 43,803 | 85,570 |
| Disposals and write-off | - | (10,171) | - | (3,863) | (22,022) | (16,461) | (458) | (4,697) | (2,587) | (60,259) |
| Transfers in/out | - | 34,284 | - | 12,602 | 4,451 | 41 | 195 | - | (51,573) | - |
| Transfer from investment property | 28,354 | - | - | - | - | - | - | - | - | 28,354 |
| Adjustments | - | 2,035 | 5,161 | 8,512 | (257) | (12,719) | - | 122 | (710) | 2,144 |
| As at 31 December 2021 | 1,577,026 | 6,082,809 | 141,722 | 1,968,430 | 1,281,312 | 590,901 | 45,074 | 221,546 | 111,902 | 12,020,722 |

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 2020 | (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) |
| Depreciation charged for the year | (57) | (173,704) | (11,154) | (103,033) | (71,646) | (48,339) | (2,365) | (9,543) | - | (419,841) |
| Disposals and write-off | - | 2,831 | - | 3,439 | 21,688 | 16,147 | 458 | 4,697 | - | 49,260 |
| Adjustments | - | (667) | (402) | (5,034) | (2,703) | 7,616 | - | (64) | - | (1,254) |
| As at 31 December 2021 | (388) | (2,305,315) | (81,757) | (1,501,615) | (1,075,002) | (467,206) | (37,100) | (162,826) | - | (5,631,209) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2020 | - | (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) |
| Reversal | - | - | - | - | - | 856 | - | - | - | 856 |
| Adjustments | - | (875) | (4,759) | - | - | (549) | - | - | - | (6,183) |
| As at 31 December 2021 | (39,225) | (96,294) | (26,173) | - | - | - | - | - | - | (161,692) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |  |
| 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 |
| As at 31 December 2021 | 1,537,413 | 3,681,200 | 33,792 | 466,815 | 206,310 | 123,695 | 7,974 | 58,720 | 111,902 | 6,227,821 |

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 2020 | 6,094,760 | 193,839 | - | - | - | - | - | - | - | 6,288,599 |
| Additions | 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 |
| As at 31 December 2021 | 6,050,938 | 89,132 | - | - | - | - | - | - | - | 6,140,070 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2020 | - | (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) |
| Depreciation of revaluation surplus  on assets | - | (2,795) | - | - | - | - | - | - | - | (2,795) |
| As at 31 December 2021 | - | (38,630) | - | - | - | - | - | - | - | (38,630) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |  |
| As at 31 December 2020 | 6,050,938 | 53,297 | - | - | - | - | - | - | - | 6,104,235 |
| As at 31 December 2021 | 6,050,938 | 50,502 | - | - | - | - | - | - | - | 6,101,440 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |  |
| 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 |
| As at 31 December 2021 | 7,588,351 | 3,731,702 | 33,792 | 466,815 | 206,310 | 123,695 | 7,974 | 58,720 | 111,902 | 12,329,261 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |  |
| 2020 |  |  |  |  |  |  |  |  |  | 456,112 |
| 2021 |  |  |  |  |  |  |  |  |  | 422,636 |

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 2020 | 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 |
| Additions | - | - | - | - | 229 | 67 | - | 2,415 | 2,711 |
| Disposals and write-off | - | - | - | - | (76) | - | (650) | (2,588) | (3,314) |
| Transfers in/out | - | 794 | - | - | 41 | - | - | (835) | - |
| Adjustment | - | - | (41) | - | - | - | - | (326) | (367) |
| As at 31 December 2021 | 189 | 39,736 | 18,079 | 15,838 | 38,309 | 1,594 | 7,908 | 4,584 | 126,237 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2020 | - | (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) |
| Depreciation charged for the year | - | (1,381) | (1,466) | (729) | (1,257) | (26) | (85) | - | (4,944) |
| Disposals and write-off | - | - | - | - | 75 | - | 651 | - | 726 |
| As at 31 December 2021 | - | (25,505) | (10,248) | (14,954) | (35,337) | (1,524) | (7,908) | - | (95,476) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2020 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| As at 31 December 2020 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| As at 31 December 2021 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |
| As at 31 December 2020 | 189 | 11,898 | 9,338 | 1,613 | 3,960 | 29 | 84 | 5,918 | 33,029 |
| As at 31 December 2021 | 189 | 11,311 | 7,831 | 884 | 2,972 | 70 | - | 4,584 | 27,841 |

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 2020 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| As at 31 December 2020 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| As at 31 December 2021 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2020 | - | (7,980) | - | - | - | - | - | - | (7,980) |
| Depreciation of revaluation  surplus on assets | - | (126) | - | - | - | - | - | - | (126) |
| As at 31 December 2020 | - | (8,106) | - | - | - | - | - | - | (8,106) |
| Depreciation of revaluation surplus on assets | - | (126) | - | - | - | - | - | - | (126) |
| As at 31 December 2021 | - | (8,232) | - | - | - | - | - | - | (8,232) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |
| As at 31 December 2020 | 4,248 | 4,413 | - | - | - | - | - | - | 8,661 |
| As at 31 December 2021 | 4,248 | 4,287 | - | - | - | - | - | - | 8,535 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |
| As at 31 December 2020 | 4,437 | 16,311 | 9,338 | 1,613 | 3,960 | 29 | 84 | 5,918 | 41,690 |
| As at 31 December 2021 | 4,437 | 15,598 | 7,831 | 884 | 2,972 | 70 | - | 4,584 | 36,376 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |
| 2020 |  |  |  |  |  |  |  |  | 7,887 |
| 2021 |  |  |  |  |  |  |  |  | 5,070 |

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 whereas 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 2021, certain buildings and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to Baht 2,033 million (2020: Baht 1,865 million) (the Company only: Baht 64 million, 2020: Baht 53 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 8,758 million (2020: Baht 8,948 million) as collateral against credit facilities received from financial institutions.

