

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. GENERAL INFORMATION

a) Address and legal status

The Company was registered to be a limited company under the Civil and Commercial Code with the Ministry of Commerce on January 29, 1992. The Company was converted to be a public company limited with the Ministry of Commerce on August 19, 2004.

The address of its registered office are as follow:-

Head office : Located at 455/1, Rama 3 Road, Kwang Bangklo, Khet
Bangkorlaem, Bangkok 10120, Thailand.

Branch office : Located at 288/9, Asoke - Dindang Road, Kwang Bangkapi,
Khet Huaikhwang, Bangkok 10400, Thailand.

According to the Board of Directors Meeting No. 3/2020 dated August 10, 2020, had resolution to the closure of Asoke branch, which shall be effective since September 1, 2020 onwards. The reason of the closure is due to its high fixed cost together with low business volume that considered not worth doing in sense of business. And the Company had registered for the dissolution with Ministry of Commerce on September 11, 2020.

b) Nature the company's business

Main business activities of the company is a provider of operating lease in car rental business and selling of used cars. The others relating car maintenance services are also provided e.g. fitting and repairing services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by the Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai language.

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2.2 Basis for consolidation financial statements

2.2.1 The accompanying consolidated financial statements include the accounts of Krungthai Car Rent And Lease Public Company Limited and the following a subsidiary since November 1, 2005 as follow:-

<u>Subsidiary company</u>	<u>Main business</u>	<u>Percentage of holding</u>
Krungthai Automobile Co., Ltd.	Buying, selling and exchanging cars and spare part for both used and unused, and repairing	100

2.2.2 The acquisition of investment in the subsidiary was recorded by the purchase method

2.2.3 Significant intercompany transactions between the Company and its subsidiary have been eliminated.

2.3 Financial reporting standards that become effective in the current year

During the year, the Company and its subsidiary have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective are cancelled.

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TFRS 16 Leases

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

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

The Company and its subsidiary have adopted TFRSs related to financial instruments and TFRS 16 the first-time in its financial statements by applying modified retrospective approach of adoption of which the cumulative effect as an adjustment to the retained earnings as at January 1, 2020 and the comparative information was not restated. The cumulative effect of the change is described in Note 4 to the financial statements.

Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

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

The Company and its subsidiary have elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where use a simplified approach to determine expected credit losses.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to include information relating to the uncertain COVID-19 situation, which may affect the estimation of future taxable profits. Into data to estimate the adequacy of future taxable profits in order to take advantage of deferred tax assets.

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- Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

2.4 Thai Financial Reporting Standards that become effective in the future

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:

Adjustment is reference to the conceptual framework in the financial reporting standards

Several financial reporting standards are reference to “IASC’s Framework for the Preparation and Presentation of Financial Statements.” The adjustment of reference project on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to “the conceptual framework” of which year.

Conceptual Framework for Financial Reporting

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria
2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.
3. Reporting entities
4. When the assets and liabilities derecognition from the financial statements

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

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Definition of Business

Business definition revised in the financial reporting standard No. 3 “Business Combination” describes more clearly on definition of business. The objective is for the business to establish that such transaction has to be recorded as “business combination” or “purchase of assets” or not. Adjustments are as follows:

1. Describe clearly on the consideration of “business”, activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.
3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

Definition of significance

The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements, Presentation of Financial Statements and Accounting Standards No.8-Accounting Policy, Change of Accounting Estimates and Error and the revision that resulted in other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

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Reform of swap interest rate

The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

The management of the Company and its subsidiary are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

2.5 Thai Financial Reporting Standard No.16 “Leases”

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

2. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The management of the Company and its subsidiary are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

The revenues from car leases are recognized as revenue by the straight-line method over the period of contracts but will not recognized if its customers has not paid the leases charges over 3 months.

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

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Interest income is recognized as revenue on a time proportion basis the effective yield.

Dividend incomes are recognized when the right to receive the dividends is established.

Other incomes and expenses are recognized on the accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

3.3 Trade receivables

Applicable from January 1, 2020

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade receivables are stated at the amount expected to be collectible, the Company and its subsidiary apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognized in profit or loss within administrative expenses.

Applicable prior to January 1, 2020

The Company and its subsidiary provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of existing receivables.

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3.4 Financial instruments

Applicable from January 1, 2020

At initial recognition, the Company and its subsidiary measure a financial assets and financial liabilities at its fair value. Financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets and financial liabilities. Financial assets and financial liabilities at fair value through profit or loss, transaction costs are expensed in profit or loss.

Classification and measurement of financial assets

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company and its subsidiary classify its financial asset as to be subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

At initial recognition, the Company and its subsidiary measure a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company and its subsidiary's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company and its subsidiary classify its debt instruments:

- Amortized cost: A financial assets will be measured at amortized cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, 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. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss.

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- FVOCI: A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, 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. Movements in the carrying amount are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss.

Dividends from such investments continue to be recognized in profit or loss when the Company and its subsidiary's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Classification and measurement of financial liabilities

Financial liabilities measured subsequently at amortized cost. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Recognition and derecognition

The Company and its subsidiary shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company and its subsidiary become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company and its subsidiary commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and its subsidiary have transferred substantially all the risks and rewards of ownership of the financial assets.

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Impairment of financial assets

The Company and its subsidiary recognized an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company and its subsidiary account for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company and its subsidiary applies a simplified approach to determine the lifetime expected credit losses.

Applicable prior to January 1, 2020

Current investment

Investment in available-for-sale securities are determined at fair value. Gains or losses arising from changes in the fair value of securities are recorded separate in shareholder's equity and recorded as gains or losses in statement of comprehensive income when sale of those securities.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

The fair value of unit trusts is calculated from their net asset value of the fund.

3.5 Derivatives and hedging activities

The Company and its subsidiary initially recognized derivatives at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The subsequent changes are recognized in profit or loss.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company and its subsidiary designate certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of a hedging relationship, the Company and its subsidiary designate formally designate and document the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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Furthermore, at the inception of the hedge and on an ongoing basis, the Company and its subsidiary documents whether the hedging instrument is effective in offsetting changes in or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements;

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationships; and
- The hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company and its subsidiary actually hedges and the quantity of the hedging instrument that the Company and its subsidiary actually uses to hedge that quantity of hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income. The gain or loss relating to the ineffective portion is recognized in profit or loss.

3.6 Inventories

Inventories are valued at the lower of cost or net realizable value.

The Company determines the cost of spare part by the weighted average method.

The subsidiary company determines the cost of car by the specific method.

The net realizable value of inventory is estimated from selling price in the ordinary course of business, less the estimated costs to complete the sale.

3.7 Investment in subsidiary company

Subsidiary is entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiary is consolidated from the date the Company exercises control over the subsidiary until the date that control power ceases.

Investments in subsidiary company in the separate financial statements are recorded under the cost method net by the allowance for the impairment of investments (if any).

3.8 Assets for disposal

Assets for disposal are stated at cost after deducted accumulated depreciation and allowance for the impairment (if any).

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3.9 Assets for leases

Assets for leases (car) are stated at cost after deducted accumulated depreciation and allowance for impairment (if any). Depreciation of assets for leases is calculated by cost less residual value on the straight-line method over the estimated useful lives of 5 years.

The Company has reviewed the residual value and useful life of the assets for lease regularly.

3.10 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost after deducted accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of equipment is calculated by cost less residual value on the straight-line method over the following estimated useful lives:

	<u>Useful lives (years)</u>
Building	20
Equipment	5
Furniture & fixture and office equipment	5
Vehicles	5

The Company and its subsidiary have reviewed the residual value and useful life of the assets regularly.

No depreciation is provided on land, construction in progress and equipment under installation.

The depreciation for each assets component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

Property, Plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.11 Intangible assets

Amortization is recorded as expenses in statements of comprehensive income and calculated by the straight -line method over the estimated economic useful live :

	<u>Useful lives (years)</u>
Computer software	10
Copyright	10

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3.12 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

3.13 Impairment of non-financial assets

As at the statement of financial position date, the Company and its subsidiary assess whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.14 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortized to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

3.15 Lease

Applicable from January 1, 2020

At inception of a contract, the Company and its subsidiary assess whether the 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 Company and its subsidiary assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

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Right-of-use assets-as a lessee

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiary and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiary exercising the option to terminate.

In calculating the present value of lease payments, the Company and its subsidiary use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, 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

The Company and its subsidiary apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

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Applicable prior to January 1, 2020

Operating leases

Leases where most of the substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Finance lease

Leases which transfer to the Company and subsidiary most of substantial risks and rewards of ownership others than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals (if any). Interest or financial charges are recognized as expenses in the statement of comprehensive income in proportion to the principal balance.

3.16 Employee benefits

Short - term employment benefits

The Company and its subsidiary recognize salary, overtime, bonus, social securities and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its subsidiary have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in statement of comprehensive income.

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3.17 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiary and fellow subsidiary are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.18 Provisions

Provisions are recognized when the Company and its subsidiary have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company and its subsidiary expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

3.19 Income tax expenses

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiary record income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

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The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiary will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiary expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiary will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income tax levied by the same tax authority on the same taxable entity.

3.20 Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

3.21 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

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Expected credit losses

In determining an allowance for expected credit losses for accounts receivable, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Assets for leases and depreciation

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

Determining the lease term of contracts with renewal and termination options

The Company and its subsidiary determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company and its subsidiary reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Depreciation of property plant and equipment and right-of-use assets and amortization of intangible assets

In determining depreciation of plant and equipment and right-of-use assets and amortization of intangible assets, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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In addition, the management is required to review property, plant and equipment and right-of-use assets and intangible assets for impairment on a periodical basis and record impairment losses when it is determined that their 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.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Fair value of financial instruments

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

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 2.3 to the interim financial statements, during the current year, the Company and its subsidiary have impacts from adoption of TFRSs related to financial instruments and TFRS 16. The cumulative effect of the changes in accounting policies are recognized as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.

