

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**

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**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

## **INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of  
Aikchol Hospital Public Company Limited

### **Opinion**

I have audited the financial statements of Aikchol Hospital Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters

#### Revenue recognition from general medical treatment

The revenue from medical service is the core transaction that affects the operation and has material value, representing 70% of total revenues. The revenue from hospital operations has several components such as revenues from sales of medicine and medical supplies, revenues from medical services, revenues from patient rooms, etc. Therefore, I have paid special attention with respect to the amount, value and timing of the Company's revenue recognition.

I audited the revenue recognition from medical treatment by assessing the appropriateness and testing the effectiveness of the internal control system with respect to the revenue cycle by making enquiries of the responsible persons, gaining an understanding and selecting samples to test the operation of the designed controls. In addition, I random audited the supporting documents for medical fee transactions that occurred during the year and near the end of the reporting period. I also audited credit notes that the Company issued after the end of the period. In addition, I performed comparative data analysis of subdivide revenue account to detect possible irregularities in medical fee transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### Revenue recognition of medical treatment from Social Security

The Company has medical treatment revenue from the Social Security Office on the part of the insured who select medical treatment at the hospital and in-patient cases burden with high-cost diseases as presented in the financial statements, representing 28% of total revenues. Receiving money from such revenue in each time has to be approved from the Social Security Office and the consideration process by the Social Security Office takes long time. Regarding the measuring process of the revenue amount to be recognized, it requires significant judgment of the management due to the uncertainty related to the amount to be received which depends on the allocation of the Social Security Office in each year. The Company will receive cash income from the Social Security Office according to the method of calculation and rate determined by the announcement of the Medical Board issued under the Social Security Act, B.E. 2533. To ensure that the medical service fee revenue from social security is recognized in the accounts correctly and appropriately. Accordingly, I have paid special attention to the revenue recognition of medical service fee from social security because the transaction is a risk to the financial statements.

I made an understanding for the process of estimating the medical service revenue for inpatient cases with burden of high-cost disease by investigating the sources and reliability of the insured persons' information used in calculating the revenue estimate, assessing the appropriateness of the severity rate of the disease by comparing with the rules, method and conditions as announced by the Social Security Office, testing the completeness of the recording of the use of Social Security service against the recording system of the Social Security, testing the accuracy of the estimates of the management by comparing between the basis of the management and the basis, procedures and conditions announced by the Social Security Office and testing the items in the journal entries prepared by the management with respect to the recognition of revenue estimate. This also includes comparing of receipts during the period and analyzing the difference cause compared to the estimated medical service revenue and reviewing the receiving of medical service fee for the cases with burden of high-cost disease after the end of the accounting period.

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#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Roongnapha Saengchan.

(Miss Roongnapha Saengchan)

Certified Public Accountant

Registration No. 10142

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 22, 2021

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

		Baht	
	Note	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	135,910,330	708,143,626
Current investments	12	-	1,386,731
Trade and other current receivables	9	65,303,730	72,918,198
Accrued income from social security office	10	46,569,611	79,827,351
Inventories	11	52,043,273	53,840,004
Other current financial assets	12	671,715,490	-
<b>Total current assets</b>		<b>971,542,434</b>	<b>916,115,910</b>
<b>Non-current assets</b>			
Fixed deposit pledge as collateral	12	13,587,200	22,427,200
Other non-current financial assets	12	137,999,862	-
Long-term investment	12	-	171,666,495
Property, plant and equipment	13	740,053,145	756,588,718
Right-of-use assets	14	4,025,543	-
Intangible assets	15	33,542,411	38,748,932
Other non-current assets		168,490	189,190
<b>Total non-current assets</b>		<b>929,376,651</b>	<b>989,620,535</b>
<b>Total assets</b>		<b>1,900,919,085</b>	<b>1,905,736,445</b>

Notes to financial statements form an integral part of these statements.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht	
	Note	2020	2019
<b>Current liabilities</b>			
Trade and other current payables	17	95,804,088	97,591,391
Accrued expenses	18	83,739,743	85,765,590
Current portion of lease liabilities	19	3,165,526	-
Corporate income tax payables		9,246,115	6,884,771
Other current provisions	35	15,000,000	-
Other current liabilities		11,087,957	9,309,203
<b>Total current liabilities</b>		<b>218,043,429</b>	<b>199,550,955</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	922,859	-
Deferred tax liabilities	16	8,884,737	20,410,773
Employee benefit obligation	20	75,341,247	66,041,927
<b>Total non-current liabilities</b>		<b>85,148,843</b>	<b>86,452,700</b>
<b>Total liabilities</b>		<b>303,192,272</b>	<b>286,003,655</b>

Notes to financial statements form an integral part of these statements.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Note	Baht	
		2020	2019
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital			
150,000,000 ordinary shares of Baht 1 each		150,000,000	150,000,000
Issued and paid-up share capital			
149,909,264 ordinary shares of Baht 1 each		149,909,264	149,909,264
Share premium		74,000,000	74,000,000
Retained earnings			
Appropriated			
Legal		14,990,926	14,990,926
Unappropriated		1,250,186,731	1,245,259,401
Other components of shareholders' equity		108,639,892	135,573,199
<b>Total shareholders' equity</b>		<b>1,597,726,813</b>	<b>1,619,732,790</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,900,919,085</b>	<b>1,905,736,445</b>

Notes to financial statements form an integral part of these statements.



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		Baht	
	Note	2020	2019
<b>Revenues</b>			
Medical service income		1,405,474,475	1,656,021,463
Other income	23	35,058,824	40,748,463
<b>Total revenues</b>		<b>1,440,533,299</b>	<b>1,696,769,926</b>
<b>Expenses</b>			
Cost of medical services		1,244,517,813	1,434,308,163
Administrative expenses		106,363,708	97,276,308
<b>Total expenses</b>		<b>1,350,881,521</b>	<b>1,531,584,471</b>
<b>Profit from operating activities</b>		<b>89,651,778</b>	<b>165,185,455</b>
Finance costs		195,280	-
<b>Profit before income tax expenses</b>		<b>89,456,498</b>	<b>165,185,455</b>
Income tax expenses	25	17,258,248	32,039,053
<b>Profit for the year</b>		<b>72,198,250</b>	<b>133,146,402</b>
<b>Other comprehensive income (loss)</b>			
<b>Component of other comprehensive income that will be reclassified to profit or loss</b>			
Gain on long-term investment		-	6,999,993
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	25	-	(1,399,999)
<b>Total component of other comprehensive income that will be reclassified to profit or loss</b>		<b>-</b>	<b>5,599,994</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONT.)**

Notes to financial statements form an integral part of these statements.