During the year 2020, the Company recognises an impairment loss for golf course amounting to Baht 28 million (2021: Nil) to reduce the carrying amount of the assets to the recoverable amount.

# 20. Leases

**20.1 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**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | | | | |
|  | Land | Buildings | Machinery and equipment | Motor vehicles | Pier | 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) |
| 1 January 2021 | 356 | 38,409 | 5,670 | 12,106 | - | 56,541 |
| Additions | - | 5,291 | 1,046 | - | 1,252 | 7,589 |
| Depreciation for the year | (244) | (17,909) | (2,510) | (5,609) | (699) | (26,971) |
| Impairment | - | (1,242) | - | - | - | (1,242) |
| Translation adjustment | - | 227 | - | 2,324 | - | 2,551 |
| 31 December 2021 | 112 | 24,776 | 4,206 | 8,821 | 553 | 38,468 |
|  |  | (Unit: Thousand Baht) | | | | |
|  | Separate financial statements | | | | | |
|  | Land | Buildings | Machinery and equipment | Motor vehicles | Pier | Total |
| 1 January 2020 | - | 5,998 | - | - | - | 5,998 |
| Depreciation for the year | - | (2,959) | - | - | - | (2,959) |
| 1 January 2021 | - | 3,039 | - | - | - | 3,039 |
| Additions | - | 1,789 | - | - | - | 1,789 |
| Depreciation for the year | - | (3,536) | - | - | - | (3,536) |
| 31 December 2021 | - | 1,292 | - | - | - | 1,292 |

Movement of right-of-use assets for the year ended 31 December 2021 and 2020 are summarised below.

1. **Lease liabilities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Lease payments | 82,204 | 84,040 | 6,673 | 6,265 |
| Less: Deferred interest expenses | (4,000) | (5,230) | (56) | (131) |
| Total | 78,204 | 78,810 | 6,617 | 6,134 |
| Less: Portion due within one year | (48,033) | (40,168) | (5,996) | (6,017) |
| Lease liabilities - net of current portion | 30,172 | 38,642 | 620 | 117 |

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 78,810 | 89,542 | 6,134 | 7,602 |
| Additions | 11,850 | 513 | 1,789 | - |
| Accretion of interest | 3,022 | 4,162 | 194 | 332 |
| Repayments | (17,925) | (15,407) | (1,500) | (1,800) |
| Translation adjustment | 2,447 | - | - | - |
| Balance at end of year | 78,204 | 78,810 | 6,617 | 6,134 |

A maturity analysis of lease payments is disclosed in Note 42 under the liquidity risk.

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

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Depreciation expense of right-of-use assets | 26,971 | 22,497 | 3,536 | 2,959 |
| Interest expense on lease liabilities | 3,022 | 4,162 | 194 | 332 |
| Expense relating to short-term leases | 2,398 | 2,990 | - | - |
| Expense relating to leases of low-value assets | 816 | 880 | 364 | 42 |
| Expense relating to variable lease payments that do not depend on an index or a rate | 5,425 | 44,692 | 2,896 | 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 2021 of Baht 56 million (2020: Baht 76 million) (the Company only: Baht 5 million, 2020: Baht 10 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. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 38.

**20.2 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 2021 and 2020 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Within 1 year | 16,627 | 20,896 | 6,974 | 5,160 |
| Over 1 and up to 5 years | 10,874 | 12,955 | 10,111 | 3,947 |
| Total | 27,501 | 33,851 | 17,085 | 9,107 |

**21. Bank overdrafts and short-term loans from financial institutions**

(Unit: Thousand Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Interest rate | Consolidated financial statements | | Separate  financial statements | |
|  | (percent per annum) | 2021 | 2020 | 2021 | 2020 |
| Bank overdrafts | MOR | 24,162 | 26,304 | - | - |
| Short-term loans from financial institutions | MMR, MLR and fixed deposit rate plus 1.5%  (2020: 2%, MMR, MLR and fixed deposit rate plus 1.5%) | 1,157,000 | 1,282,500 | 650,000 | 670,000 |
| Total | | 1,181,162 | 1,308,804 | 650,000 | 670,000 |

MOR: Minimum Overdraft Rate

MMR: Money Market Rate

MLR: Minimum Loan 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 19 and by the guarantee provided by subsidiaries.

**22. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  Financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Trade accounts payable | 381,327 | 603,354 | 9,661 | 4,225 |
| Accrued construction | 4,371 | 5,924 | - | - |
| Amounts due to related  parties (Note 9) | 169,773 | 134,103 | 43,404 | 33,893 |
| Accrued expenses | 164,635 | 174,125 | 8,828 | 13,809 |
| Dividend payable (Note 9) | 130,048 | 130,048 | 130,048 | 130,048 |
| Other payables | 211,263 | 262,888 | 2,247 | 880 |
| Service charge payable to  hotel staff | 17,012 | 5,057 | - | - |
| Accrued rental to villa owners | 53,548 | 81,239 | 6,293 | 4,379 |
| Total | 1,131,977 | 1,396,738 | 200,481 | 187,234 |