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The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	Baht			
	Consolidated financial statements			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
Statement of financial position				
Investments in available-for-sale securities	59,087,104.00	(59,087,104.00)	-	-
Trade and other current receivables	167,788,006.73	(2,378,382.19)	-	165,409,624.54
Other current financial assets	-	59,087,104.00	-	59,087,104.00
Right-of-use assets	-	-	104,848,219.40	104,848,219.40
Leasehold right	10,657,946.15	-	(10,657,946.15)	-
Total assets	5,530,700,370.43	(2,378,382.19)	94,190,273.25	5,622,512,261.49
Current portion of lease liabilities	48,685,489.69	-	11,791,939.27	60,477,428.96
Lease liabilities	2,928,507.87	-	82,398,333.98	85,326,841.85
Total liabilities	3,475,324,804.54	-	94,190,273.25	3,569,515,077.79
Retained earnings - unappropriated	1,612,899,691.29	(2,352,877.79)	-	1,610,546,813.50
Gain from investment in securities measurement	25,504.40	(25,504.40)	-	-
Total shareholder's equity	2,055,375,565.89	(2,378,382.19)	-	2,052,997,183.70

	Baht			
	Separate financial statements			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
Statement of financial position				
Investments in available-for-sale securities	59,081,116.89	(59,081,116.89)	-	-
Trade and other current receivables	155,405,746.45	(1,459,313.31)	-	153,946,433.14
Other current financial assets	-	59,081,116.89	-	59,081,116.89
Right-of-use assets	-	-	18,316,260.49	18,316,260.49
Leasehold right	5,617,518.69	-	(5,617,518.69)	-
Total assets	5,310,346,602.98	(1,459,313.31)	12,698,741.80	5,321,586,031.47
Current portion of lease liabilities	48,685,489.69	-	1,246,500.21	49,931,989.90
Lease liabilities	2,928,507.87	-	11,452,241.59	14,380,749.46
Total liabilities	3,489,169,142.55	-	12,698,741.80	3,501,867,884.35
Retained earnings - unappropriated	1,378,701,701.26	(1,433,924.34)	-	1,377,267,776.92
Gain from investment in securities measurement	25,388.97	(25,388.97)	-	-
Total shareholder's equity	1,821,177,460.43	(1,459,313.31)	-	1,819,718,147.12

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4.1 Financial instruments

The total impact on the retained earnings as at January 1, 2020 is as follows:

	Baht	
	Consolidated financial statements	Separate financial statements
Retained earnings - unappropriated as at December 31, 2019	1,612,899,691.29	1,378,701,701.26
Increase in loss allowance for trade and other current receivables	(2,378,382.19)	(1,459,313.31)
Debt instruments - Fair value through profit or loss	25,504.40	25,388.97
Retained earnings - unappropriated as at January 1, 2020 - TFRS 9	1,610,546,813.50	1,377,267,776.92

The classifications, measurement basis and currying values of financial assets in accordance with TFRS9 as at January 1, 2020 (the date of initial application), and with the carrying amounts under the former basis, are as follows:-

	Baht		
	Consolidated financial statements		
	FVPL	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	86,370,717.12	86,370,717.12
Other current financial assets	59,087,104.00	-	59,087,104.00
Trade and other current receivables	-	165,409,624.54	165,409,624.54
Prepaid insurance premium	-	58,946,420.06	58,946,420.06
Revenue account receivable	-	63,908,202.84	63,908,202.84
Fixed deposit using for guarantee	-	50,020,936.88	50,020,936.88
	59,087,104.00	424,655,901.44	483,743,005.44
Financial liabilities as at January 1, 2020			
Bank overdrafts and short-term loans from financial institutions	-	41,880,056.54	41,880,056.54
Bill of exchange	-	199,669,730.18	199,669,730.18
Trade and other current payables	-	73,789,227.07	73,789,227.07
Accounts payable-purchase assets for leases	-	141,209,004.10	141,209,004.10
Long-term loans from financial institutions	-	1,020,874,590.17	1,020,874,590.17
Lease liabilities	-	51,613,997.56	51,613,997.56
Debentures	-	1,847,885,911.29	1,847,885,911.29
	-	3,376,922,516.91	3,376,922,516.91

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	Baht		
	Separate financial statements		
	FVPL	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	85,935,707.10	85,935,707.10
Other current financial assets	59,081,116.89	-	59,081,116.89
Trade and other current receivables	-	153,946,433.14	153,946,433.14
Prepaid insurance premium	-	58,946,420.06	58,946,420.06
Revenue account receivable	-	63,908,202.84	63,908,202.84
Fixed deposit using for guarantee	-	50,020,936.88	50,020,936.88
	<u>59,081,116.89</u>	<u>412,757,700.02</u>	<u>471,838,816.91</u>
Financial liabilities as at January 1, 2020			
Bank overdrafts and short-term loans from financial institutions	-	41,880,056.54	41,880,056.54
Bill of exchange	-	199,669,730.18	199,669,730.18
Trade and other current payables	-	90,425,496.41	90,425,496.41
Accounts payable-purchase assets for leases	-	141,209,004.10	141,209,004.10
Long-term loans from financial institutions	-	1,020,874,590.17	1,020,874,590.17
Lease liabilities	-	51,613,997.56	51,613,997.56
Debentures	-	1,847,885,911.29	1,847,885,911.29
	<u>-</u>	<u>3,393,558,786.25</u>	<u>3,393,558,786.25</u>

The Company and its subsidiary classified debt investments that do not qualify for measurement at either amortized cost or FVOCI at fair value through profit or loss (FVPL).

Financial assets mandatorily measured at FVPL as at January 1, 2020 include the following:

	Baht	
	Consolidated	Separate
	financial statements	financial statements
<u>Other current financial assets</u>		
Mutual funds	59,087,104.00	59,081,116.89
Total other current financial assets	<u>59,087,104.00</u>	<u>59,081,116.89</u>

Impairment of financial assets

The Company and its subsidiary have trade receivables that are subject to the expected credit loss model.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

Trade receivables

The Company and its subsidiary apply the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates.

On that basis, the loss allowance for trade receivables was as follows:

	Baht					
	Consolidated financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at January 1, 2020						
Trade receivable	111,640,627.38	12,466,489.42	2,495,695.04	1,569,823.82	1,345,224.00	129,517,859.66
Loss allowance	491,876.39	930,118.69	1,804,071.13	1,468,442.65	1,360,965.00	6,055,473.86

	Baht					
	Separate financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at January 1, 2020						
Trade receivable	103,376,810.88	11,736,107.42	1,620,975.39	1,569,823.82	1,345,224.00	119,648,941.51
Loss allowance	469,478.23	901,518.79	936,000.31	1,468,442.65	1,360,965.00	5,136,404.98

The loss allowance for trade receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follow:

	Baht	
	Consolidated financial statements	Separate financial statements
<u>Loss allowance for trade receivables</u>		
As at December 31, 2019	3,677,091.67	3,677,091.67
Amounts restated through opening unappropriated retained earnings	2,378,382.19	1,459,313.31
As at January 1, 2020	<u>6,055,473.86</u>	<u>5,136,404.98</u>

4.2 Leases

Upon initial application of TFRS 16 the Company and its subsidiary recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company and its subsidiary recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

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	Baht	
	Consolidated financial statements	Separate financial statements
Operating lease commitments disclosed as at December 31, 2019	97,854,164.00	8,616,800.00
<u>Add</u> : Purchase or extension options reasonably certain to be exercised	19,336,950.00	6,371,700.00
	117,191,114.00	14,988,500.00
<u>Less</u> : Deferred interest expenses	(23,000,840.75)	(2,289,758.20)
Additional lease liabilities from TFRS 16 adoption	94,190,273.25	12,698,741.80
Finance lease liabilities as at December 31, 2019	51,613,997.56	51,613,997.56
Lease liabilities recognized as at January 1, 2020	145,804,270.81	64,312,739.36
Of which are:		
Current lease liabilities	60,477,428.96	49,931,989.90
Non-current lease liabilities	85,326,841.85	14,380,749.46
	145,804,270.81	64,312,739.36

The recognized right-of-use assets relate to type the of assets as at January 1, 2020 as follows.

	Baht	
	Consolidated financial statements	Separate financial statements
Land and land improvements	81,685,002.97	4,372,232.29
Buildings on leasehold right	12,505,270.28	8,326,509.51
Total right-of-use assets	94,190,273.25	12,698,741.80

5. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:-

	Nature of business	Relationship
<u>Subsidiary company</u>		
Krungthai Automobile Co., Ltd.	Buying, selling and exchanging car and spare parts for both new and unused, and repairing	100% of holding
<u>Related companies</u>		
Thanapat Property Co., Ltd.	Office rental	Shareholder/Co-Director
Siam Nissan Krungthai Co., Ltd.	Selling car and repair service	Shareholder/Co-Director
Toyota Krungthai Co., Ltd.	Selling car and repair service	Shareholder/Co-Director
Car Loft Import Co., Ltd.	Selling car import	Shareholder/Co-Director
Mitsu Impression Co., Ltd.	Selling car and repair service	Shareholder/Co-Director
<u>Related person</u>		
Mrs. Wipaporn Chantarasereekul		Shareholder/the mother of director

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

During the year, the Company has significant business transactions with subsidiary and related parties as follows:

	Pricing Policy	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<u>Transaction in the statements of comprehensive income</u>					
<u>Subsidiary company</u>					
Revenue :					
Interest received	Interest rate of 2.50% - 3.10% per annum	-	-	-	141,005.48
Expenses :					
Commission expenses	Agreed price	-	-	17,200,934.58	11,985,981.14
Sales promotion expenses	Agreed price	-	-	14,960,000.00	13,146,000.00
Interest expenses	Interest rate financial institutions	-	-	36,266.06	13,529.47
	Interest rate of 2.60% per annum	-	-	397,814.18	-
Purchase of assets :					
Cars for leases	Market price for major buyer	-	-	1,955,700.93	364,485.98
<u>Related company</u>					
Revenue :					
Income on sale of cars					
Car Loft Import Co., Ltd.	At cost after deduct special discount	4,718,429.91	-	-	-
Commission income					
Toyota Krungthai Co., Ltd.	Agreed price	10,760,000.00	-	10,760,000.00	-
Show room for rent					
Siam Nissan Krungthai Co., Ltd.	Agreed price by area 350 sqm., rental charge at 83,000 Baht/Month	996,000.00	996,000.00	996,000.00	996,000.00
Service center income					
Siam Nissan Krungthai Co., Ltd.	Agreed price	5,338,032.67	5,250,870.00	5,338,032.67	5,250,870.00
Rental fee					
Car Loft Import Co., Ltd.	Rental charge at 86,290 Baht/Month	1,312,900.00	1,035,480.00	-	-
Interest received					
Siam Nissan Krungthai Co., Ltd.	Interest rate of 3.15% per annum	-	210,575.34	-	210,575.34
Expenses :					
Commission expense					
Car Loft Import Co., Ltd.	Agreed price	2,042,763.64	490,654.20	2,042,763.64	490,654.20
Repair expense					
Siam Nissan Krungthai Co., Ltd.	Market price	838,100.63	1,617,700.36	825,446.38	1,613,450.36
Toyota Krungthai Co., Ltd.	Market price	6,737,857.76	10,045,696.26	5,752,244.87	8,436,109.91
Car Loft Import Co., Ltd.	Market price	147,492.12	695,752.00	141,572.12	695,752.00
Mitsu Impression Co., Ltd.	Market price	173,782.65	-	173,782.65	-
		<u>7,897,233.16</u>	<u>12,359,148.62</u>	<u>6,893,046.02</u>	<u>10,745,312.27</u>
Purchase of assets :					
Car for leases					
Siam Nissan Krungthai Co., Ltd.	Market price net of special fleet discount	1,367,385.98	4,458,790.65	1,367,385.98	4,458,790.65
Toyota Krungthai Co., Ltd.	Market price net of special fleet discount	624,752,414.48	886,103,505.23	624,752,414.48	886,103,505.23
Car Loft Import Co., Ltd.	Market price for major buyer	83,270,093.46	73,601,869.16	83,270,093.46	73,601,869.16
Mitsu Impression Co., Ltd.	Market price net of special fleet discount	19,144,514.96	71,369,114.02	19,144,514.96	71,369,114.02
		<u>728,534,408.88</u>	<u>1,035,533,279.06</u>	<u>728,534,408.88</u>	<u>1,035,533,279.06</u>
<u>Related person</u>					
Interest expenses	Interest rate of 3.22% per annum	1,632,054.79	3,220,000.00	1,632,054.79	3,220,000.00