**FOR THE YEAR ENDED DECEMBER 31, 2020**

		Baht	
	Note	2020	2019
<b>Component of other comprehensive income that will not be reclassified to profit or loss</b>			
Gain on re-measurements of defined benefit plans		-	1,705,970
Loss on investment in equity designed at fair value through other comprehensive income		(33,666,634)	-
Income tax relating to component of other comprehensive income that will not be reclassified to profit or loss	25	6,733,327	(341,194)
<b>Total component of other comprehensive income that will not be reclassified to profit or loss</b>		<b>(26,933,307)</b>	<b>1,364,776</b>
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<b>(26,933,307)</b>	<b>6,964,770</b>
<b>Total comprehensive income for the year</b>		<b>45,264,943</b>	<b>140,111,172</b>
<b>Basic earnings per share (Baht per share)</b>	29	<b>0.48</b>	<b>0.89</b>

Notes to financial statements form an intergral part of these statements.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

		Baht					
		Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholder's equity	Total shareholders' equity
				Appropriated to legal reserve	Unappropriated	Gain (loss) on measuring financial assets	
Note							
	<b>Beginning balance as at January 1, 2020</b>	<b>149,909,264</b>	<b>74,000,000</b>	<b>14,990,926</b>	<b>1,245,259,401</b>	<b>135,573,199</b>	<b>1,619,732,790</b>
	Dividend	-	-	-	(67,270,920)	-	(67,270,920)
	Profit for the year	-	-	-	72,198,250	-	72,198,250
	Other comprehensive income (loss) for the year, net of income tax						
	Loss on measuring financial assets	-	-	-	-	(26,933,307)	(26,933,307)
	<b>Balance at December 31, 2020</b>	<b>149,909,264</b>	<b>74,000,000</b>	<b>14,990,926</b>	<b>1,250,186,731</b>	<b>108,639,892</b>	<b>1,597,726,813</b>
	<b>Beginning balance as at January 1, 2019</b>	<b>149,909,264</b>	<b>74,000,000</b>	<b>14,990,926</b>	<b>1,182,503,871</b>	<b>129,973,205</b>	<b>1,551,377,266</b>
	Dividend	-	-	-	(71,755,648)	-	(71,755,648)
	Profit for the year	-	-	-	133,146,402	-	133,146,402
	Other comprehensive income (loss), net of income tax						
	Gain on long-term investment	-	-	-	-	5,599,994	5,599,994
	Gain on re-measurements of defined benefit plans	-	-	-	1,364,776	-	1,364,776
	<b>Balance at December 31, 2019</b>	<b>149,909,264</b>	<b>74,000,000</b>	<b>14,990,926</b>	<b>1,245,259,401</b>	<b>135,573,199</b>	<b>1,619,732,790</b>

Notes to interim financial statements form an integral part of these statements.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Baht	
	2020	2019
<b>Cash flows from operating activities</b>		
Profit for the year	72,198,250	133,146,402
Reconciliations of profit for the year to net cash received (paid)		
from operating activities :		
Depreciation and amortization	68,732,172	63,326,616
Interest income	(3,261,667)	(7,370,280)
Dividend income	(1,999,998)	(2,933,330)
Bad debt written off and allowance for doubtful accounts	691,577	594,172
Gain on sale of fixed assets	(124,920)	(120,962)
Loss on disposal of fixed assets	268,210	335,937
Employee benefits expenses	13,075,978	24,526,215
Finance costs	195,280	-
Income tax expenses	17,258,248	32,039,053
Profit provided by operating activities before changes in operating assets and liabilities	167,033,130	243,543,823
(Increase) decrease in operational assets		
Trade and other current receivables	6,889,880	4,174,346
Accrued income from social security office	33,257,740	3,573,527
Inventories	1,796,731	(6,206,715)
Other non-current assets	20,700	499,999
Increase (decrease) in operational liabilities		
Trade and other current payables	(446,776)	4,474,296
Accrued expenses	(2,025,847)	(31,535,428)
Other current provisions	15,000,000	-
Other current liabilities	1,778,753	2,520,242
Cash flows received operating activities	223,304,311	221,044,090
Employee benefits paid	(3,776,657)	(35,066,414)
Income tax paid	(19,689,613)	(2,825,934)
<b>Net cash provided by operating activities</b>	<b>199,838,041</b>	<b>183,151,742</b>

Notes to financial statement from an intergral part of these statements

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONT.)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Baht	
	2020	2019
<b>Cash flows from investing activities</b>		
Interest received	3,294,678	7,369,827
Dividend received	1,999,998	2,933,330
Increase in other current financial assets	(205,841,312)	(1,324,435)
Decrease in fixed deposit pledge as collateral	8,840,000	1,033,561
Purchase of property, plant and equipment	(44,472,112)	(55,409,830)
Purchase of intangible assets	(140,000)	(687,935)
Sale of equipment	152,505	177,130
Receipt from purchase of intangible assets	-	288,900
<b>Net cash used in investing activities</b>	<b>(236,166,243)</b>	<b>(45,619,452)</b>
<b>Cash flows from financing activities</b>		
Lease liabilities paid	(4,146,727)	-
Dividend paid	(67,270,920)	(71,755,648)
<b>Net cash used in financing activities</b>	<b>(71,417,647)</b>	<b>(71,755,648)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(107,745,849)</b>	<b>65,776,642</b>
Cash and cash equivalents at beginning of the year	708,143,626	642,366,984
<u>Less</u> Current investments classified under the new financial reporting standards (Note 6)	(464,487,447)	-
<b>Cash and cash equivalents at end of the year</b>	<b>135,910,330</b>	<b>708,143,626</b>
<b><u>Supplement disclosures of cash flows information</u></b>		
Reconciliation of proceed from purchase of property, plant and equipment		
Purchase of property, plant and equipment	(43,131,585)	(57,570,775)
Increase (decrease) in other payable from acquisition of fixed assets	(1,340,527)	2,160,945
Cash paid from purchase of property, plant and equipment	<b>(44,472,112)</b>	<b>(55,409,830)</b>

Notes to financial statement from an intergral part of these statements

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**1. GENERAL INFORMATION**

Aikchol Hospital Public Company Limited, “the Company”, is incorporated in Thailand. A registered office is at 68/3 Moo 2, Phrayasatja Road, Amphoe Muang, Cholburi and a branch is at 31/2 Moo 3, Tambol Samed, Amphoe Muang, Cholburi. The Company operates in Cholburi Province. And it is well known in medical and nursing care services under the trademark namely, “Aikchol Hospital”.