**23. Other current liabilities**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Value added tax payable | 67,010 | 53,086 | 9,602 | 8,076 |
| Unearned income | 18,240 | 27,997 | 150 | - |
| Specific business tax payable | 129,104 | 134,297 | 4,378 | 4,379 |
| Other tax payable | 8,834 | 11,405 | 457 | 423 |
| Total | 223,188 | 226,785 | 14,587 | 12,878 |

24. Long-term loans from financial institutions

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Consolidated financial statements | | Separate financial statements | |
| No. | Facility | Repayment | Period | Interest rate | 2021 | 2020 | 2021 | 2020 |
|  | (Million Baht) |  |  | (% Per annum) |  |  |  |  |
| The Company | |  |  |  |  |  |  |  |
| 1 | 75 | Quarterly | April 2017 to  October 2031 | 2.00 and  MLR less 0.75 - 1.75 | 67,750 | 67,750 | 67,750 | 67,750 |
|  |  |  |  |  |  |  |  |  |
| 2 | 1,300 | Quarterly | February 2020 to  October 2036 | 2.00 and  MLR less 0.75 - 2.00 | 1,292,000 | 1,292,000 | 1,292,000 | 1,292,000 |
|  |  |  |  |  |  |  |  |  |
| 3 | 20 | Half-yearly | March 2024 to  March 2025 | MMR | 20,000 | - | 20,000 | - |
|  |  |  |  |  |  |  |  |  |
| Subsidiaries | |  |  |  |  |  |  |  |
| 4 | 450 | Quarterly | August 2017 to  October 2038 | 2.00 and  MLR less 0.50 - 2.00 | 305,000 | 305,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 5 | 335 | Quarterly | November 2019 to  October 2038 | 2.00 and  MLR less 0.75 - 2.00 | 295,355 | 292,680 | - | - |
|  |  |  |  |  |  |  |  |  |
| 6 | 100 | Annually | December 2020 to  December 2023(a) | MLR less 1.25 - 1.50 | 31,129 | 60,795 | - | - |
|  |  |  |  |  |  |  |  |  |
| 7 | 800 | Quarterly | March 2013 to  October 2038 | 2.00 and  MLR less 0.50 - 2.00 | 240,000 | 240,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 8 | 400 | Quarterly | February 2020 to  October 2038 | 2.00 and  MLR less 0.75 - 2.00 | 398,750 | 398,750 | - | - |
|  |  |  |  |  |  |  |  |  |
| 9 | 600 | Quarterly | October 2023 to  October 2030(a) | 2.00 and  MLR less 1.25 - 2.00 | 52,000 | 52,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 10 | 4 | Monthly | December 2020 to  May 2022 | 2.00 | 1,010 | 3,770 | - | - |
|  |  |  |  |  |  |  |  |  |
| 11 | 5 | Monthly | May 2023 to  April 2025 | 2.00 and MLR | 5,000 | - | - | - |
|  |  |  |  |  |  |  |  |  |
| 12 | 1,000 | Quarterly | October 2009 to  October 2038(a) | 2.00, MLR and  MLR less 0.50 - 1.50 | 251,395 | 272,550 | - | - |
|  |  |  |  |  |  |  |  |  |
| 13 | 75 | Quarterly | July 2019 to  October 2038 | 2.00 and  MLR less 0.75 - 2.00 | 73,500 | 73,500 | - | - |
|  |  |  |  |  |  |  |  |  |
| 14 | 800 | Quarterly | February 2019 to  October 2038 | 2.00 and  MLR less 0.75 - 2.00 | 798,750 | 798,750 | - | - |
|  |  |  |  |  |  |  |  |  |
| 15 | 175 | Quarterly | January 2017 to  October 2038 | 2.00 and  MLR less 0.50 - 2.00 | 153,500 | 153,500 | - | - |
|  |  |  |  |  |  |  |  |  |
| 16 | 200 | Quarterly | October 2023 to  October 2030 | MLR less 1.25 - 1.50 | 200,000 | - | - | - |
|  |  |  |  |  |  |  |  |  |
| 17 | 298 | Quarterly | June 2014 to  October 2030(a) | 2.00 and MLR less 1.00 - 2.00 | 73,729 | 73,729 | - | - |
|  |  |  |  |  |  |  |  |  |
| 18 | 135 | Annually | July 2020 to  December 2024(a) | MLR less 1.25 - 1.50 | 86,110 | 109,110 | - | - |
|  |  |  |  |  |  |  |  |  |
| 19 | 100 | Quarterly | December 2016 to  October 2030 | 2.00 and  MLR less 1.00 - 2.00 | 48,000 | 48,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 20 | 300 | Quarterly | December 2018 to  October 2038(a) | 2.00 and  MLR less 0.75 - 2.00 | 76,619 | 76,619 | - | - |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Consolidated financial statements | | Separate financial statements | |
| No. | Facility | Repayment | Period | Interest rate | 2021 | 2020 | 2021 | 2020 |
|  | (Million Baht) |  |  | (% Per annum) |  |  |  |  |
| Subsidiaries (continued) | | |  |  |  |  |  |  |
| 21 | 400 | Annually | December 2020 to  December 2024(a) | MLR less 1.25 - 1.50 | 205,262 | 330,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 22 | 480 | Annually | December 2022 to  December 2025(a) | MLR less 1.25 - 1.50 | 321,100 | 196,000 | - | - |
|  |  |  |  |  |  |  |  |  |
| 23 | 900 | Annually | August 2018 to  August 2022(a) | MLR less 0.75 - 1.25 | 136,059 | 263,949 | - | - |
|  |  |  |  |  |  |  |  |  |
| 24 | 130 | Quarterly | April 2023 to  December 2027 | 2.00 and  MLR less 1.50 | 130,000 | - | - | - |
|  |  |  |  |  |  |  |  |  |
| 25 | 20 | Annually | December 2023 to  December 2024 | MMR | 20,000 | - | - | - |
|  |  |  |  |  |  |  |  |  |
| 26 | 45.5 | Half-yearly | March 2024 to  September 2024 | MMR | 45,500 | - | - | - |
|  |  |  |  |  |  |  |  |  |
| 27 | 40 | Half-yearly | September 2023 to March 2025 | MMR | 40,000 | - | - | - |
| Total long-term loans from financial institutions | | | |  | 5,367,518 | 5,108,452 | 1,379,750 | 1,359,750 |
| Less: Deferred financial fees | | | |  | (11,814) | (13,382) | (4,850) | (5,555) |
| Long-term loans from financial institutions, net | | | |  | 5,355,704 | 5,095,070 | 1,374,900 | 1,354,195 |
| Less: Current portion | | | |  | (540,075) | (737,411) | - | (26,500) |
| Long-term loans from financial institutions, net of current portion | | | | | 4,815,629 | 4,357,659 | 1,374,900 | 1,327,695 |