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The outstanding between the Company, subsidiary and related companies as at December 31, 2020 and 2019 are as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Outstanding balances at the statements of financial position</u>				
<u>Subsidiary company</u>				
Receivable - down payment	-	-	1,184,646.00	808,444.00
Accrued interest expenses	-	-	5,527.30	4,188.74
Subsidiary payable	-	-	56,535,245.30	17,962,038.05
Accrued expenses - commission	-	-	6,151,000.00	5,230,000.00
Short-term loans to :				
Balance beginning	-	-	-	15,000,000.00
Additional loans	-	-	-	7,000,000.00
Return loans	-	-	-	(22,000,000.00)
Balance forward	-	-	-	-
Short-term loans from :				
Balance beginning	-	-	-	-
Additional loans	-	-	50,000,000.00	-
Return loans	-	-	(50,000,000.00)	-
Balance forward	-	-	-	-
<u>Related company</u>				
Accrued income				
Toyota Krungthai Co., Ltd.	6,720,000.00	-	6,720,000.00	-
Other current receivables				
Siam Nissan Krungthai Co., Ltd.	498,383.80	938,513.06	498,383.80	938,513.06
Right-of-use assets				
Siam Nissan Krungthai Co., Ltd.	7,306,936.92	-	7,306,936.92	-
Lease liabilities				
Siam Nissan Krungthai Co., Ltd.	7,448,980.93	-	7,448,980.93	-
Trade and other current payables				
Siam Nissan Krungthai Co., Ltd.	233,812.97	86,066.21	15,134.08	86,066.21
Toyota Krungthai Co., Ltd.	1,598,312.66	1,263,836.38	1,582,109.37	1,263,836.38
Car Loft Import Co., Ltd.	212,349.64	148,222.84	212,349.64	125,658.67
Mitsu Impression Co., Ltd.	60,021.06	-	60,021.06	-
Total	2,104,496.33	1,498,125.43	1,869,614.15	1,475,561.26
Payables - purchase assets for leases				
Toyota Krungthai Co., Ltd.	5,535,186.00	57,744,894.60	5,535,186.00	57,744,894.60
Accrued expenses - commission				
Car Loft Import Co., Ltd.	168,224.30	56,074.77	168,224.30	56,074.77

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	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term loans to :				
Siam Nissan Krungthai Co., Ltd.				
Balance beginning	-	-	-	-
Additional loan	-	40,000,000.00	-	40,000,000.00
Return loan	-	(40,000,000.00)	-	(40,000,000.00)
Balance forward	-	-	-	-
<u>Related person</u>				
Debentures	-	100,000,000.00	-	100,000,000.00
Accrued interest expenses	-	79,397.26	-	79,397.26

Directors and executive remuneration

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the securities and Exchange Act. The management comprises board of directors, president, executive director, assistant managing directors and manager.

Directors and executive remuneration for the years ended December 31, 2020 and 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Directors	1,643,798.03	1,555,903.10	1,643,798.03	1,555,903.10
Executive directors	9,497,407.56	8,993,944.38	9,497,407.56	8,993,944.38
Executives	11,622,693.80	11,144,210.91	11,622,693.80	10,973,381.77
Total	22,763,899.39	21,694,058.39	22,763,899.39	21,523,229.25

6. CASH AND CASH EQUIVALENTS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash on hand	277,492.10	288,515.34	108,365.18	111,569.31
Cash at banks - current accounts	1,103,948.27	5,645,031.20	1,103,948.27	5,645,031.20
Cash at banks - savings accounts	37,809,465.71	80,437,170.58	37,645,248.12	80,179,106.59
Total	39,190,906.08	86,370,717.12	38,857,561.57	85,935,707.10

The Company and its subsidiary have made an agreement to allow the bank to automatically transfer funds from the savings accounts to such current accounts, in case of an overdraft.

As at December 31, 2020 and 2019, the Company has cash at banks-savings accounts has interest rate of 0.10% - 0.375% per annum.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

7. TRADE AND OTHER CURRENT RECEIVABLES

The outstanding balance of trade and other current receivables aging are as follow:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade receivables				
Undue	124,371,566.95	111,640,627.38	118,097,634.29	103,376,810.88
Over 0 months to 3 months	24,888,370.58	12,466,489.42	24,888,370.58	11,736,107.42
Over 3 months to 6 months	1,895,970.17	2,495,695.04	1,895,970.17	1,620,975.39
Over 6 months to 12 months	1,561,239.88	1,569,823.82	1,561,239.88	1,569,823.82
Over 12 months	2,933,822.59	1,345,224.00	2,933,822.59	1,345,224.00
Total	155,650,970.17	129,517,859.66	149,377,037.51	119,648,941.51
Less Allowance for expected credit losses	(6,364,469.82)	-	(6,343,116.25)	-
Less Allowance for doubtful accounts	-	(3,677,091.67)	-	(3,677,091.67)
Trade receivables - net	<u>149,286,500.35</u>	<u>125,840,767.99</u>	<u>143,033,921.26</u>	<u>115,971,849.84</u>
Other current receivables				
Accrued incomes	17,601,147.23	9,684,856.04	17,300,206.75	9,486,241.63
Prepaid expenses	26,736,688.65	23,464,726.68	26,437,696.02	23,302,990.49
Insurance receivables	2,785,812.00	3,067,084.14	2,785,812.00	3,067,084.14
Other	4,767,679.89	5,730,571.88	2,442,958.56	3,577,580.35
Total other current receivables	<u>51,891,327.77</u>	<u>41,947,238.74</u>	<u>48,966,673.33</u>	<u>39,433,896.61</u>
Total trade and other current receivables	<u>201,177,828.12</u>	<u>167,788,006.73</u>	<u>192,000,594.59</u>	<u>155,405,746.45</u>
Trade receivables-net consisted of:				
Trade receivables of car leases	98,364,986.98	94,542,099.08	98,364,986.98	94,542,099.08
Trade receivables of sale of cars	<u>50,921,513.37</u>	<u>31,298,668.91</u>	<u>44,668,934.28</u>	<u>21,429,750.76</u>
Total	<u>149,286,500.35</u>	<u>125,840,767.99</u>	<u>143,033,921.26</u>	<u>115,971,849.84</u>

8. INVENTORIES

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Car	143,684,213.51	233,357,717.69	101,414,525.02	161,184,752.08
Spare parts of car	2,112,091.31	1,662,559.05	1,369,089.31	1,662,559.05
Total	<u>145,796,304.82</u>	<u>235,020,276.74</u>	<u>102,783,614.33</u>	<u>162,847,311.13</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

9. CASH AT BANK USING FOR GUARANTEE

As at December 31, 2020 and 2019, the Company has fixed deposit accounts with a local commercial banks 2 credit lines, respectively, and fixed deposit accounts was guaranteed as follows:-

Credit Line No.	Credit amount (Million Baht)	Guaranteed
1	20	- The letter of guarantee issued by the bank for rental contracts, bidding envelope and using electricity of the company credit line of Baht 100 million.
2	20	- Short - term loans in promissory note in credit line of Baht 80 million (see Note 17).
	10	- Bank overdrafts credit line of Baht 20 million (see Note 17).
	<u>50</u>	

During the year 2020 and 2019, the fixed deposit accounts has interest rate of 0.25% - 0.95% per annum.

10. INVESTMENT IN SUBSIDIARY COMPANY

This account consisted of:

	Number of shares		Percentage of holding		Baht			
					Value of investment under the equity method		Separate financial statements At cost	
	2020	2019	2020	2019	2020	2019	2020	2019
<u>Subsidiary company</u>								
Krungthai Automobile Co., Ltd.	400,000	400,000	100	100	285,313,006.57	283,010,405.46	48,812,300.00	48,812,300.00
					<u>285,313,006.57</u>	<u>283,010,405.46</u>	<u>48,812,300.00</u>	<u>48,812,300.00</u>

11. ASSETS FOR LEASES

This account consisted of:

	Baht			
	Consolidated/Separate financial statements			
	Balance per book Dec. 31, 2019	Additions	Transferred in (Transferred out)	Balance per book Dec. 31, 2020
<u>At cost</u>				
Car	6,220,714,663.87	1,221,650,800.31	(1,018,152,695.87)	6,424,212,768.31
Car accessories	182,714,908.59	13,931,857.63	(21,662,460.74)	174,984,305.48
Total	<u>6,403,429,572.46</u>	<u>1,235,582,657.94</u>	<u>(1,039,815,156.61)</u>	<u>6,599,197,073.79</u>
<u>Less Accumulated depreciation</u>				
Car	2,011,063,355.87	836,616,714.19	(628,024,973.13)	2,219,655,096.93
Car accessories	100,672,897.83	33,904,336.32	(18,426,378.56)	116,150,855.59
Total	<u>2,111,736,253.70</u>	<u>870,521,050.51</u>	<u>(646,451,351.69)</u>	<u>2,335,805,952.52</u>
Assets for leases - net	<u>4,291,693,318.76</u>			<u>4,263,391,121.27</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

	Baht			
	Consolidated/Separate financial statements			
	Balance per book Dec. 31, 2018	Additions	Transferred in (Transferred out)	Balance per book Dec. 31, 2019
<u>At cost</u>				
Car	5,489,530,551.78	1,647,291,595.55	(916,107,483.46)	6,220,714,663.87
Car accessories	166,870,334.94	24,542,817.48	(8,698,243.83)	182,714,908.59
Total	5,656,400,886.72	1,671,834,413.03	(924,805,727.29)	6,403,429,572.46
<u>Less Accumulated depreciation</u>				
Car	1,787,137,031.95	788,115,590.14	(564,189,266.22)	2,011,063,355.87
Car accessories	74,885,216.84	33,719,516.51	(7,931,835.52)	100,672,897.83
Total	1,862,022,248.79	821,835,106.65	(572,121,101.74)	2,111,736,253.70
Assets for leases - net	3,794,378,637.93			4,291,693,318.76

As at December 31, 2020 and 2019, the Company has cars for leases liabilities as follow:-

	Baht			
	Amount Cars		Net Value	
	2020	2019	2020	2019
Cars	414	253	278,439,287.36	77,795,910.68

As at December 31, 2020 and 2019, the Company has transferred the right of 1,968 and 2,339 cars' registers, respectively as collateral for long-term loans from 2 local financial institutions. (see Note 19).