The Company was listed on the Stock Exchange of Thailand on January 10, 1992.

The principal activities of the Company are providing full hospital services including diseases protection, medical treatment, health strengthening and health rehabilitation services with 340 beds in service.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the 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.

**3. FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT YEAR**

During the year, the Company has 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.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**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.

**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 has 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 6 to the financial statements.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**4. FINANCIAL REPORTING STANDARDS THAT BECOME EFFECTIVE IN THE FUTURE**

On September 27, 2020, 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.

**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.



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

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.

**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.

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**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 is in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**5. SIGNIFICANT ACCOUNTING POLICIES**

**5.1 Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, savings accounts and current accounts and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

**5.2 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 applies 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.

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The Company has identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, 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

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts (if any).

The allowance for doubtful accounts is estimated losses are based on a percentage of outstanding receivables classified by aging of accounts receivable. Assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### **5.3 Investments**

Applicable prior to January 1, 2020

Investment in debt securities which the Company intent and able to hold investment in debt securities to maturity is classified in current investment. Investment in debt securities is stated at amortization cost net from impairment loss (if any). Interest income is recognized by using the effective interest rate method in statement of comprehensive income.

Investment in equity security in a marketable equity security is classified as being available-for-sale and is stated at fair value, with any resultant gain or loss being recognized directly in equity, and recorded as gains as losses in the statement of comprehensive income when the securities are sold.

The fair value of security available for sale is determined as the quoted bid price at the statement of financial position date.

### **5.4 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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**5.5 Financial assets and financial liabilities**

Applicable from January 1, 2020

**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 classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

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 measures a financial asset at its fair value plus or minus, in the case of a financial asset or financial liability 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's business model for managing the financial assets and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** A financial asset 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 and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.

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- FVOCI: A financial asset 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, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognized in profit or loss. 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 and recognized on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- 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 and presented net within other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognized in profit or loss when the Company'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.

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**Recognition and derecognition**

The Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes 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 commits 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 has transferred substantially all the risks and rewards of ownership of the financial assets.

**Impairment of financial assets**

The Company 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 Group accounts 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 applies a simplified approach to determine the lifetime expected credit losses.

**5.6 Property, plant and equipment**

Land is stated as cost. Plant and equipment are stated at cost less 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 is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:-

Buildings and building improvements	5 - 50	Years
Medical equipment	5 - 10	Years
Furniture and fixtures	5 - 10	Years
Office equipment	2 - 10	Years
Vehicles	8 - 10	Years

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The Company has reviewed the residual value and useful life of the assets on a regular basis.

No depreciation is provided on freehold land or assets under construction and installation.

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.

**5.7 Intangible assets**

Computer software with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Amortization is charged to the statement of comprehensive income on a straight-line basis over the period for which the computer software are expected to generate economic benefit from 5 - 10 years.

**5.8 Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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.

**5.9 Provision**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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**5.10 Employee benefits**

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees 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 has obligations in respect of the severance payments it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats 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 other comprehensive income.

**5.11 Revenue**

Revenue from medical service is exempt from value added taxes and is arrived at after deduction of trade discounts.

Revenues from medical service

Revenues from medical service, mainly consisted of medicine and medical supplies, patient room service charge, medical profession charge and other service are recognized as income when the services are delivered, based on an accrual basis.

Revenues from social security is recognized on an accrual basis.

Interest and dividend income

Interest income is recognized in the statement of comprehensive income as it accrues. Dividend income is recognized in the statement of comprehensive income on the date the Company's right to receive payments established. In the case of quoted securities is usually the ex-dividend date.

Others income

Others income is recognized on an accrual basis.



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**5.12 Expense**

Expenses are recognized on an accrual basis.

**5.13 Leases**

Applicable from January 1, 2020

At inception of a contract, the Company assesses 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 assesses 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 exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

**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 payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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In calculating the present value of lease payments, the Company uses 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 applies 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.

**Operating lease**

Applicable prior to January 1, 2020

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

**5.14 Income tax**

Current tax

The Company records income tax expenses, if any, based on the amount currently payable under the Revenue Code at the income tax rates at 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.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company 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.

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Deferred tax assets and liabilities are measured at the tax rates that the Company 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 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 taxes levied by the same tax authority on the same taxable entity.

**5.15 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:

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon past collection history, aging profile of outstanding debts.

**Accrued revenues from hospital operations**

In determining the certain amount of receivable from the social security office provided to patients with severe diseases and of chronic diseases. In this regard, the amount of such income are set, adjusted and accrued based on the latest actual collection within current relative circumstances.

**Determining the lease term of contracts with renewal and termination options**

The Company determines 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.

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After the commencement date, the Company reassesses 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.

**Property, plant and equipment and right-of-use assets/Depreciation**

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

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

**Intangible assets**

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are 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.

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

As described in Note 3 to the financial statements, during the current year, the Company has impacts from adoption of TFRSs related to financial instruments and TFRS16 using the modified retrospective method of adoption. The cumulative effect of the changes in accounting policies such financial reporting standard is recognized. Therefore, the comparative information was not restated.

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

	Baht			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	708,143,626	(464,487,447)	-	243,656,179
Current investments	1,386,731	(1,386,731)	-	-
Other current financial assets	-	465,874,178	-	465,874,178
<b>Non-current assets</b>				
Right-of-use assets	-	-	8,039,832	8,039,832
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	3,951,447	3,951,447
<b>Non-current liabilities</b>				
Lease liabilities	-	-	4,088,385	4,088,385

**6.1 Financial instruments**

On January 1, 2020 (the date of initial application, the Company's management has assessed which business models applied to the financial assets and liabilities held by the Company has classified the financial assets and liabilities as below.