MMR: Money Market Rate

MLR: Minimum Loan Rate

1. Also subject to mandatory prepayment in order and/or inverse order of maturity upon the ownership transfer of property sales units and/or when has received the deposits, down payment, the rental or purchase price.

Movement of the long-term loan account during the year ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 5,108,452 | 4,866,751 | 1,359,750 | 1,370,250 |
| Add: Draw down | 462,775 | 789,475 | - | - |
| Add: Reclassify from short-term loans | 125,500 | - | 20,000 | - |
| Less: Repayments | (329,209) | (547,774) | - | (10,500) |
| Balance at ending of year | 5,367,518 | 5,108,452 | 1,379,750 | 1,359,750 |

The additional borrowings during the year are for the property development projects and working capital of hotel operations.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 11, 18, 19. The loan in (1) 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 2021, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 758 million (2020: Baht 1,086 million).

During the year, the Group received relief from a financial institution to extend grace period on principal repayment and to suspend interest period of 14 loan agreements until April 2023. The principal repayment period has been extended from 2023 to 2038, effective from 2023 onwards, as shown in the table above. The suspended interest payments will be paid on a monthly basis in the last two years of each loan agreement. Up to present, the amendment of 14 loan agreements are already approved.

On 1 December 2021, a financial institution has approved 3 - 5 years grace period on principal payments for 16 soft loan agreements. The principal payments of Baht 126 million, which had been postponed throughout the grace period. The suspended principal payments are to be paid on a half-yearly basis after such grace period.

25. 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 | | | | | |
|  | 2021 | | | 2020 | | |
|  | Post-employment benefits | Other long-term benefits | Total | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 83,511 | 29,765 | 113,276 | 52,494 | 21,835 | 74,329 |
| Included in profit or loss: |  |  |  |  |  |  |
| Current service cost | 5,485 | 2,666 | 8,151 | 2,734 | 1,633 | 4,367 |
| Interest cost | 945 | 417 | 1,362 | 856 | 436 | 1,292 |
| Gains or losses on settlement | (14,426) | (2,151) | (16,577) | 78,370 | (6,100) | 72,270 |
| 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 |
| Transferred from related party | 8,064 | 5,721 | 13,785 | - | - | - |
| Benefits paid during the year | (9,616) | (3,579) | (13,195) | (85,866) | (3,722) | (89,588) |
| **Balance at end of year** | 73,963 | 32,839 | 106,802 | 83,511 | 29,765 | 113,276 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | |
|  | 2021 | | | 2020 | | | |
|  | Post-employment benefits | Other long-term benefits | Total | | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 26,669 | 2,544 | 29,213 | | 17,961 | 1,677 | 19,638 |
| Included in profit or loss: |  |  |  | |  |  |  |
| Current service cost | 666 | 135 | 801 | | 254 | 81 | 335 |
| Interest cost | 158 | 29 | 187 | | 121 | 29 | 150 |
| Gains or losses on settlement | (9,558) | 94 | (9,464) | | 6,270 | (65) | 6,205 |
| 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 |
| Transferred from related parties | 1,180 | 281 | 1,461 | | - | - | - |
| Benefits paid during the year | (7,031) | (826) | (7,857) | | (4,316) | (666) | (4,982) |
| **Balance at end of year** | 12,084 | 2,257 | 14,341 | | 26,669 | 2,544 | 29,213 |

The Group expects to pay Baht 11 million of long-term employee benefits during the next year (the Company only: Baht 3 million) (2020: Baht 24 million, the Company: Baht 17 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2020: 10 years, the Company only: 10 years).

Significant actuarial assumptions are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Discount rate (% per annum) | 1.40 | 1.40 | 1.40 | 1.40 |
| Salary increase rate (% per annum) | 2.00 | 2.00 | 2.00 | 2.00 |
| Gold price (Baht) | 26,000 | 26,000 | 26,000 | 26,000 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | 2021 | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | Increase | Decrease | Increase | Decrease |
| Discount rate (+/- 0.50%) | (2,707) | 2,867 | (173) | 182 |
| Salary increase rate (+/-1.00%) | 4,957 | (4,484) | 416 | (387) |
| Gold Price (+/- 1,000 Baht) | 565 | (565) | 83 | (83) |
|  |  | | (Unit: Thousand Baht) | |
|  | 2020 | | | |
|  | 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) |

26. Long-term provision

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statement | |
|  | 2021 | 2020 |
| **Provision for legal cases** |  |  |
| Balance at beginning of year | 1,774 | 18,314 |
| Accretion of interest | 26 | 105 |
| Settlement during the year | (1,418) | (16,645) |
| Reverse during the year | (382) | - |
| Balance at end of year | - | 1,774 |

27. 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.