As at December 31, 2020 and 2019, the Company has minimum amounts on car leases under uncanceled operating lease agreements, presented by amounting in contracts as follow :-

	Baht	
	2020	2019
Under 1 year	1,127,575,591.98	1,169,065,323.50
Over 1 year to 5 years	1,656,904,457.71	1,788,656,580.95
Total	2,784,480,049.69	2,957,721,904.45

As at December 31, 2020 and 2019, the Company has been fully depreciated cars for leases but they are still in used at total amounting cost of Baht 348.30 million and Baht 255.53 million, respectively.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

12. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

	Baht				
	Consolidated financial statements				
	Balance per book Dec. 31, 2019	Additions	Deductions	Transfer in (Transfer out)	
<u>At cost</u>					
Land	143,650,000.00	-	-	-	143,650,000.00
Building	27,591,810.02	-	-	-	27,591,810.02
Equipment	9,881,233.21	192,531.92	-	-	10,073,765.13
Furniture & fixture and office equipment	33,891,636.73	1,282,696.99	(2,134,410.65)	979,256.35	34,019,179.42
Vehicles	260,003.74	-	(38,599.01)	-	221,404.73
Work in progress	947,657.00	31,599.35	-	(979,256.35)	-
Total	<u>216,222,340.70</u>	<u>1,506,828.26</u>	<u>(2,173,009.66)</u>	<u>-</u>	<u>215,556,159.30</u>
<u>Less Accumulated depreciation</u>					
Building	2,737,741.11	1,379,590.50	-	-	4,117,331.61
Equipment	7,918,432.69	660,441.21	-	-	8,578,873.90
Furniture & fixture and office equipment	29,209,538.07	1,856,751.64	(2,116,349.73)	-	28,949,939.98
Vehicles	259,996.77	-	(38,599.01)	-	221,397.76
Total	<u>40,125,708.64</u>	<u>3,896,783.35</u>	<u>(2,154,948.74)</u>	<u>-</u>	<u>41,867,543.25</u>
Property, plant and equipment - net	<u><u>176,096,632.06</u></u>				<u><u>173,688,616.05</u></u>

	Baht				
	Consolidated financial statements				
	Balance per book Dec. 31, 2018	Additions	Deductions	Balance per book Dec. 31, 2019	
<u>At cost</u>					
Land	143,650,000.00	-	-	143,650,000.00	
Building	27,591,810.02	-	-	27,591,810.02	
Equipment	9,494,343.57	386,889.64	-	9,881,233.21	
Furniture & fixture and office equipment	33,937,258.58	1,185,179.09	(1,230,800.94)	33,891,636.73	
Vehicles	260,003.74	-	-	260,003.74	
Work in progress	-	947,657.00	-	947,657.00	
Total	<u>214,933,415.91</u>	<u>2,519,725.73</u>	<u>(1,230,800.94)</u>	<u>216,222,340.70</u>	
<u>Less Accumulated depreciation</u>					
Building	1,358,150.61	1,379,590.50	-	2,737,741.11	
Equipment	7,218,011.55	700,421.14	-	7,918,432.69	
re and office equipment	28,868,912.00	1,571,422.01	(1,230,795.94)	29,209,538.07	
Vehicles	259,996.77	-	-	259,996.77	
Total	<u>37,705,070.93</u>	<u>3,651,433.65</u>	<u>(1,230,795.94)</u>	<u>40,125,708.64</u>	
Property, plant and equipment - net	<u><u>177,228,344.98</u></u>			<u><u>176,096,632.06</u></u>	

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2019	Additions	Deductions	Balance per book Dec. 31, 2020
<u>At cost</u>				
Equipment	8,462,884.93	189,786.30	-	8,652,671.23
Furniture & fixture and office equipment	23,041,234.22	1,123,030.03	(2,094,429.89)	22,069,834.36
Vehicles	260,003.74	-	(38,599.98)	221,403.76
Total	<u>31,764,122.89</u>	<u>1,312,816.33</u>	<u>(2,133,029.87)</u>	<u>30,943,909.35</u>
<u>Less Accumulated depreciation</u>				
Equipment	6,705,374.58	601,286.88	-	7,306,661.46
Furniture & fixture and office equipment	20,688,672.96	888,648.62	(2,072,371.94)	19,500,949.64
Vehicles	259,996.77	-	(38,599.01)	221,397.76
Total	<u>27,654,044.31</u>	<u>1,489,935.50</u>	<u>(2,114,970.95)</u>	<u>27,029,008.86</u>
Property, plant and equipment - net	<u>4,110,078.58</u>			<u>3,914,900.49</u>

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2018	Additions	Deductions	Balance per book Dec. 31, 2019
<u>At cost</u>				
Equipment	8,175,329.63	287,555.30	-	8,462,884.93
Furniture & fixture and office equipment	23,382,553.05	875,682.11	(1,217,000.94)	23,041,234.22
Vehicles	260,003.74	-	-	260,003.74
Total	<u>31,817,886.42</u>	<u>1,163,237.41</u>	<u>(1,217,000.94)</u>	<u>31,764,122.89</u>
<u>Less Accumulated depreciation</u>				
Equipment	6,053,157.50	652,217.08	-	6,705,374.58
Furniture & fixture and office equipment	21,120,024.26	785,645.64	(1,216,996.94)	20,688,672.96
Vehicles	259,996.77	-	-	259,996.77
Total	<u>27,433,178.53</u>	<u>1,437,862.72</u>	<u>(1,216,996.94)</u>	<u>27,654,044.31</u>
Property, plant and equipment - net	<u>4,384,707.89</u>			<u>4,110,078.58</u>

As at December 31, 2020 and 2019, equipment are fully depreciated but still in use are presented in the consolidated financial statements at cost of Baht 31.21 million and Baht 32.34 million, respectively and in the separate financial statements at the cost of Baht 22.89 million and Baht 24.25 million, respectively.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

13. RIGHT-OF-USE ASSETS

That account consisted of:

	Baht					
	Consolidated financial statements					
	Balance per book Dec. 31, 2019	The impacts of TFRS16	Balance per book Jan. 1, 2020	Transaction during the year		Balance per book Dec. 31, 2020
			Addition	Deductions		
<i>At cost</i>						
Land and land improvements	15,975,335.00	85,863,763.74	101,839,098.74	-	-	101,839,098.74
Buildings on leasehold right	87,109,866.98	8,326,509.51	95,436,376.49	35,000.00	-	95,471,376.49
Land improvement on leasehold	5,974,161.96	-	5,974,161.96	-	(5,427,961.96)	546,200.00
Total	<u>109,059,363.94</u>	<u>94,190,273.25</u>	<u>203,249,637.19</u>	<u>35,000.00</u>	<u>(5,427,961.96)</u>	<u>197,856,675.23</u>
<i>Less Accumulated amortization</i>						
Land and land improvements	13,568,201.67	-	13,568,201.67	13,688,539.92	-	27,256,741.59
Buildings on leasehold right	78,859,708.25	-	78,859,708.25	3,623,295.21	-	82,483,003.46
Land improvement on leasehold	5,973,507.87	-	5,973,507.87	643.09	(5,427,951.96)	546,199.00
Total	<u>98,401,417.79</u>	<u>-</u>	<u>98,401,417.79</u>	<u>17,312,478.22</u>	<u>(5,427,951.96)</u>	<u>110,285,944.05</u>
Right of use assets - net	<u>10,657,946.15</u>		<u>104,848,219.40</u>			<u>87,570,731.18</u>

	Baht					
	Separate financial statements					
	Balance per book Dec. 31, 2019	The impacts of TFRS16	Balance per book Jan. 1, 2020	Transaction during the year		Balance per book Dec. 31, 2020
			Addition	Deductions		
<i>At cost</i>						
Land and land improvements	8,500,000.00	4,372,232.29	12,872,232.29	-	-	12,872,232.29
Buildings on leasehold right	24,138,457.69	8,326,509.51	32,464,967.20	-	-	32,464,967.20
Land improvement on leasehold	5,974,161.96	-	5,974,161.96	-	-	546,200.00
Total	<u>38,612,619.65</u>	<u>12,698,741.80</u>	<u>51,311,361.45</u>	<u>-</u>	<u>(5,427,961.96)</u>	<u>45,883,399.49</u>
<i>Less Accumulated amortization</i>						
Land and land improvements	6,954,533.36	-	6,954,533.36	927,258.34	-	7,881,791.70
Buildings on leasehold right	20,067,059.73	-	20,067,059.73	2,229,798.23	-	22,296,857.96
Land improvement on leasehold	5,973,507.87	-	5,973,507.87	643.09	(5,427,951.96)	546,199.00
Total	<u>32,995,100.96</u>	<u>-</u>	<u>32,995,100.96</u>	<u>3,157,699.66</u>	<u>(5,427,951.96)</u>	<u>30,724,848.66</u>
Right of use assets - net	<u>5,617,518.69</u>		<u>18,316,260.49</u>			<u>15,158,550.83</u>

14. INTANGIBLE ASSETS

This account consisted of:

	Baht				
	Consolidate financial statements				
	Balance per book Dec. 31, 2019	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2020
<i>At cost</i>					
Computer software	8,124,720.23	134,610.00	-	160,910.00	8,420,240.23
Computer software in progress	6,804,375.00	3,983,147.00	-	(160,910.00)	10,626,612.00
Copyright	504,672.90	-	-	-	504,672.90
Total	<u>15,433,768.13</u>	<u>4,117,757.00</u>	<u>-</u>	<u>-</u>	<u>19,551,525.13</u>
<i>Less Accumulated amortization</i>	<u>6,735,024.75</u>	<u>332,883.46</u>	<u>-</u>	<u>-</u>	<u>7,067,908.21</u>
Intangible assets - net	<u>8,698,743.38</u>				<u>12,483,616.92</u>

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	Baht				
	Consolidate financial statements				
	Balance per book Dec. 31, 2018	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2019
<u>At cost</u>					
Computer software	7,438,420.23	686,300.00	-	-	8,124,720.23
Computer software in progress	5,015,000.00	1,789,375.00	-	-	6,804,375.00
Copyright	504,672.90	-	-	-	504,672.90
Total	<u>12,958,093.13</u>	<u>2,475,675.00</u>	-	-	<u>15,433,768.13</u>
<u>Less</u> Accumulated amortization	<u>6,480,787.46</u>	<u>254,237.29</u>	-	-	<u>6,735,024.75</u>
Intangible assets - net	<u>6,477,305.67</u>				<u>8,698,743.38</u>