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	Baht			Total
	FVPL	FVOCI	Amortized cost	
Financial assets as at January 1, 2020				
Cash and cash equivalents	-	-	243,656,179	243,656,179
Trade and other current receivables	-	-	72,918,198	72,918,198
Accrued income from social security office	-	-	79,827,351	79,827,351
Other current financial assets	464,550,290	-	1,323,888	465,874,178
Fixed deposit pledge as collateral	-	-	22,427,000	22,427,000
Other-non current financial assets	-	171,666,495	-	171,666,495
	464,550,290	171,666,495	420,152,616	1,056,369,401

The Company 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 include the following:

	Baht
Financial assets as at January 1, 2020	
Mutual funds - fixed income (hold to maturity within 1 year)	464,550,290
Total financial assets	464,550,290

	Baht	
	Amortized cost	Total
Financial liabilities as at January 1, 2020		
Trade and other current payables	97,591,391	97,591,391
Lease liabilities	8,039,832	8,039,832
	105,631,223	105,631,223

**Impairment of financial assets**

The Company has trade receivables that are subject to the expected credit loss model.

The Company applies the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables

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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 the trade receivables was follow:

	Baht					Total
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at January 1, 2020						
Gross carrying amount	49,763,723	14,339,336	1,809,246	753,025	993,344	67,658,674
Loss allowance	17,816	46,498	46,404	94,453	993,944	1,199,115

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
<u>Loss allowance for trade receivables</u>	
As at December 31, 2019	1,370,706
The effect of the adoption of the financial reporting standard No.9	(171,591)
Opening loss allowance as at January 1, 2020	<u>1,199,115</u>

The adoption of such financial reporting standards had insignificant effect on the financial statements of the Company. Therefore, the management considered not to adjust such effect on unappropriated retained earnings as at the beginning of the period.

## 6.2 Leases

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The Company incremental borrowing rates applied to the lease liabilities as at January 1, 2020 was 3.13% per annum.

For leases previously classified as finance leases applying TAS 17, the Company reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

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	Baht
Operating lease commitments disclosed as at December 31, 2019	3,741,362
<u>Add</u> : Purchase or extension options reasonably certain to be exercised	4,577,226
<u>Less</u> : Deferred interest expenses	(278,756)
Additional lease liabilities from TFRS 16 adoption	8,039,832
Finance lease liabilities as at December 31, 2019	-
Lease liabilities recognized as at January 1, 2020	<u>8,039,832</u>
Of which are:	
Current lease liabilities	3,951,447
Non-current lease liabilities	4,088,385
	<u>8,039,832</u>

The recognized right-of-use assets relate to the following types of assets as at January 1, 2020:

	Baht
Medical equipment	509,287
Office equipment	7,530,545
Total right-of-use assets	<u>8,039,832</u>

**7. SEASONAL OPERATION**

The company's business is not affected significantly by seasonal or cyclical factor during the year.

**8. CASH AND CASH EQUIVALENTS**

Consisted of :-

	Baht	
	2020	2019
Cash on hand	1,989,668	2,960,366
Cash at bank - savings accounts and current accounts	133,920,662	240,695,813
Short-term investment not over three months	-	464,487,447
<b>Total</b>	<u><b>135,910,330</b></u>	<u><b>708,143,626</b></u>

As at December 31, 2020 and 2019, cash at bank-savings accounts have interest at the floating rates at 0.13% per annum and 0.38% per annum, respectively.



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**9. TRADE AND OTHER CURRENT RECEIVABLES**

Consisted of :-

	Baht	
	2020	2019
<b>Trade receivables</b>		
Within credit terms	44,698,984	49,763,723
Overdue:		
Less than 3 months	14,261,354	14,339,336
3-6 months	614,175	1,809,246
6-12 months	605,428	753,025
Over 12 months	882,824	993,344
	61,062,765	67,658,674
<u>Less allowance for doubtful accounts</u>	(972,095)	(1,370,705)
<b>Net</b>	<b>60,090,670</b>	<b>66,287,969</b>
<b>Other current receivables</b>		
Prepaid expenses	1,760,784	3,061,215
Advance payment	455,203	733,369
Other accrued income	2,511,652	2,777,270
Others	485,421	58,375
	5,213,060	6,630,229
<b>Total trade and other current receivables</b>	<b>65,303,730</b>	<b>72,918,198</b>

The normal credit term granted by the Company ranges from 30 days to 120 days.

	Baht					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at December 31, 2020						
Gross carrying amount	44,698,984	14,261,354	614,175	605,428	882,824	61,062,765
Loss allowance	13,864	50,687	14,487	51,306	841,751	972,095

**10. ACCRUED INCOME FROM SOCIAL SECURITY OFFICE**

Consisted of :-

	Baht	
	2563	2562
Accrued income from social security office		
Chronic diseases	10,823,623	27,336,788
Patients with severe diseases	24,824,757	21,931,413
Social security - other	10,921,231	30,559,150
<b>Total</b>	<b>46,569,611</b>	<b>79,827,351</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
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The Company is unable to determine the certain amount of medical income for treatment provided to patients with severe diseases and medical income for treatment of chronic diseases that have not been received from the Social Security Office. Therefore, the management of the Company has estimated the accrued income based on the latest actual amount received along with the current circumstances. The management of the Company believes that the actual results will not be significantly different from the estimated amount.

**11. INVENTORIES**

Consisted of :-

	Baht	
	2020	2019
Medicine and medical supplies	44,591,587	45,038,667
Supplies	7,451,686	8,801,337
<b>Total</b>	<b>52,043,273</b>	<b>53,840,004</b>

**12. INVESTMENTS AND FINANCIAL ASSETS**

Consisted of :-

	Baht	
	2020	2019
<b>Current investments</b>		
Fixed deposit	-	1,323,888
Mutual fund - fixed income (hold to maturity within 1 year)	-	62,843
<b>Total</b>	<b>-</b>	<b>1,386,731</b>
<b>Other current financial assets</b>		
Fixed deposit	10,436,993	-
Mutual funds - fixed income (hold to maturity within 1 year)	661,278,497	-
<b>Total</b>	<b>671,715,490</b>	<b>-</b>
<b>Fixed deposit pledge as collateral</b>		
Fixed deposit pledge as collateral	13,587,200	22,427,200
<b>Total</b>	<b>13,587,200</b>	<b>22,427,200</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
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	Baht	
	2020	2019
<b>Long-term investment</b>		
Equity security available for sale	-	171,666,495
<b>Total</b>	-	171,666,495
 <b>Other non-current financial assets</b>		
Equity security designed at fair value through other comprehensive income	137,999,862	-
<b>Total</b>	137,999,862	-

As at December 31, 2020 and 2019, fixed deposits have interest rate at 1.00% per annum and 1.00% per annum, respectively, and investment in mutual funds - fixed income which the Company intends to hold to maturity within 1 year and has return at the rate of 0.12% per annum and 0.79% per annum, respectively.