28. Revaluation surplus

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 5,478,403 | 5,580,941 | 141,313 | 141,313 |
| Reversal of revaluation surplus on assets | - | (37,586) | - | - |
| Reversal of revaluation surplus on disposal of assets | (28,173) | (64,952) | - | - |
| Balance at end of year | 5,450,230 | 5,478,403 | 141,313 | 141,313 |

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

29. 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.

**30. Revenue from contracts with customers**

**30.1 Disaggregated revenue information**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | | |
|  | 2021 | 2020 | 2021 | 2020 | |
| **Revenue from contracts with customers:** |  |  |  |  | |
| Revenue from hotel operations | 688,006 | 1,206,727 | - | 14,011 | |
| Revenue from property development operations | 741,762 | 1,572,727 | - | - | |
| Revenue from office rental operations - service income | 5,432 | 7,198 | 987 | 1,549 | |
| Management fee income | 1,603 | 4,392 | 57,149 | 94,844 | |
| **Total revenue from contracts with customers** | **1,436,803** | **2,791,044** | **58,136** | **110,404** | |
| Revenue from office rental operations - rental income | 21,770 | 28,638 | 3,054 | 7,710 | |
| Dividend income | - | - | 14,332 | 11,839 | |
| Other | 30,327 | 14,637 | 5,029 | 2,390 | |
| **Total revenue** | **1,488,900** | **2,834,319** | **80,551** | **132,343** | |
| **Timing of revenue recognition:** |  |  |  |  | |
| Revenue recognised at a point in time | 1,358,297 | 2,687,395 | - | 14,011 | |
| Revenue recognised over time | 78,506 | 103,649 | 58,136 | 96,393 | |
| **Total revenue from contracts with customers** | **1,436,803** | **2,791,044** | **58,136** | **110,404** | |

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 40 relating to the segment information:

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | | |
|  | 2021 | 2020 | 2021 | 2020 | |
| Revenue from external customers | 1,435,884 | 2,788,598 | 2,489 | 19,639 | |
| Intersegment revenues | 149,224 | 192,849 | 55,647 | 90,765 | |
|  | 1,585,108 | 2,981,447 | 58,136 | 110,404 | |
| Adjustments and eliminations | (148,305) | (190,403) | - | - | |
| Total revenue from contracts with customers | 1,436,803 | 2,791,044 | 58,136 | 110,404 | |

**30.2 Revenue recognised in relation to contract balances**

As at 31 December 2021 and 2020, the Group had significant 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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| Revenue recognised that was included in contract liabilities at the beginning of year | 384,748 | 340,133 | - | - |

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

As at 31 December 2021, the Group has revenue from property development operations of Baht 3,016 million which is expected to be recognised as revenue over the next 3 years (2020: Baht 2,473 million which is expected to be recognised as revenue over the next 3 years) as construction of development properties progress.

**31. Other income**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Dividend income | - | - | 14,332 | 11,839 |
| Management fee income | 1,603 | 4,392 | 57,149 | 94,844 |
| Gain on sales of property, plant and equipment | 13,690 | 2,602 | 39 | 402 |
| Others | 16,637 | 12,035 | 4,990 | 1,988 |
| Total | 31,930 | 19,029 | 76,510 | 109,073 |

**32. Finance cost**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Interest expense under effective interest method | 230,753 | 230,660 | 76,158 | 84,072 |
| Interest expense on lease liabilities | 3,022 | 4,162 | 194 | 332 |
| Total | 233,775 | 234,822 | 76,352 | 84,404 |

**33. Expenses by nature**

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Salaries, wages and other employee benefits | 560,062 | 687,995 | 54,237 | 74,048 |
| Depreciation | 449,609 | 478,609 | 8,607 | 10,846 |
| Rental expenses from operating lease agreements | 19,481 | 62,746 | 8,772 | 21,085 |
| Repairs and maintenance | 69,169 | 86,858 | 1,669 | 1,106 |
| Water and electricity | 118,661 | 102,320 | 2,237 | 2,819 |
| Management fee, incentive fee and royalty fees | 45,466 | 47,960 | - | - |
| Commission | 22,450 | 105,437 | - | - |
| Sales and marketing expenses | 101,822 | 144,456 | 66 | 148 |
| Food and beverage cost | 82,520 | 120,356 | - | - |
| Increase in land and construction during the year | 411,017 | 866,982 | - | - |
| Change in property development cost | (7,570) | (26,308) | - | - |