	Baht				
	Separate financial statements				
	Balance per book Dec. 31, 2019	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2020
<u>At cost</u>					
Computer software	6,471,320.69	30,410.00	-	-	6,501,730.69
Computer software in progress	6,804,375.00	3,822,237.00	-	-	10,626,612.00
Total	<u>13,275,695.69</u>	<u>3,852,647.00</u>	-	-	<u>17,128,342.69</u>
<u>Less</u> Accumulated amortization	<u>5,728,842.69</u>	<u>122,531.34</u>	-	-	<u>5,851,374.03</u>
Intangible assets - net	<u>7,546,853.00</u>				<u>11,276,968.66</u>

	Baht				
	Separate financial statements				
	Balance per book Dec. 31, 2018	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2019
<u>At cost</u>					
Computer software	6,231,820.69	239,500.00	-	-	6,471,320.69
Computer software in progress	5,015,000.00	1,789,375.00	-	-	6,804,375.00
Total	<u>11,246,820.69</u>	<u>2,028,875.00</u>	-	-	<u>13,275,695.69</u>
<u>Less</u> Accumulated amortization	<u>5,585,615.18</u>	<u>143,227.51</u>	-	-	<u>5,728,842.69</u>
Intangible assets - net	<u>5,661,205.51</u>				<u>7,546,853.00</u>

As at December 31, 2020 and 2019, intangible assets are fully amortization but still in use are presented in the consolidated financial statements at cost of Baht 6.02 million and Baht 5.73 million respectively and in the separate financial statements at the cost of Baht 5.26 million and Baht 4.97 million, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONT.)
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15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets	151,699,139.36	110,654,623.92	172,301,908.81	136,159,924.47
Deferred tax liabilities	-	-	(21,564,641.91)	(25,868,839.89)
	<u>151,699,139.36</u>	<u>110,654,623.92</u>	<u>150,737,266.90</u>	<u>110,291,084.58</u>

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2020 and 2019, are summarized as follows:

	Baht			
	Consolidated financial statements			Balance as at Dec. 31, 2020
	Balance as at Dec. 31, 2019	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Loss from remeasuring of derivative instruments	-	-	222,722.64	222,722.64
Accrued expense - rental	29,642.11	(29,642.11)	-	-
Provision for employee benefit	3,261,798.46	463,581.22	1,494,997.40	5,220,377.08
Leases liabilities	-	491,295.26	-	491,295.26
Tax losses carry forward	133,232,052.10	34,097,334.19	-	167,329,386.29
Total	<u>136,523,492.67</u>	<u>35,022,568.56</u>	<u>1,717,720.04</u>	<u>173,263,781.27</u>
Deferred tax liabilities:				
Investment in available-for-sale securities	6,376.10	-	6,376.10	-
Inventories	2,384,390.93	246,009.87	-	2,138,381.06
Assets for leases	23,471,446.82	4,045,185.97	-	19,426,260.85
Equipment	6,654.90	6,654.90	-	-
Total	<u>25,868,868.75</u>	<u>4,297,850.74</u>	<u>6,376.10</u>	<u>21,564,641.91</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

	Baht				
	Consolidated financial statements				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2018	In profit or loss	In other comprehensive income		Dec. 31, 2019
Deferred tax assets:					
Accrued expense - rental	7,410.53	22,231.58	-	29,642.11	
Employee benefit obligations	2,451,084.66	104,667.20	706,046.60	3,261,798.46	
Tax losses carry forward	75,704,759.36	57,527,292.74	-	133,232,052.10	
Total	<u>78,163,254.55</u>	<u>57,654,191.52</u>	<u>706,046.60</u>	<u>136,523,492.67</u>	
Deferred tax liabilities:					
Investment in available-for-sale securities	2,507.24	-	(3,868.86)	6,376.10	
Inventories	852,122.94	(1,532,267.99)	-	2,384,390.93	
Asset for leases	21,018,658.10	(2,452,788.72)	-	23,471,446.82	
Equipment	18,965.49	12,310.59	-	6,654.90	
Total	<u>21,892,253.77</u>	<u>(3,972,746.12)</u>	<u>(3,868.86)</u>	<u>25,868,868.75</u>	

	Baht				
	Separate financial statements				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2019	In profit or loss	In other comprehensive income		Dec. 31, 2020
Deferred tax assets:					
Loss from remeasuring of derivative instruments	-	-	222,722.64	222,722.64	
Accrued expense-rental	29,642.11	(29,642.11)	-	-	
Provision for employee benefit	2,898,230.26	411,900.56	1,376,875.64	4,687,006.46	
Leases liabilities	-	62,793.42	-	62,793.42	
Tax loss carry forward	133,232,052.10	34,097,334.19	-	167,329,386.29	
Total	<u>136,159,924.47</u>	<u>34,542,386.06</u>	<u>1,599,598.28</u>	<u>172,301,908.81</u>	
Deferred tax liabilities:					
Investment in available-for-sale securities	6,347.24	-	6,347.24	-	
Inventories	2,384,390.93	246,009.87	-	2,138,381.06	
Assets for leases	23,471,446.82	4,045,185.97	-	19,426,260.85	
Equipment	6,654.90	6,654.90	-	-	
Total	<u>25,868,839.89</u>	<u>4,297,850.74</u>	<u>6,347.24</u>	<u>21,564,641.91</u>	

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

	Baht			Balance as at Dec. 31, 2019
	Separate financial statements			
	Balance as at Dec. 31, 2018	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Accrued expense-rental	7,410.53	22,231.58	-	29,642.11
Employee benefit obligations	2,072,912.26	215,056.00	610,262.00	2,898,230.26
Tax loss carry forward	75,704,759.36	57,527,292.74	-	133,232,052.10
Total	<u>77,785,082.15</u>	<u>57,764,580.32</u>	<u>610,262.00</u>	<u>136,159,924.47</u>
Deferred tax liabilities:				
Investment in available-for-sale securities	2,493.76	-	(3,853.48)	6,347.24
Inventories	852,122.94	(1,532,267.99)	-	2,384,390.93
Asset for leases	21,018,658.10	(2,452,788.72)	-	23,471,446.82
Equipment	18,965.49	12,310.59	-	6,654.90
Total	<u>21,892,240.29</u>	<u>(3,972,746.12)</u>	<u>(3,853.48)</u>	<u>25,868,839.89</u>

16. OTHER NON - CURRENT ASSETS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deposit	4,420,018.74	5,169,533.20	618,569.20	1,368,083.67
Withholding tax deducted at source	234,440,965.67	224,976,174.64	234,279,690.27	224,771,022.46
<u>Less</u> Allowance for the refund	<u>(43,233,692.29)</u>	<u>(41,273,886.63)</u>	<u>(43,233,692.29)</u>	<u>(41,273,886.63)</u>
Withholding tax deducted at source - net	<u>191,207,273.38</u>	<u>183,702,288.01</u>	<u>191,045,997.98</u>	<u>183,497,135.83</u>
Total	<u>195,627,292.12</u>	<u>188,871,821.21</u>	<u>191,664,567.18</u>	<u>184,865,219.50</u>

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Bank overdrafts	-	1,880,056.54	-	1,880,056.54
Promissory notes	120,000,000.00	40,000,000.00	120,000,000.00	40,000,000.00
Total	<u>120,000,000.00</u>	<u>41,880,056.54</u>	<u>120,000,000.00</u>	<u>41,880,056.54</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

As at December 31, 2020 and 2019, the Company has the bank overdrafts with the two local commercial banks, with a credit line of Baht 25 million consist of the first credit line Baht 20 million and the second credit line Baht 5 million, carrying interest Fixed+1 and MOR per annum. The first loan is guaranteed by fixed deposit of Baht 10 million and the second loan is no guaranteed.

As at December 31, 2020 and 2019, the Company has short-term loans in promissory notes with five local commercial banks total of 6 credit lines, are as follows :-

Credit line No.	Credit line (Million Baht)	Interest rate (per annum)	Guaranteed
1	80	MMR	- The Company's fixed deposit amount of Baht 20 million
2	50	MMR	- Directors of the company
3	30	MMR	- No guaranteed
4	50	MMR	- No guaranteed
5	40	MMR	- No guaranteed
6	30	MMR	- No guaranteed
	<u>280</u>		

18. BILL OF EXCHANGE

This account consisted of:

	Baht	
	2020	2019
Bill of exchange-face value	-	200,000,000.00
<u>Less Discount</u>	-	<u>(330,269.82)</u>
Bill of exchange-amortized value	-	<u>199,669,730.18</u>

As at December 31, 2019, the Company has 2 bills of exchange in the amount of Baht 200 million. The interest rate is at fixed rate, due at the date specified on the front of the bill of exchange and the discount from the bill of exchange is recognized as finance cost for the years ended December 31, 2020 and 2019 in the amount of Baht 1.07 million and Baht 3.06 million, respectively in the consolidated and separate financial statements.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2020	2019
Long-term loan from financial institutions	1,079,947,749.32	1,020,874,590.17
<u>Less</u> Current portion due within one year	(242,707,937.87)	(257,534,391.01)
Long-term loan from financial institutions - net	837,239,811.45	763,340,199.16

As at December 31, 2020, the Company has 3 credit lines of long-term loans with two local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

Credit line No.	Credit line using (Million Baht)	Withdraw loan (Million Baht)	Interest rate (per annum)	Monthly installment (Million Baht)	The first installment date of 1 st loan and the final installment date of final loan	Guaranteed The right of car's registers of the company
1	630	630.00	Fixed Rate	2.24	Aug. 16 - Jul. 21	472
2	1,000	677.82	Fixed Rate	15.74	Jan. 18 - Apr. 24	1,145
3	300	300.00	THBFIX 6M +1.65%	4.79	Mar. 20 - Nov. 24	351
	1,930	1,607.82		22.77		1,968

As at December 31, 2019, the Company has 4 credit lines of long-term loans with two local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

Credit line No.	Credit line using (Million Baht)	Withdraw loan (Million Baht)	Interest rate (per annum)	Monthly installment (Million Baht)	The first installment date of 1 st loan and the final installment date of final loan	Guaranteed The right of car's registers of the company
1	630	546.83	Fixed Rate	5.96	Aug. 16 - Jul. 21	1,091
2	150	150	Fixed Rate	3.00	Sep. 16 - Dec. 19	23
3	200	200	Fixed Rate	4.00	Jan. 17 - Feb. 20	269
4	1,000	797.95	Fixed Rate	12.94	Sep. 17 - Feb. 23	956
	1,980	1,694.78		25.90		2,339

Under the long - term loan agreements, the Company shall have to comply with certain conditions and restrictions as specified in the agreement. The Company has to maintain a proper financial ratio at the agreed rate (3.5 : 1 time)

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

As at December 31, 2020 and 2019, the movements of long-term loans from financial institutions are as follows:-

	Baht	
	Consolidated/Separate financial statements	
	2020	2019
Balance beginning of the year	1,020,874,590.17	1,087,021,431.56
<u>Add</u> Loan increase during the year	570,951,856.50	350,570,845.00
<u>Less</u> Repayment during the year	(511,878,697.35)	(416,717,686.39)
Balance ending of the year	<u>1,079,947,749.32</u>	<u>1,020,874,590.17</u>

The Company entered into interest rate swap agreements with financial institutions to partially swap interest of the above long-term loan. As at December 31, 2020, the Company entered into interest rate swap agreements with financial institutions, to swap interest of the debentures issued, totaling in notional amount of Baht 172.02 million to swap floating Baht interest rates plus margins as specified in agreements for fixed Baht interest rates. The purpose of the certain interest rate swap agreements is to hedge the cashflow of long-term (only the interest portion), which the Company and subsidiary elected to apply hedge accounting for these transactions (See Note 33.3)

20. LEASE LIABILITIES

Movements of the lease liabilities account for the years ended December 31, 2020 are summarized as follows.