As at December 31, 2020 and 2019, fixed deposits in the amount of Baht 13.59 million and 22.43 million, are pledged as collateral for the letters of guarantee issued by a commercial bank.

As at December 31, 2020 and 2019, other non-current financial assets in marketable equity are stated at fair value through other comprehensive income, consisted of :-

	Holding of interest (%)		Million Baht			
	2020	2019	2020		2019	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	138.00	2.20	171.67
<u>Add</u> Gain on measuring financial assets			135.80		169.47	
<b>Total</b>			<b>138.00</b>		<b>171.67</b>	

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**13. PROPERTY, PLANT AND EQUIPMENT**

Consisted of :-

	Baht				Balance per book as at Dec. 31, 2020
	Balance per book as at Dec. 31, 2019	Additions	Transfer in (Transfer out)	Deductions	
<u>Cost</u>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	938,923,897	4,846,892	45,146,866	(256,960)	988,660,695
Medical equipment	301,051,430	5,636,991	24,825	(7,479,785)	299,233,461
Furniture and fixture	34,458,246	938,294	451,652	(17,438)	35,830,754
Office equipment	69,621,811	2,555,380	1,348,120	(1,537,219)	71,988,092
Vehicles	22,638,924	-	-	-	22,638,924
Assets under construction and installation	33,767,295	29,154,028	(46,973,863)	-	15,947,460
<b>Total</b>	<b>1,508,621,903</b>	<b>43,131,585</b>	<b>(2,400)</b>	<b>(9,291,402)</b>	<b>1,542,459,686</b>
<u>Less accumulated depreciation</u>					
Buildings and building improvement	425,320,969	34,217,526	-	(256,154)	459,282,341
Medical equipment	225,858,269	18,142,054	(906)	(7,213,578)	236,785,839
Furniture and fixture	31,038,727	1,198,603	-	(17,431)	32,219,899
Office equipment	52,642,044	4,741,124	-	(1,509,937)	55,873,231
Vehicles	17,173,176	1,072,055	-	-	18,245,231
<b>Total</b>	<b>752,033,185</b>	<b>59,371,362</b>	<b>(906)</b>	<b>(8,997,100)</b>	<b>802,406,541</b>
<b>Net</b>	<b>756,588,718</b>				<b>740,053,145</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

	Baht				Balance per book as at Dec. 31, 2019
	Balance per book as at Dec. 31, 2018	Additions	Transfer in (Transfer out)	Deductions	
<b>Cost</b>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	917,675,140	4,253,365	17,463,129	(467,737)	938,923,897
Medical equipment	299,339,560	13,289,164	-	(11,577,294)	301,051,430
Furniture and fixture	34,078,539	630,664	-	(250,957)	34,458,246
Office equipment	64,241,870	6,787,946	168,196	(1,576,201)	69,621,811
Vehicles	22,747,174	400,000	-	(508,250)	22,638,924
Assets under construction and installation	19,017,784	32,209,636	(17,460,125)	-	33,767,295
Total	<u>1,465,260,367</u>	<u>57,570,775</u>	<u>171,200</u>	<u>(14,380,439)</u>	<u>1,508,621,903</u>
<b>Less accumulated depreciation</b>					
Buildings and building improvement	393,096,125	32,462,536	171,200	(408,892)	425,320,969
Medical equipment	218,313,369	18,912,597	-	(11,367,697)	225,858,269
Furniture and fixture	30,532,297	752,224	-	(245,794)	31,038,727
Office equipment	49,443,413	4,656,333	-	(1,457,702)	52,642,044
Vehicles	16,294,330	1,387,095	-	(508,249)	17,173,176
Total	<u>707,679,534</u>	<u>58,170,785</u>	<u>171,200</u>	<u>(13,988,334)</u>	<u>752,033,185</u>
<b>Net</b>	<u><b>757,580,833</b></u>				<u><b>756,588,718</b></u>

Depreciation of the plant and equipment for the years ended December 31, 2020 and 2019 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2020	2019
Cost of medical services	52,563,358	51,360,793
Administrative expenses	6,808,004	6,809,992
<b>Total</b>	<u><b>59,371,362</b></u>	<u><b>58,170,785</b></u>

As at December 31, 2020 and 2019, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 309.59 million and Baht 289.91 million, respectively.

A portion of land, building and construction in progress, including future construction were pledged as collateral security for the long-term loan and a bank overdraft with a net book value as at December 31, 2020 and 2019 of approximately amounted of Baht 582.58 million and Baht 567.22 million, respectively.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

As at December 31, 2020 and 2019, the Company covered All Risks Insurance Policy (ARIP) with an insurer. The sum insured has already been covered the value of the assets. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.

**14. RIGHT-OF-USE ASSETS**

The net book value of right-of-use assets related to medical equipment and office equipment lease contracts and the movement for the year ended December 31, 2020 are presented below :-

	Baht		
	Medical equipment	Office equipment	Total
<b>Cost</b>			
As at December 31, 2019	-	-	-
Effects of the adoption of TFRS16	509,287	7,530,545	8,039,832
As at January 1, 2020	509,287	7,530,545	8,039,832
As at December 31, 2020	509,287	7,530,545	8,039,832
<b>Accumulated depreciation</b>			
Depreciation for the year	339,525	3,674,764	4,014,289
As at December 31, 2020	339,525	3,674,764	4,014,289
<b>Net book value</b>			
As at December 31, 2019	-	-	-
As at January 1, 2020	509,287	7,530,545	8,039,832
As at December 31, 2020	169,762	3,855,781	4,025,543