**34. Income tax**

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge | 29,464 | 25,504 | - | - |
| Adjustment in respect of income tax of previous year | 2,438 | 3,289 | - | - |
| Write off prepaid withholding tax | 929 | - | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 40,520 | 138,805 | 170 | 10,668 |
| **Income tax expenses reported in the income statement** | 73,351 | 167,598 | 170 | 10,668 |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Deferred tax relating to revaluation  surplus on assets | - | (9,396) | - | - |
| Deferred tax relating to gain (loss) on change in value of equity instruments designated at FVOCI | 26,618 | (47,175) | - | - |
| Deferred tax relating to actuarial loss | - | (6,985) | - | (1,276) |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2021 | 2020 | 2021 | 2020 |
| Accounting loss before income tax | (957,363) | (800,617) | (69,496) | (18,252) |
|  |  |  |  |  |
| Applicable tax rate | 0% - 20% | 0% - 20% | 20% | 20% |
| Accounting loss before tax multiplied by income tax rate | (192,059) | (160,481) | (13,899) | (3,650) |
| Adjustment in respect of income tax of  previous year | 2,438 | 3,289 | - | - |
| Write off prepaid withholding tax | 929 | - | - | - |
| Effects of: |  |  |  |  |
| Write off property development cost and property, plant and equipment | 518 | 30,345 | 518 | - |
| Exempt dividend income | - | - | (2,368) | (2,368) |
| Unused tax losses | 237,011 | 186,779 | 13,464 | - |
| Utilise of tax losses | (2,340) | - | - | - |
| Reversal deferred tax assets as previously recorded | 13,190 | 94,298 | 963 | 15,965 |
| Non-taxable expenses | 13,664 | 13,368 | 1,492 | 721 |
| Total | 262,043 | 324,790 | 14,069 | 14,318 |
| **Income tax expenses reported in the income statement** | 73,351 | 167,598 | 170 | 10,668 |

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

(Unit: Thousand Baht)

|  | Statements of financial position | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | 2021 | | 2020 | |
| **Deferred tax assets (liabilities)** |  | |  | |
| Unutilised tax losses | - | | 828 | |
| Allowance for expected credit losses | - | | 10,405 | |
| Provision for long-term employee benefits | 21,276 | | 22,305 | |
| Intercompany charges to property development cost |  | |  | |
| and property, plant and equipment | 10,551 | | 12,327 | |
| Other items of deferred tax assets | 29,584 | | 31,639 | |
| Revaluation surplus on assets | (1,729,018) | | (1,678,646) | |
| Temporary differences arising from |  | |  | |
| revenue and cost recognition | (917,623) | | (919,954) | |
| Gain on revaluation of investment properties | (199,662) | | (225,143) | |
| Gain on change in value of equity instruments designated at FVOCI | (47,981) | | (21,363) | |
| Leases | - | | 1,819 | |
| **Net deferred tax liabilities** | (2,832,873) | | (2,765,783) | |
|  |  | |  | |
| **Reflected in the statements of financial position as follows:** | |  | |
| Deferred tax assets | 35,447 | | 45,009 | |
| Deferred tax liabilities | (2,868,320) | | (2,810,792) | |
| **Net deferred tax liabilities** | (2,832,873) | | (2,765,783) | |

(Unit: Thousand Baht)

|  | Statements of financial position | |
| --- | --- | --- |
|  | Separated financial statements | |
|  | 2021 | 2020 |
| **Deferred tax assets (liabilities)** |  |  |
| Allowance for expected credit losses | - | 884 |
| Provision for long-term employee benefits | 2,868 | 5,843 |
| Other items of deferred tax assets | 1,076 | 1,075 |
| Revaluation surplus on assets | (21,135) | (21,160) |
| Temporary differences arising from |  |  |
| revenue recognition | (72,712) | (76,618) |
| Gain on revaluation of investment properties | (26,370) | (26,207) |
| Leases | - | 79 |
| **Net deferred tax liabilities** | (116,273) | (116,104) |

During the year, the Group has reduced deferred tax assets of Baht 13 million (2020: 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 2021, the Group has unused tax losses, 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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| 31 December 2021 | - | 159,262 | - | 11,525 |
| 31 December 2022 | 126,392 | 159,433 | - | - |
| 31 December 2023 | 129,326 | 158,213 | - | 27,437 |
| 31 December 2024 | 71,490 | 74,306 | - | - |
| 31 December 2025 | 950,447 | 940,841 | - | - |
| 31 December 2026 | 1,187,237 | - | 67,319 | - |
|  | 2,464,892 | 1,492,055 | 67,319 | 38,962 |

**35. Earnings per share**

Basic loss per share is calculated by dividing the 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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| Loss attributable to equity holders of the Company (Thousand Baht) | (1,031,757) | (947,299) | (69,666) | (28,920) |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Loss per share (Baht/share) | (6.19) | (5.68) | (0.42) | (0.17) |

**36. 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 | |
| Company | Operation staffs | Office staffs | 2021 | 2020 |
| Laguna Resorts & Hotels Public Company Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 1.6 | 2.0 |
| Laguna Grande Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.8 | 0.7 |
| Bangtao Grande Limited | SCB Asset Management  Company Limited | - | 3.0 | 3.5 |
| Laguna Banyan Tree Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 4.5 | 4.5 |
| Banyan Tree Gallery (Thailand) Limited | - | MFC Asset Management Plc. | 0.3 | 0.4 |
| Banyan Tree Gallery (Singapore) Pte. Ltd. | - | Central Provident Fund Board | - | 0.3 |
| Laguna Service Company Limited | - | MFC Asset Management Plc. | 1.5 | 1.6 |
| Laguna Holiday Club Limited | - | MFC Asset Management Plc. | 0.1 | 0.5 |
| Thai Wah Plaza Limited | TISCO Assets Management  Company Limited | MFC Asset Management Plc. | 2.4 | 2.8 |
| Laguna Excursions Limited | - | MFC Asset Management Plc. | 0.2 | 0.2 |
| Phuket Grande Resort Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.5 | 0.5 |

**37.** **Dividends**

Dividends declared in 2020 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 |

38. Commitments

Capital commitment

As at 31 December 2021, 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 86 million (2020: Baht 101 million).

b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,491 million (2020: Baht 1,632 million).