	Baht	
	Consolidated	Separate
	financial statements	financial statements
Balance as at December 31, 2019	51,613,997.56	51,613,997.56
Effects of the adoption of TFRS16	94,190,273.25	12,698,741.80
Balance as at January 1, 2020	145,804,270.81	64,312,739.36
Addition	307,760,962.77	307,760,962.77
Accretion of interest	(17,970,431.09)	(17,970,431.09)
Difference from rental reduction	(587,034.12)	-
Payments	(81,477,672.08)	(71,519,267.16)
Balance as at December 31, 2020	353,530,096.29	282,584,003.88
<u>Less</u> Current portion due within one year	(81,046,941.09)	(71,852,239.74)
Lease liabilities - net	<u>272,483,155.20</u>	<u>210,731,764.14</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

As at December 31, 2020, the Company and subsidiary have lease liabilities to be paid as follows:

	Baht					
	Consolidated financial statements			Separate financial statements		
	Principal	Deferred Interest	Total debts	Principal	Deferred Interest	Total debts
Payment due within 1 year	81,046,941.09	10,840,763.88	91,887,704.97	71,852,239.74	7,696,465.22	79,548,704.96
Payment due over 1 year to 5 years	233,708,841.06	18,395,686.38	252,104,527.44	206,847,105.66	9,615,456.78	216,462,562.44
Payment due over 5 years	38,774,314.14	5,370,834.87	44,145,149.01	3,884,658.48	177,841.52	4,062,500.00
Total	<u>353,530,096.29</u>	<u>34,607,285.13</u>	<u>388,137,381.42</u>	<u>282,584,003.88</u>	<u>17,489,763.52</u>	<u>300,073,767.40</u>

The following are the amounts recognized in profit or loss:

	Baht	
	Consolidated financial statements	Separate financial statements
Depreciation of right-of-use assets	37,394,986.66	23,959,733.09
Interest expense on lease liabilities	7,639,135.13	4,253,915.03
Expense relating to short-term lease	2,827,411.88	2,080,394.05
Total	<u>47,861,533.67</u>	<u>30,294,042.17</u>

21. DEBENTURES

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2020	2019
Unsecured debentures - at face value	1,400,000,000.00	1,850,000,000.00
<u>Less</u> Deferred expenses on debentures issuance	(1,421,825.45)	(2,114,088.71)
	1,398,578,174.55	1,847,885,911.29
<u>Less</u> Current portion due within one year	-	(549,836,002.86)
Debentures - net	<u>1,398,578,174.55</u>	<u>1,298,049,908.43</u>

As at December 31, 2020, the Company has the name-registered of unsubordinated, unsecured and non-holder's representative debentures. The debentures are available to institutional investors and major shareholders in the Notification of Securities and Exchange Commission. The details of issuance of debentures were as below:

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

Issued No. 3

Debenture issued on	:	March 28, 2018
Debentures value	:	Baht 600 million (600,000 units of par value of Baht 1,000 each)
Period and maturity date	:	4 years will mature on March 28, 2022
Interest rate	:	Fixed rate of 2.46% per annum
Interest payment due	:	Every March 28 and September 28 of each year

Issued No. 4

Debenture issued on	:	July 25, 2019
Debentures value	:	Baht 700 million (700,000 units of par value of Baht 1,000 each)
Period and maturity date	:	4 years will mature on July 25, 2023
Interest rate	:	Fixed rate of 2.96% per annum
Interest payment due	:	Every July 25 and January 25 of each year

Issued No. 5

Debenture issued on	:	September 11, 2020
Debentures value	:	Baht 100 million (100,000 units of par value of Baht 1,000 each)
Period and maturity date	:	3 years will mature on September 11, 2023
Interest rate	:	Fixed rate of 3.10% per annum
Interest payment due	:	Every March 11 and September 11 of each year

Debenture issuing costs are recorded as deferred financial fees and amortized to be interest expense using the effective interest rate method over the term of the debentures. Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

22. PROVISION FOR EMPLOYEE BENEFIT

Provision for employee benefits are as follows

The statements of financial position

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Provision for employee benefit beginning of the year	16,308,992.31	12,255,423.31	14,491,151.31	10,364,561.31
Actuarial loss	7,474,987.08	3,530,233.00	6,884,378.28	3,051,310.00
Benefits paid by the plan	(218,390.00)	(4,887,399.00)	-	(3,637,500.00)
Past service costs and interest				
- change a considered a post-employment plan amendment	-	3,277,686.00	-	3,072,470.00
Current service costs and interest	2,536,296.09	2,133,049.00	2,059,502.80	1,640,310.00
Provision for employee benefit ending of the year	<u>26,101,885.48</u>	<u>16,308,992.31</u>	<u>23,435,032.39</u>	<u>14,491,151.31</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

The statements of comprehensive income

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Past service costs and interest	-	3,277,686.00	-	3,072,470.00
Current service costs and interest	2,536,296.09	2,133,049.00	2,059,502.80	1,640,310.00
Total	<u>2,536,296.09</u>	<u>5,410,735.00</u>	<u>2,059,502.80</u>	<u>4,712,780.00</u>

Expense recognized in other comprehensive income:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Actuarial loss - net income tax	5,979,989.66	2,824,186.40	5,507,502.62	2,441,048.00

Principal actuarial assumptions in the estimates based on the actuarial principles

	Percentage			
	Consolidated financial statements		Separate financial statement	
	2020	2019	2020	2019
Discount rate	1.61 - 1.69	3.30 - 3.38	1.61	3.38
Salary increase rate	6.00	6.94	6.00	6.94
Employee turnover rate	5.63 - 34.38	5.00 - 38.00	5.73 - 34.38	5.00 - 38.00

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 are summarized below:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate				
0.50% increase	(1,079,076.28)	(950,324.00)	(955,299.62)	(822,182.00)
0.50% decrease	1,146,514.01	1,024,913.00	1,014,304.56	886,764.00
Salary increase rate				
1% increase	2,222,867.16		1,945,349.26	
1% decrease	(2,014,939.89)		(1,767,472.56)	
0.50% increase		1,054,329.00		911,928.00
0.50% decrease		(985,329.00)		(852,134.00)
Turnover rate				
20% increase	(2,857,644.94)		(2,485,570.84)	
20% decrease	3,367,532.40		2,905,004.78	
0.50% increase		(1,140,248.00)		(984,994.00)
0.50% decrease		1,233,182.00		1,065,344.00

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23. OTHER INCOME

This account consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest income	383,314.17	844,055.75	383,242.39	948,873.32
Penalty of cancelled contract	7,550,996.31	6,619,887.22	7,550,996.31	6,619,887.22
Repair service income	5,338,032.67	5,250,870.00	5,338,032.67	5,250,870.00
Commission income	10,590,936.57	9,842,427.41	-	-
Sale promotion income	16,920,360.00	7,405,666.02	16,920,360.00	7,190,186.19
Others	40,297,249.11	25,741,291.95	29,532,964.90	14,380,864.16
Total	<u>81,080,888.83</u>	<u>55,704,198.35</u>	<u>59,725,596.27</u>	<u>34,390,680.89</u>

24. EXPENSES BY NATURE

Expenses by nature are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Change in inventories	(89,223,971.92)	(69,613,397.94)	(60,063,696.80)	(80,882,608.73)
Cost of sale of cars from assets-for-leases	459,066,903.82	276,729,884.31	459,066,903.82	276,729,884.31
Purchase of used cars	96,913,331.86	148,627,180.19	-	-
Employee benefit costs	88,808,745.64	97,783,854.27	64,537,645.76	68,644,470.02
Depreciation and amortization	891,343,680.55	829,060,345.18	875,291,277.01	825,257,503.82
Others	228,422,635.36	201,057,355.78	228,422,635.36	201,057,355.78

25. (INCOME) TAX EXPENSES

25.1 Major components of (income) tax expenses for the years ended December 31, 2020 and 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Income (income) tax expenses shown in profit or loss :				
Current tax expenses:				
Income tax expenses for the year	1,019,035.00	849,668.35	-	-
Adjustments tax expenses of previous year	-	1,029,230.88	-	1,029,230.88
Deferred tax expenses:				
Changes in temporary differences relating to the original recognition and reversal	(39,320,419.30)	(53,681,445.40)	(38,840,236.80)	(53,791,834.20)
Total	<u>(38,301,384.30)</u>	<u>(51,802,546.17)</u>	<u>(38,840,236.80)</u>	<u>(52,762,603.32)</u>

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	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Income tax relating to components of other comprehensive income:				
Deferred tax relating to:				
Loss from remeasuring of derivative instruments	(222,722.64)	-	(222,722.64)	-
Gain (loss) from remeasuring available-for-sale investments	(6,376.10)	3,868.86	(6,347.24)	3,853.48
Actuarial loss	(1,494,997.40)	(706,046.60)	(1,376,875.64)	(610,262.00)
Total	<u>(1,724,096.14)</u>	<u>(702,177.74)</u>	<u>(1,605,945.52)</u>	<u>(606,408.52)</u>

25.2 A numerical reconciliation between (income) tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2020 and 2019 which are summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit for the year	182,945,171.31	169,019,239.63	178,712,161.78	165,226,859.15
The applicable tax rate (%)	20	20	20	20
Tax expense at the applicable tax rate	36,589,034.26	33,803,847.93	35,742,432.36	33,045,371.83
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	575,453.09	1,195,125.10	560,099.68	1,040,750.94
Tax effect of income or profit that are not required in determining taxable profit:				
- Expenses as expenses in determining tax	(75,419,898.25)	(88,301,170.37)	(75,096,795.44)	(88,159,218.38)
Other	(45,973.40)	1,499,651.17	(45,973.40)	1,310,492.29
Total reconciliation items	<u>(74,890,418.56)</u>	<u>(85,606,394.10)</u>	<u>(74,582,669.16)</u>	<u>(85,807,975.15)</u>
Total (income) tax expenses	<u>(38,301,384.30)</u>	<u>(51,802,546.17)</u>	<u>(38,840,236.80)</u>	<u>(52,762,603.32)</u>

25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2020 and 2019 are summarized as follows:

	Consolidated financial statements			
	2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	182,945,171.31		169,019,239.63	
Tax expense at the applicable tax rate	36,589,034.26	20.00	33,803,847.93	20.00
Reconciliation items	<u>(74,890,418.56)</u>	<u>(41.44)</u>	<u>(85,606,394.10)</u>	<u>(50.65)</u>
(Income) tax expenses at the average effective tax rate	<u>(38,301,384.30)</u>	<u>(21.44)</u>	<u>(51,802,546.17)</u>	<u>(30.65)</u>

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	Separate financial statements			
	2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	178,712,161.78		165,226,859.15	
Tax expense at the applicable tax rate	35,742,432.36	20.00	33,045,371.83	20.00
Reconciliation items	(74,582,669.16)	(42.27)	(85,807,975.15)	(51.93)
(Income) tax expenses at the average effective tax rate	(38,840,236.80)	(22.27)	(52,762,603.32)	(31.93)

26. BASIC EARNINGS PER SHARE

Basic earnings per share is computed by dividing profit for the year attributable to shareholders of the Company (excluded other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements	
	2020	2019
Profit for the year attributable to ordinary shareholders (Baht)	221,246,555.61	220,821,785.80
Weighted average number of ordinary shares (Shares)	250,000,000	250,000,000
Basic earnings per share (Baht per share)	0.88	0.88

	Separate financial statements	
	2020	2019
Profit for the year attributable to ordinary shareholders (Baht)	217,552,398.58	217,989,462.47
Weighted average number of ordinary shares (Shares)	250,000,000	250,000,000
Basic earnings per share (Baht per share)	0.87	0.87

27. LEGAL RESERVE

The Company

Under the provision of the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

A subsidiary company

Under the provision of the civil and commercial code, the Company is required to set aside as statutory reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

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28. APPROPRIATED OF RETAINED EARNINGS

The year 2020

At the ordinary shareholders' meeting for the year 2020 held on April 24, 2020, the shareholders unanimously approved to pay dividend from the Company operation year 2019 to the shareholders with Baht 0.70 per share, in the amount of Baht 175 million. The dividend paid in the amount of Baht 90 million, appropriated for 250,000,000 shares of Baht 0.36 each was paid on September 10, 2019, and the remaining in the amount of Baht 85 million, appropriated for 250,000,000 shares of Baht 0.34 each was paid on May 22, 2020.

And at the Board of Director' meeting No. 3/2020 held on August 10, 2020, the Board of Directors unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2020 in the amount of Baht 55.00 million, (appropriated for 250,000,000 shares of Baht 0.22 each) was paid on September 9, 2020.

Total dividend for the year 2020 in the amount of Baht 140.00 million.

The year 2019

At the ordinary shareholders' meeting for the year 2019 held on April 25, 2019, the shareholders unanimously approved to pay dividend from the Company operation year 2018 to the shareholders with Baht 0.40 per share, in the amount of Baht 200.00 million. The dividend paid in the amount of Baht 100.00 million, appropriated for 250,000,000 shares of Baht 0.40 each was paid on September 7, 2018, and the remaining in the amount of Baht 100 million, appropriated for 250,000,000 shares of Baht 0.40 each was paid on May 24, 2018.

And at the committees' meeting No 3/2019 held on August 13, 2019, the Committees unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2019 in the amount of Baht 90.00 million, appropriated for 250,000,000 shares of Baht 0.36 each was paid on September 10, 2019.

Total dividend for the year 2019 in the amount of Baht 190.00 million.

29. PROVIDENT FUND

The Company and its subsidiary established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pool of provident fund named TiscoRuamtun 2 Registered Provident Fund.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries based on the length of employment. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company.

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The Company and its subsidiary have contributed to the fund for the years ended December 31, 2020 and 2019 in the amount of Baht 1.70 million and Baht 1.76 million, respectively (The separate amount of Baht 1.53 million and Baht 1.63 million, respectively).

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

	Baht			
	Consolidated financial statements			
	Balance as at January 1, 2020	Cash flows Increase (decrease)	Non-cash transaction Increase	Balance as at December 31, 2020
Bank overdrafts	1,880,056.54	(1,880,056.54)	-	-
Short-term loan from financial institutions	40,000,000.00	80,000,000.00	-	120,000,000.00
Bill of exchange	199,669,730.18	(200,741,005.25)	1,071,275.07	-
Long-term loan unsecured debenture	1,020,874,590.17	59,073,159.15	1,113,613.20	1,081,061,362.52
Lease liabilities	145,804,270.81	(81,477,672.08)	289,203,497.56	353,530,096.29
Debentures	1,847,885,911.29	(450,000,000.00)	692,263.26	1,398,578,174.55
Total	<u>3,256,114,558.99</u>	<u>(595,025,574.72)</u>	<u>292,080,649.09</u>	<u>2,953,169,633.36</u>

	Baht			
	Consolidated financial statements			
	Balance as at January 1, 2019	Cash flows Increase (decrease)	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts	1,682,078.13	197,978.41	-	1,880,056.54
Short-term loan from financial institutions	70,000,000.00	(30,000,000.00)	-	40,000,000.00
Bill of exchange	39,880,774.64	156,725,462.35	3,063,493.19	199,669,730.18
Long-term loan unsecured debenture	1,087,021,431.56	(66,146,841.39)	-	1,020,874,590.17
Lease liabilities	113,948,046.78	(62,334,049.22)	-	51,613,997.56
Debentures	1,148,375,029.70	700,000,000.00	(489,118.41)	1,847,885,911.29
Total	<u>2,460,907,360.81</u>	<u>698,442,550.15</u>	<u>2,574,374.78</u>	<u>3,161,924,285.74</u>

	Baht			
	Separate financial statements			
	Balance as at January 1, 2020	Cash flows Increase (decrease)	Non-cash transaction Increase	Balance as at December 31, 2020
Bank overdrafts	1,880,056.54	(1,880,056.54)	-	-
Short-term loan from financial institutions	40,000,000.00	80,000,000.00	-	120,000,000.00
Bill of exchange	199,669,730.18	(200,741,005.25)	1,071,275.07	-
Long-term loan unsecured debenture	1,020,874,590.17	59,073,159.15	1,113,613.20	1,081,061,362.52
Lease liabilities	64,312,739.36	(71,519,267.16)	289,790,531.68	282,584,003.88
Debentures	1,847,885,911.29	(450,000,000.00)	692,263.26	1,398,578,174.55
Total	<u>3,174,623,027.54</u>	<u>(585,067,169.80)</u>	<u>292,667,683.21</u>	<u>2,882,223,540.95</u>

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	Baht			
	Separate financial statements			
	Balance as at January 1, 2019	Cash flows Increase (decrease)	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts	279,169.37	1,600,887.17	-	1,880,056.54
Short-term loan from financial institutions	70,000,000.00	(30,000,000.00)	-	40,000,000.00
Bill of exchange	39,880,774.64	156,725,462.35	3,063,493.19	199,669,730.18
Long-term loan unsecured debenture	1,087,021,431.56	(66,146,841.39)	-	1,020,874,590.17
Lease liabilities	113,948,046.78	(62,334,049.22)	-	51,613,997.56
Debentures	1,148,375,029.70	700,000,000.00	(489,118.41)	1,847,885,911.29
Total	<u>2,459,504,452.05</u>	<u>699,845,458.91</u>	<u>2,574,374.78</u>	<u>3,161,924,285.74</u>

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments of services contracts

As at December 31, 2020, the Company has 2 services contracts for the periods 1-2 years, the total rate of service charge of Baht 0.84 million per year.

31.2 Commitments of capital expenditure

As at December 31, 2020, the Company has the commitment about installation and software development system agreement, which the Company will pay under the agreement in the amount of Baht 1.88 million (included VAT).

31.3 Guarantee

As at December 31, 2020, the Company has letters of guarantee issued by three local commercial bank for rental bidding guarantee in the amount of Baht 111.45 million and using electricity in the amount of Baht 0.19 million. (total guarantee of Baht 265 million).

And the subsidiary company has 3 letters of guarantee issued by a local commercial bank for using electricity, guarantee by fixed deposit of directors in the amount of Baht 0.19 million.

31.4 Interest rate swap transaction agreement

As at December 31, 2020, the Company has the detail of the interest rate swap agreement outstanding as follow:

Principal amount	Interest income rate swap agreement (percent)	Interest expenses rate swap agreement (percent)	Termination date
92.02 Million Baht	THBFIX 6M + 1.65	FIXED 2.45	March 2024
80.00 Million Baht	THBFIX 6M + 1.65	FIXED 2.45	September 2024

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32. 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.

The Company and its subsidiary, business operations involve 2 principal segments: (1) Car rental and (2) Used car distribution and its operations are mainly carried in the same geographic area in Thailand. The financial information by segments are classified by business activities as follows.

Business activities are classified by product segments of the Company and its subsidiary for the years ended December 31, 2020 and 2019 as follows:-

	Consolidated financial statements (Thousand Baht)					
	Car rent of operating		Used car distribution		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Income on car leases	1,297,121	1,271,549	-	-	1,297,121	1,271,549
Income on sale of cars	674,607	446,807	140,593	193,852	815,200	640,659
Total	<u>1,971,728</u>	<u>1,718,356</u>	<u>140,593</u>	<u>193,852</u>	<u>2,112,321</u>	<u>1,912,208</u>
Cost						
Cost of car leases	1,145,476	1,068,434	-	-	1,145,476	1,068,434
Cost of sales of cars	459,067	276,730	131,684	173,891	590,751	450,621
Total	<u>1,604,543</u>	<u>1,345,164</u>	<u>131,684</u>	<u>173,891</u>	<u>1,736,227</u>	<u>1,519,055</u>
Gross profit	<u>367,185</u>	<u>373,192</u>	<u>8,909</u>	<u>19,961</u>	<u>376,094</u>	<u>393,153</u>
 <u>Total assets as of December 31,</u>						
Assets for leases - net	4,263,391	4,291,693	-	-	4,263,391	4,291,693
Fixed assets - net	3,915	4,110	169,774	171,987	173,689	176,097
Right-of-use asset - net	15,159	-	72,412	-	87,571	-
Intangible assets - net	11,277	7,547	1,207	1,152	12,484	8,699
Other assets	869,262	1,006,997	9,620	47,214	878,882	1,054,211
Total	<u>5,163,004</u>	<u>5,310,347</u>	<u>253,013</u>	<u>220,353</u>	<u>5,416,017</u>	<u>5,530,700</u>

Major customers

In 2020 and 2019, the Company and its subsidiary have no major customer (with revenue of 10 percent or more of an entity's revenue).

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33. DISCLOSURE OF FINANCIAL INSTRUMENTS

33.1 Risk management

The Company and its subsidiary manage their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system. The management continually monitors the Company's and its subsidiary's risk management process to ensure that an appropriate balance between risk and control is achieved.