**15. INTANGIBLE ASSETS**

Consisted of :-

	Baht			
	Balance per book as at Dec. 31, 2019	Additions	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2020
<b>Cost</b>				
Computer software	72,120,926	140,000	-	72,260,926
Less accumulated amortization	33,371,994	5,346,521	-	38,718,515
<b>Net</b>	<b>38,748,932</b>			<b>33,542,411</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

	Baht			Balance per book as at Dec. 31, 2019
	Balance per book as at Dec. 31, 2018	Additions	Transfer in (Transfer out)	
<u>Cost</u>				
Computer software	71,721,891	687,935	(288,900)	72,120,926
<u>Less</u> accumulated amortization	28,216,163	5,155,831	-	33,371,994
<b>Net</b>	<b>43,505,728</b>			<b>38,748,932</b>

Amortization of intangible assets for the years ended December 31, 2020 and 2019, which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2020	2019
Cost of medical services	4,990,140	4,882,442
Administrative expenses	356,381	273,389
<b>Total</b>	<b>5,346,521</b>	<b>5,155,831</b>

As at December 31, 2020 and 2019, certain intangible assets items of the Company have been fully amortized but they are still in used of cost in the amount of Baht 20.91 million and Baht 20.83 million, respectively.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

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

	Baht				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 19	In profit or loss	In other comprehensive income		Dec. 31, 20
Deferred tax assets:					
Trade receivables	274,141	(79,722)	-	194,419	
Right-of-use assets	-	12,568	-	12,568	
Other current provisions	-	3,000,000	-	3,000,000	
Employee benefit obligation	13,208,386	1,859,863	-	15,068,249	
Total	<u>13,482,527</u>	<u>4,792,709</u>	<u>-</u>	<u>18,275,236</u>	
Deferred tax liabilities:					
(Gain) loss on measuring other non-current financial assets	(33,893,300)	-	6,733,327	(27,159,973)	
Total	<u>(33,893,300)</u>	<u>-</u>	<u>6,733,327</u>	<u>(27,159,973)</u>	
Deferred tax assets (liabilities)-net	<u>(20,410,773)</u>			<u>(8,884,737)</u>	

	Baht				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 18	In profit or loss	In other comprehensive income		Dec. 31, 19
Deferred tax assets:					
Trade receivables	261,502	12,639	-	274,141	
Employee benefit obligation	9,209,523	4,340,057	(341,194)	13,208,386	
Total	<u>9,471,025</u>	<u>4,352,696</u>	<u>(341,194)</u>	<u>13,482,527</u>	
Deferred tax liabilities:					
Unrealized gain on remeasuring available for sale Investments	(32,493,301)	-	(1,399,999)	(33,893,300)	
Total	<u>(32,493,301)</u>	<u>-</u>	<u>(1,399,999)</u>	<u>(33,893,300)</u>	
Deferred tax assets (liabilities)-net	<u>(23,022,276)</u>			<u>(20,410,773)</u>	



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**17. TRADE AND OTHER CURRENT PAYABLES**

Consisted of :-

	Baht	
	2020	2019
<b>Trade payables</b>	72,662,845	78,441,540
<b>Other current payables</b>		
Asset payables	4,696,874	6,037,401
Expired cheque payables	4,413,015	4,034,487
Retention payables	3,240,392	2,424,137
Revenue department payables	1,408,444	2,081,325
Other	9,382,518	4,572,501
	23,141,243	19,149,851
<b>Total trade and other current payables</b>	<b>95,804,088</b>	<b>97,591,391</b>

**18. ACCRUED EXPENSES**

Consisted of :-

	Baht	
	2020	2019
Accrued doctor fee	38,817,525	43,439,108
Accrued wages	5,788,101	9,245,936
Accrued Bonus	12,153,226	12,233,997
Accrued electricity	993,841	972,902
Accrued medical referral expenses	15,170,906	6,995,692
Accrued other expenses	10,816,144	12,877,955
<b>Total</b>	<b>83,739,743</b>	<b>85,765,590</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**19. LEASE LIABILITIES**

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 are presented below :

	Baht
As at December 31, 2019	-
Effects of the adoption of TFRS16	8,039,832
As at January 1, 2020	8,039,832
Accretion of interest	195,280
Payments	(4,146,727)
As at December 31, 2020	4,088,385
<u>Less:</u> current portion	3,165,526
Lease liabilities - net of current portion	922,859

The following are the amounts recognized in profit or loss:

	Baht
Depreciation of right-of-use assets	4,014,289
Interest expense on lease liabilities	195,280
Total	4,209,569

**20. EMPLOYEE BENEFIT OBLIGATION**

**The statements of financial position**

	Baht	
	2020	2019
Beginning employee benefit obligation	66,041,927	46,047,616
Benefits paid by the plan	(3,776,658)	(2,825,934)
Gain from changing actuarial estimates	-	(1,705,970)
Past service costs and interest change a post		
-Employment plan amendment	-	12,804,826
Current service and interest costs	13,075,978	11,721,389
Ending employee benefit obligation	75,341,247	66,041,927

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**Expenses recognized in statements of comprehensive income**

	Baht	
	2020	2019
For the year ended December 31,		
Past service costs and interest	-	12,804,826
Current service cost	11,525,699	10,453,582
Interest on obligation	1,550,279	1,267,807
Total	13,075,978	24,526,215

**Principal actuarial assumptions at the reporting date**

	%	
	2020	2019
Discount rate	2.44	2.44
Salary increase rate	6	6
Employee turnover rate	8 - 22	8 - 22
Disability rate	5*	5*

\* reference to mortality rate in B.E. 2017

**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	
	2020	2019
Discount rate		
1% increase	(5,667,089)	(4,965,998)
1% decrease	6,523,922	5,716,485
Salary increase rate		
1% increase	7,640,452	6,046,802
1% decrease	(6,702,134)	(5,334,345)
Employee turnover rate		
1% increase	(6,331,344)	(5,549,555)
1% decrease	6,518,665	5,723,527

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**21. RESERVES AND LEGAL RESERVES**

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Unrealized gain/loss

Unrealized gain/loss recognized in shareholders’ equity relate to cumulative net changes in the fair value of available for sale investment.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

**22. DIVIDENDS**

Year 2020

At the ordinary shareholders’ meeting held on April 23, 2020, the shareholders approved the appropriation of dividend from operating results of 2019 of Baht 0.45 per share, 149.91 million shares, amounting to Baht 67.27 million. The dividend will be proposed to pay to shareholders on May 18, 2020.