(c) During the fourth quarter of 2021, a subsidiary entered into a sale and purchase agreement for land with unrelated persons, area of 4 rai 64.20 square wah, totaling Baht 25 million. The subsidiary paid deposit of Baht 7 million and the remaining Baht 18 million shall be paid in 3 installments within November 2022.

Operating agreements

As at 31 December 2021, 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 | (b) |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 30.11.2031 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (b) |  |
|  |  | Banyan Tree Marketing  Group Pte. Ltd. | 1.7.2012 - 30.11.2031  (b) | - Group Marketing service fee: 2% of total actual   hotel revenue\* |
|  | Angsana Villas Resort | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Royalty fee: 2% of total revenue |
|  | Phuket | Resorts Pte. Limited | (c) |  |
|  |  | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Management fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (c) |  |
|  |  | Banyan Tree Marketing  Group Pte. Ltd. | 1.8.2016 - 31.7.2041  (c) | - Group Marketing service fee: 2% of total actual   hotel revenue |
|  | Laguna Holiday Club | Banyan Tree Hotels & | 19.10.2015 - 18.10.2035 | - Royalty fee: 2% of total revenue |
|  | Phuket Resort | Resorts Pte. Limited | (a) |  |
|  |  | 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 | (a) |  |
|  |  | Banyan Tree Hotels & | 1.1.2016 - 31.12.2025 | - Technical fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (a) |  |
|  |  | Banyan Tree Marketing  Group Pte. Ltd. | 1.1.2016 - 31.12.2025  (a) | - Group Marketing service fee: 2% of total actual   hotel revenue\* |
| 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 | (d) |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 31.12.2021 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (d) |  |
|  |  | Banyan Tree Marketing  Group Pte. Ltd. | 1.7.2012 - 31.12.2021  (d) | - Group Marketing service fee: 2% of total actual   hotel revenue\* |
| Phuket Grande Resort Limited | Cassia Phuket | Banyan Tree Hotels &  Resorts Pte. Limited | 20.10.2015 - 19.10.2040  (c) | - 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 Marketing  Group Pte. Ltd. | 20.10.2015 - 19.10.2040  (c) | - Group Marketing service fee: 2% of total actual   hotel revenue\* |
| Banyan Tree Gallery (Singapore) Pte. Ltd. | 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.

(d) Operator has option to extend for 1 additional period of 20 years. The option was elected in 2021.

\* The rate has been applied since 1 July 2016.

b) The Group has entered into several service and lease agreements in respect of machinery, motor vehicles and equipment. The terms of the agreements are generally between 1 to 5 years.

As at 31 December 2021, the Group has future minimum payments under service agreement, short-term leases and lease of low-value assets amounting to Baht 7 million (2020: Baht 18 million) (the Company only: Baht 2 million, 2020: Baht 1 million).

c) As at 31 December 2021 and 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 | |
|  | 2021 | 2020 | 2021 | 2020 |
| Payable within: |  |  |  |  |
| In up to 1 year | 2 | 1 | - | - |
| In over 1 and up to 5 years | 4 | 4 | - | - |

Servitude over land

As at 31 December 2021, some subsidiaries have land servitudes of approximately 13 rai (2020: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

39. Guarantees

As at 31 December 2021, 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 (2020: Baht 50 million, the Company only: Baht 0.4 million).

**40. 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 (loss) information regarding the Group’s operating segments for the years ended 31 December 2021 and 2020, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2021 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 777 | 745 | 35 | - | 1,557 |
| Intersegment revenues | (89) | (3) | (8) | - | (100) |
| Revenue from external customers | 688 | 742 | 27 | - | 1,457 |
| Results: |  |  |  |  |  |
| Segment results | (819) | 74 | 2 | (92) | (835) |
| Unallocated income |  |  |  |  | 32 |
| Loss from operations and other income |  |  |  |  | (803) |
| Finance income | - | 47 | - | - | 47 |
| Finance cost | (129) | (35) | - | (70) | (234) |
| Share of profit from investments in associates |  |  |  |  | 32 |
| Loss before income tax expenses |  |  |  |  | (958) |
| Income tax revenue (expenses) | (41) | (55) | - | 23 | (73) |
| Loss for the year |  |  |  |  | (1,031) |
| **Other segment information** |  |  |  |  |  |
| Depreciation of property, plant and equipment | 395 | 20 | 2 | 6 | 423 |
| Depreciation of right-of-use assets | 7 | 20 | - | - | 27 |

(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 |
| Loss before income tax expenses |  |  |  |  | (800) |
| Income tax revenue (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 |

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

(Unit: Million Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2021 |  | 2020 |
| Revenue from external customers |  |  |  |
| Thailand | 1,447 |  | 2,785 |
| Others | 10 |  | 30 |
| Total | 1,457 |  | 2,815 |
| Non-current assets other than financial instruments  and deferred tax assets |  |  |  |
| Thailand | 14,186 |  | 14,512 |
| Others | 18 |  | 30 |
| Total | 14,204 |  | 14,542 |

For the years 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity’s revenues.