33.2 Credit risk

The Company and its subsidiary are exposed to credit risk primarily relating to trade and other receivable, cash at bank and other financial instruments. The management of the Company and its subsidiary manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

33.3 Interest rate risk

The Company and its subsidiary are exposed to interest rate risk that relates primarily to cash and cash equivalents, cash at banks using for guarantee, bank overdrafts and short-term loans from financial institutions, Long-term loans from financial institutions, leases liabilities and Employee benefit obligations. Since most of the Company's financial assets and financial liabilities carry floating interest rates or have fixed interest rates, which are close to the market rates, the interest rate risk is low.

As at December 31, 2020 and 2019, the significant financial assets and financial liabilities (part of these are under derivative instruments as described in Note 19) classified by types of interest rates were as follows:

	Baht				Effective Interest rate (% per annum)
	Consolidated financial statements as at December 31, 2020				
	Floating interest rate	Fixed interest rate	No interest	Total	
<u>Financial assets</u>					
Cash and cash equivalents	37,809,452.04	-	1,381,440.37	39,190,892.41	0.10-0.375
Trade and other current receivables	-	-	201,177,841.79	201,177,841.79	-
Investment	-	-	13,391.50	13,391.50	-
Cash at banks using for guarantee	-	50,021,040.52	-	50,021,040.52	0.25-0.95
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	-	120,000,000.00	-	120,000,000.00	MMR
Trade and other current payables	-	-	75,099,125.46	75,099,125.46	-
Long-term loans from financial institutions	-	1,079,947,749.32	-	1,079,947,749.32	MLR, Fixed
Lease liabilities	353,530,096.29	-	-	353,530,096.29	2.66-4.79
Debenture	-	1,398,578,174.55	-	1,398,578,174.55	2.46-3.10

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	Baht				Effective Interest rate (% per annum)
	Consolidated financial statements as at December 31, 2019				
	Floating interest rate	Fixed interest rate	No interest	Total	
<u>Financial assets</u>					
Cash and cash equivalents	80,437,170.58	-	5,933,546.54	86,370,717.12	0.10-0.375
Trade and other current receivables	-	-	167,788,006.73	167,788,006.73	-
Investment	-	-	59,087,104.00	59,087,104.00	-
Cash at banks using for guarantee	-	50,020,936.88	-	50,020,936.88	0.90-0.95
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	1,880,056.54	40,000,000.00	-	41,880,056.54	MMR
Bill of exchange	-	199,669,730.18	-	199,669,730.18	1.85-2.20
Trade and other current payables	-	-	73,789,227.07	73,789,227.07	-
Long-term loans from financial institutions	-	1,020,874,590.17	-	1,020,874,590.17	MLR, Fixed
Lease liabilities	51,613,997.56	-	-	51,613,997.56	3.35-4.30
Debenture	-	1,847,885,911.29	-	1,847,885,911.29	2.46-3.22

	Baht				Effective Interest rate (% per annum)
	Separate financial statements as at December 31, 2020				
	Floating interest rate	Fixed interest rate	No interest	Total	
<u>Financial assets</u>					
Cash and cash equivalents	37,645,234.45	-	1,212,313.45	38,857,547.90	0.10-0.375
Trade and other current receivables	-	-	192,000,608.26	192,000,608.26	-
Investment	-	-	13,391.50	13,391.50	-
Cash at banks using for guarantee	-	50,021,040.52	-	50,021,040.52	0.25-0.95
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	-	120,000,000.00	-	120,000,000.00	MMR
Trade and other current payables	-	-	133,070,659.40	133,070,659.40	-
Long-term loans from financial institutions	-	1,079,947,749.32	-	1,079,947,749.32	MLR, Fixed
Lease liabilities	282,584,003.88	-	-	282,584,003.88	2.66-4.25
Debenture	-	1,398,578,174.55	-	1,398,578,174.55	2.46-3.10

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	Baht				Effective Interest rate (% per annum)
	Separate financial statements as at December 31, 2019				
	Floating interest rate	Fixed interest rate	No interest	Total	
<u>Financial assets</u>					
Cash and cash equivalents	80,179,106.59	-	5,756,600.51	85,935,707.10	0.10-0.375
Trade and other current receivables	-	-	155,405,746.45	155,405,746.45	-
Investment	-	-	59,081,116.89	59,081,116.89	-
Cash at banks using for guarantee	-	50,020,936.88	-	50,020,936.88	0.90-0.95
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	1,880,056.54	40,000,000.00	-	41,880,056.54	MMR
Bill of exchange	-	199,669,730.18	-	199,669,730.18	1.85-2.20
Trade and other current payables	-	-	90,425,496.41	90,425,496.41	-
Long-term loans from financial institutions	-	1,020,874,590.17	-	1,020,874,590.17	MLR, Fixed
Lease liabilities	51,613,997.56	-	-	51,613,997.56	3.35-4.30
Debenture	-	1,847,885,911.29	-	1,847,885,911.29	2.46-3.22

Interest rate swap contracts

As at December 31, 2020, the Company had the interest rate swap agreements designated as hedging instruments with a notional amount of Baht 172.02 million whereby the Company receives a variable rate equal to THBFIX plus margin of interest as per disclosed in Note 19 to the consolidated financial statements and pays interest at a fixed rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate debentures (i.e., notional amount, maturity, payment and reset dates). The Company tested the hedge effectiveness by comparing the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Company own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

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As at December 31, 2020, the nominal and carrying amounts of the derivative financial instruments designated in existing hedging relationships in the consolidated and separate financial statements are follow:

Type of hedge	Hedging instruments		Carrying amount of		Interest swap rate received (percent)	Interest swap rate paid (percent)
	Derivative	Contractual amount (Baht)	hedging instruments Liabilities (Baht)	Maturity date		
Cash flow hedge	Interest rate swap transaction agreement	172,021,276.60	161,808,510.66	September 2020 - September 2024	THBFIX 6M+1.65	FIXED 2.45

The following amount related to hedged items separately by risk category for the types of hedge for the years ended December 31, 2020, in the consolidated and separate financial statements are as follow:

Type of hedge	Change in the fair value of the hedge items for determining ineffectiveness (Baht)	Presentation of the hedged items in the statement of financial position
Cash flow hedge	(1,113,613.20)	Financial liabilities

33.4 Fair values of financial instruments

Since the majority of the Company and its subsidiary financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

	Baht		
	Consolidated financial statements		
	FVPL	Amortized cost	Total
Financial assets as at December 31, 2020			
Cash and cash equivalents	-	39,190,892.41	39,190,892.41
Trade and other current receivables	-	201,177,841.79	201,177,841.79
Prepaid insurance premium	-	58,781,410.12	58,781,410.12
Other current financial assets	13,391.50	-	13,391.50
Revenue account receivable	-	13,909,328.24	13,909,328.24
Fixed deposit using for guarantee	-	50,021,040.52	50,021,040.52
	<u>13,391.50</u>	<u>363,080,513.08</u>	<u>363,093,904.58</u>

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	Baht		
	Consolidated financial statements		
	Fair value - Derivatives	Amortized cost	Total
Financial liabilities as at December 31, 2020			
Bank overdrafts and short-term loans from financial institutions	-	120,000,000.00	120,000,000.00
Trade and other current payables	-	75,099,125.46	75,099,125.46
Accounts payable-purchase assets for leases	-	119,142,579.76	119,142,579.76
Long-term loans from financial institutions	-	1,081,061,362.52	1,081,061,362.52
Lease liabilities	-	353,530,096.29	353,530,096.29
Debentures	-	1,398,578,174.55	1,398,578,174.55
Derivative liabilities	1,113,613.20	-	1,113,613.20
Deposits for car lease from clients	-	106,174,709.62	106,174,709.62
	<u>1,113,613.20</u>	<u>3,253,586,048.20</u>	<u>3,254,699,661.40</u>

	Baht		
	Separate financial statements		
	FVPL	Amortized cost	Total
Financial assets as at December 31, 2020			
Cash and cash equivalents	-	38,857,547.90	38,857,547.90
Trade and other current receivables	-	192,000,608.26	192,000,608.26
Prepaid insurance premium	-	58,781,410.12	58,781,410.12
Other current financial assets	13,391.50	-	13,391.50
Revenue account receivable	-	13,909,328.24	13,909,328.24
Fixed deposit using for guarantee	-	50,021,040.52	50,021,040.52
	<u>13,391.50</u>	<u>353,569,935.04</u>	<u>353,583,326.54</u>

	Baht		
	Separate financial statements		
	Fair value - Derivatives	Amortized cost	Total
Financial liabilities as at December 31, 2020			
Bank overdrafts and short-term loans from financial institutions	-	120,000,000.00	120,000,000.00
Trade and other current payables	-	133,070,659.40	133,070,659.40
Accounts payable-purchase assets for leases	-	119,142,579.76	119,142,579.76
Long-term loans from financial institutions	-	1,081,061,362.52	1,081,061,362.52
Lease liabilities	-	282,584,003.88	282,584,003.88
Debentures	-	1,398,578,174.55	1,398,578,174.55
Derivative liabilities	1,113,613.20	-	1,113,613.20
Deposits for car lease from clients	-	106,174,709.62	106,174,709.62
	<u>1,113,613.20</u>	<u>3,240,611,489.73</u>	<u>3,241,725,102.93</u>

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Financial assets mandatorily measured at FVPL include the following:

	Baht
	Consolidated/ Separate financial statements
<u>Other current financial assets</u>	
Mutual funds	13,391.50
Total Other current financial assets	13,391.50

33.5 Fair value hierarchy

As at December 31, 2020, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			
	Consolidated/Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current financial assets				
- Mutual funds	-	13,391.50	-	13,391.50
Financial liabilities measured at fair value				
Other non-current financial liabilities				
- Derivative liabilities	-	1,113,613.20	-	1,113,613.20

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

Valuation techniques and inputs for Level 2 valuations

The fair value of investments in investment units which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

The fair value of interest rate swap contracts were calculated using the rates quoted by the Company and its subsidiary's and bankers which were based on market conditions existing at the statement of financial position date.

34. CAPITAL MANAGEMENT

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

According to the balance sheet as at December 31, 2020, the Company and its subsidiary debt-to-equity ratio was 1.55:1 (December 31, 2020 : 1.69:1) and the Company's was 1.64:1 (December 31, 2019 : 1.92:1).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

35. CORONAVIRUS DISEASE 2019 PANDEMIC

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company and its subsidiary, recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

36. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors' meeting of the Company held on February 25, 2021, the directors approved to pay dividends for Baht 0.44 per share in the amount of Baht 110.00 million, from 2020 operations. The interim dividends were paid on September 2020 for Baht 0.22 per share, amount of Baht 55.00 million. And the remaining is Baht 0.22 per share, in the amount of Baht 55.00 million, will be pay within May 2021 subject to approval by the Annual General Meeting of Shareholders of the Company.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 25, 2020.