Year 2019

At The ordinary shareholders’ meeting held on April 23, 2019, the shareholders approved the appropriation of dividend from operating results of 2018 of Baht 0.48 per share, 149.91 million shares, amounting to Baht 71.76 million. The dividend will be proposed to pay to shareholders on May 17, 2019.

**23. OTHER INCOME**

Consisted of :-

	Baht	
	2020	2019
Revenue from sharing of kidney hemodialysis	13,414,949	12,342,900
Rental space income	8,797,924	9,212,714
Interest income	3,261,667	7,370,280
Others	9,584,284	11,822,569
<b>Total</b>	<b>35,058,824</b>	<b>40,748,463</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**24. EXPENSES BY NATURE**

Significant expenses by nature for the years ended December 31, 2020 and 2019 are a follow:-

	Baht	
	2020	2019
Staff costs	479,658,446	555,492,332
Directors and management's remuneration	25,268,794	30,447,642
Doctor fee	334,092,294	383,494,037
Medicine, medical supplies and supplies	238,337,978	291,099,879
Depreciation and amortization	68,732,172	63,326,616
Others	204,791,836	207,723,965
<b>Total</b>	<b><u>1,350,881,520</u></b>	<b><u>1,531,584,471</u></b>

**25. INCOME TAX EXPENSES**

25.1 Major components of tax expenses

For the year ended December 31, 2020 and 2019 consisted of:

	Baht	
	2020	2019
Income tax expenses shown in profit or loss :		
Current tax expense :		
Income tax expense for the year	22,050,957	36,391,749
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(4,792,709)	(4,352,696)
Total	<u>17,258,248</u>	<u>32,039,053</u>
Income tax relating to components of other comprehensive income :		
Deferred tax relating to :		
Remeasuring available for sale investments	-	1,399,999
Remeasuring other non-current financial assets	(6,733,327)	-
Gain from changing actuarial estimates	-	341,194
Total	<u>(6,733,327)</u>	<u>1,741,193</u>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
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25.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate

For the year ended December 31, 2020 and 2019 which are summarized as follows:

	Baht	
	2020	2019
Accounting profit for the year	89,456,498	165,185,455
The applicable tax rate (%)	20	20
Tax expense at the applicable tax rate	17,891,299	33,037,091
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	130,364	216,147
Tax effect of income or profit that are not required in determining taxable profit:		
- Exemption of non - taxable dividend income	(400,000)	(586,666)
- Other	(363,415)	(627,519)
Total reconciliation items	(633,051)	(998,038)
Total tax expense	17,258,248	32,039,053

25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the year ended December 31, 2020 and 2019 are summarized as follows:

	Baht			
	2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	89,456,498		165,185,455	
Tax expense at the applicable tax rate	17,891,299	20.00	33,037,091	20.00
Reconciliation items	(633,051)	(0.64)	(998,038)	(0.60)
Tax expense at the average effective tax rate	17,258,248	19.36	32,039,053	19.40

## 26. PROVIDENT FUND

The defined contribution plans comprise provident funds established by companies in the Company for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Company at rates 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. The Company's contributions for the years ended December 31, 2020 and 2019 in the amount of to Baht 4.81 million and Baht 4.74 million, respectively.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
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**27. DIRECTORS AND MANAGEMENT’S REMUNERATION**

Directors and management’s remuneration represent the benefits paid to the Company’s directors and management such as salaries and related benefit including the benefit paid by other means. The Company’s directors and management are the persons who are defined under the Securities and Exchange Act.

Directors of the Company is consisted of board of directors, audit committee and nomination and remuneration committee.

Management of the Company is consisted of executive board, chief medical officer and hospital administrator.

**28. 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 and assess its performance to the company’s operating segment.

The one main operating segment of the Company is to provide healthcare as private hospital and hospital under the affiliated of social security and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Information about major customers

The groups of the Company’s major customers include individuals, group of policyholders of the insurance company, group of contract parties’ company and group of insured on social security who requires using the hospital service at the package rate from the government sectors.

**29. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares which are issued and paid-up during the year.

	2020	2019
Profit for the year (Baht)	72,198,250	133,146,402
Weighted average number of ordinary share (Shares)	149,909,264	149,909,264
Earnings per share (Baht per share)	0.48	0.89

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**30. CAPITAL MANAGEMENT**

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

According to the statement of financial position as at December 31, 2020 and 2019, the Company's debt-to-equity ratio was 0.19 : 1 and 0.18 : 1, respectively.

**31. FINANCIAL INSTRUMENTS**

**31.1 Financial risk management policies**

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

**31.2 Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates, which may affect the interest earnings and expenses in the present and future years. The Company is primarily exposed to interest rate risk that relates primarily to deposit at financial institution and financial assets due to changes in interest rates. The Company has no policy to use any derivative financial instruments to reduce this risk.

	Baht				Effective interest rate (% per annum)	
	As at December 31, 2020					
	Fixed interest		Floating	Non - interest		Total
Within 1 year	1 - 5 years	interest rate	bearing			
<b>Financial assets</b>						
Cash and cash equivalents	-	-	133,920,662	1,989,668	135,910,330	0.13
Trade and other current receivables	-	-	-	65,303,730	65,303,730	-
Accrued income from social security office	-	-	-	46,569,611	46,569,611	-
Other current financial assets	-	-	671,715,490	-	671,715,490	0.12
Fixed deposit pledge as collateral	13,587,200	-	-	-	13,587,200	1.00
	<u>13,587,200</u>	<u>-</u>	<u>805,636,152</u>	<u>113,863,009</u>	<u>933,086,361</u>	
<b>Financial liabilities</b>						
Trade and other current payable	-	-	-	95,804,088	95,804,088	-
Lease liabilities	-	-	4,088,385	-	4,088,385	3.13
	<u>-</u>	<u>-</u>	<u>4,088,385</u>	<u>95,804,088</u>	<u>99,892,473</u>	



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	Baht				Effective interest rate (% per annum)	
	As at December 31, 2019					
	Fixed interest		Floating	Non - interest		Total
	Within 1 year	1 - 5 years	interest rate	bearing		
<b>Financial Cost</b>						
Cash and cash equivalents	-	-	705,183,260	2,960,366	708,143,626	0.38 - 1.25
Current investments	1,323,888	-	62,843	-	1,386,731	0.12 - 1.00
Trade and other current receivables	-	-	-	72,918,198	72,918,198	-
Accrued income from social security office	-	-	-	79,827,351	79,827,351	-
Fixed deposit pledge as collateral	22,427,200	-	-	-	22,427,200	1.00
	<u>23,751,088</u>	<u>-</u>	<u>705,246,103</u>	<u>155,705,915</u>	<u>884,703,106</u>	
<b>Financial liabilities</b>						
Trade and other current payable	-	-	-	97,591,391	97,591,391	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,591,391</u>	<u>97,591,391</u>	

### 31.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations of the financial condition of its counterparties, to provide a term of payment, and to require partial payment of deposit, or call for collateral as other security. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

### 31.4 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

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**31.5 Fair value of financial instruments**

Fair value

The Company uses 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 asset or liability, 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.