**41. Fair value hierarchy**

As at 31 December 2021 and 2020, 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 2021 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 1,382 | 1,382 |
| Property, plant and equipment - land and building | - | - | 11,320 | 11,320 |
| Non-listed equity investments | - | - | 846 | 846 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 490 | - | - | 490 |
|  |  |  |  |  |
| (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 2021 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 182 | 182 |
| Property, plant and equipment - land and building | - | - | 20 | 20 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 490 | - | - | 490 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (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 |

**42. Financial instruments**

**42.1 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 accounts receivable***

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 2021 and 2020, 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 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
|  | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 1 | 2 | 1 | - | - | - | - | 33.3731 | 29.9909 |
| SGD | - | - | 1 | 1 | - | - | - | - | 24.6963 | 22.6232 |

***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 2021 and 2020, 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 2021 | | | | | |
|  | 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 | - | - | 727 | 5 | 732 | 0.05 - 0.13 |
| Trade and other receivables | 302 | - | - | 377 | 679 | 0.00 - 7.00 and MLR + 0.50 |
| Other current financial asset | 2 | - | - | - | 2 | 0.30 |
| Long-term restricted deposit at financial institution | - | 38 | - | - | 38 | 0.10 - 0.15 |
| Long-term trade accounts receivable | - | 471 | - | - | 471 | 0.00 - 7.00 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 1,132 | 1,132 | - |
| Bank overdraft and short-term loans from financial institutions | - | - | 1,181 | - | 1,181 | 1.80 - 5.47 |
| Long-term loans from financial institutions | - | - | 5,356 | - | 5,356 | 2.00 - 4.50 |
| Long-term loans from related company | - | 23 | - | - | 23 | 1.50 |

(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 restricted deposit at financial institution | - | 38 | - | - | 38 | 0.20 - 0.30 |
| 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 overdrafts 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 2021 | | | | | |
|  | 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 | - | - | 149 | - | 149 | 0.05 - 0.13 |
| Trade and other receivables | - | - | - | 274 | 274 | - |
| Other current financial asset | 2 | - | - | - | 2 | 0.30 |
| Long-term loans to subsidiaries | - | - | 1,287 | - | 1,287 | 3.49 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 200 | 200 | - |
| Short-term loans from financial institution | - | - | 650 | - | 650 | 2.00 - 3.63 |
| Long-term loans from subsidiaries | - | - | 229 | - | 229 | 1.25 - 4.06 |
| Long-term loans from financial institution | - | - | 1,375 | - | 1,375 | 2.00 |

(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 |

Interest rate sensitivity

As at 31 December 2021, 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 53 million (2020: 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 2021, approximately 34% of the Group’s debt will mature in less than one year (2020: 37%) (the Company only: 32%, 2020: 35%) 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 2021 and 2020 based on contractual undiscounted cash flows:

|  | (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | |
|  | As at 31 December 2021 | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | Over 5 years | Total |
| Bank overdrafts and short-term loans from financial institutions | 24,162 | 1,157,000 | - | - | 1,181,162 |
| Trade and other payables | - | 1,131,977 | - | - | 1,131,977 |
| Long-term loans | - | 540,075 | 993,170 | 3,834,273 | 5,367,518 |
| Lease liabilities | - | 48,033 | 30,171 | - | 78,204 |
| Total | 24,162 | 2,877,085 | 1,023,341 | 3,834,273 | 7,758,861 |
|  | (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | | | |
|  | As at 31 December 2020 | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | Over 5 years | Total |
| Bank overdrafts 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 | | | | |
|  | As at 31 December 2021 | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | Over 5 years | Total |
| Short-term loans from financial institutions | - | 650,000 | - | - | 650,000 |
| Trade and other payables | - | 200,481 | - | - | 200,481 |
| Long-term loans | - | - | 205,200 | 1,174,550 | 1,379,750 |
| Lease liabilities | - | 5,996 | 621 | - | 6,617 |
| Total | - | 856,477 | 205,821 | 1,174,550 | 2,236,848 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | (Unit: Thousand Baht) | | | | |
|  | Separate financial statements | | | | |
|  | As at 31 December 2020 | | | | |
|  | On  demand | Less than 1 year | 1 to 5  years | Over 5 years | Total |
| 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 |

**42.2 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 carrying 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.

**42.3 Reconciliation of recurring fair value measurements of financial assets categorised within Level 3 of the fair value hierarchy**

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statement | |
|  | 2021 | 2020 |
| **Non-listed equity investments** |  |  |
| Balance at beginning of year | 713,181 | 949,060 |
| Net gain (loss) recognised into other comprehensive income | 133,090 | (235,879) |
| Balance at end of year | 846,271 | 713,181 |

**43. 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 and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

According to the statement of financial position as at 31 December 2021, the Group’s debt-to-equity ratio was 1.29:1 (2020: 1.13:1) and the Company’s was 0.62:1 (2020: 0.57:1).

**44. Litigations**

44.1 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.

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.

On 28 April 2021, the Supreme Court passed its judgement ordering both subsidiaries to make a repayment of Baht 1.4 million plus interest 7.5% per annum to the plaintiff from the date the ruling was delivered (28 April 2021) until full payment was completed.

As of 30 June 2021, the subsidiaries made a full payment and the case is deemed final.

44.2 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.

As of 30 June 2021, the Supreme Court did not accept this case to their consideration. Therefore, the case is deemed final.

44.3 A subsidiary was sued by a buyer of property sales project and claimed for refund of his payment in the amount of Baht 20.9 million plus interest 7.5% calculated from Baht 17.2 million from the plaint date. Currently, the Phuket Provincial Court scheduled the hearing of judgement on 24 February 2022. The subsidiary does not set up provision for this case.

44.4  A subsidiary was sued by a contractor being claimed for service fees of additional works on   
a hotel renovation in the amount of Baht 5.0 million plus interest 7.5% calculated from Baht   
4.5 million from the plaint date. Both the plaintiff and the subsidiary negotiated and settled such service fees of Baht 2.7 million. The plaintiff has withdrawn the case with Phuket Provincial Court since 29 December 2021. Therefore, the case is deemed final.

**45. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 22 February 2022.