As of 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			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Other current financial assets				
- Mutual funds - fixed income (hold to maturity within 1 year)	-	671,715,490	-	671,715,490
Other non-current financial assets				
- Equity security	137,999,862	-	-	137,999,862
Total	<u>137,999,862</u>	<u>671,715,490</u>	<u>-</u>	<u>809,715,352</u>

Fair valuation techniques and inputs to Level 2 fair valuation

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

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

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**32. FINANCIAL ASSET AND FINANCIAL LIABILITIES**

On January 1, 2020 (the date of initial of new financial reporting standard), the Company's management has assessed which business models applied to the financial assets and liabilities and have classified the financial assets and liabilities balance as at January 1, 2020 has disclosed in Note 6 to financial statements.

	Baht			
	FVPL	FVOCI	Amortized cost	Total
Financial assets as at December 31, 2020				
Cash and cash equivalents	-	-	135,910,330	135,910,330
Trade and other current receivables	-	-	65,303,730	65,303,730
Accrued income from social security office	-	-	46,569,611	46,569,611
Other current financial assets	661,278,497	-	10,436,993	671,715,490
Fixed deposit pledge as collateral	-	-	13,587,200	13,587,200
Other-non current financial assets	-	137,999,892	-	137,999,892
	<u>661,278,497</u>	<u>137,999,892</u>	<u>271,807,864</u>	<u>1,071,086,253</u>

The Company 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 include the following:

	Baht
Financial assets as at December 31, 2020	
Mutual funds-fixed income (hold to maturity within 1 year)	661,278,497
Total financial assets	<u>661,278,497</u>

	Baht	
	Amortized cost	Total
Financial liabilities as at December 31, 2020		
Trade and other current payables	95,804,088	95,804,088
Lease liabilities	4,088,385	4,088,385
	<u>99,892,473</u>	<u>99,892,473</u>

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**33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES**

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

	Baht			
	Balance as at	Cash flows	<u>Non-cash transaction</u>	Balance as at
	January 1, 2020*	Increase (decrease)	Increase	December 31, 2020
Lease liabilities	8,039,832	(4,146,727)	195,280	4,088,385
	8,039,832	(4,146,727)	195,280	4,088,385

\* Lease liabilities arising from the adoption of TFRS 16.

**34. COMMITMENTS WITH NON-RELATED PARTIES**

As at December 31, 2020 and 2019, the Company has commitments as follows :-

	Baht	
	2020	2019
34.1 Letters of guarantee issued by a commercial bank to the government unit and the state enterprise.	24,247,200	22,427,200
34.2 Construction and equipment installation agreements	7,858,797	17,532,591
34.3 Operating lease commitments, the company has entered into an agreement in respect of lease of computer and equipment from a company. The term of the agreement is generally 3 years, future minimum rental payable was as follows:-		
Payable within 1 year	-	2,274,606
Payable within 2 to 3 years	-	1,466,756
	-	<b>3,741,362</b>

During the year, the Company recognized right-of-use assets under lease agreements as presented in Note 14 to financial statements.

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**35. LAWSUITS**

- (1) The Company was sued by the patient to claim the compensation related to the medical treatment as the plaintiff was unsatisfied of the outcome of the medical treatment with the suing capital approximately Baht 40.97 million. The case is currently under the consideration of the court. The management of the Company had the opinion that the outcome of case may order the Company to compensate in the amount approximately of Baht 9.00 million to the plaintiff. Therefore, the Company recorded the estimation of compensation for damages that may arise in the Company's financial statements.
- (2) The Company was complained by the patient due to the unsatisfactory delay in the doctor's medical planning which the patient had been affected from the such treatment. The patient claimed a compensation from the treatment by the hospital. The management of the company had the opinion that the company may have to pay to compensate to the patient in the amount approximately of Baht 6.00 million. Therefore, the Company records the compensation estimation for the damages that may arise in the company's financial statements.

**36. RECLASSIFICATION**

Certain amounts in the financial statements for the year 2019 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications were as follow:

	Baht		
	As previously reported	Increase (decrease)	As reclassified
The statement of financial position			
At as December 31, 2019			
Trade receivables	66,287,969	(66,287,969)	-
Trade and other current receivables	-	72,918,198	72,918,198
Accrued income	82,604,621	(82,604,621)	-
Accrued income from social security office	-	79,827,351	79,827,351
Other current assets	3,852,959	(3,852,959)	-
Trade payables	78,441,540	(78,441,540)	-
Trade and other current payables	-	97,591,391	97,591,391
Other payables	6,037,401	(6,037,401)	-
Other current liabilities	22,421,653	(13,112,450)	9,309,203

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	Baht		
	As previously reported	Increase (decrease)	As reclassified
The statement of cash flows			
For year ended December 31, 2019			
Trade receivables	5,420,275	(5,420,275)	-
Trade and other current receivables	-	4,174,346	4,174,346
Accrued income	2,633,056	(2,633,056)	-
Accrued income from social security office	-	3,573,527	3,573,527
Other current assets	(305,458)	305,458	-
Trade payables	3,389,884	(3,389,884)	-
Trade and other current payables	-	4,474,296	4,474,296
Other current liabilities	3,604,654	(1,084,412)	2,520,242

**37. 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, 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.

**38. TO APPROVED THE FINANCIAL STATEMENTS**

The financial statements were authorized for issue by the Company's board of directors on February 22, 2021.