

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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

## **INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of  
The Practical Solution Public Company Limited

### **Opinion**

I have audited the consolidated financial statements of The Practical Solution Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of The Practical Solution 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 consolidated financial position of The Practical Solution Public Company Limited and its subsidiaries as at December 31, 2020, its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of The Practical Solution Public Company Limited as at December 31, 2020, 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 Group and 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 Matter**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements and separate 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.

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- The revenue from sales and services recognition

The Company has revenue from sales with computer network installation, full service communication system, wireless communication system, network security system, data center solution and network system management including revenue from rendering maintenance service related to such system for the year ended December 31, 2020 in the amount of Baht 733.39 million. The Company has entered into numerous agreements and may have agreement that the Company is obligated to render additional service to the customer as included in the selling agreement with installation at the same time such as product warranty apart from regular warranty, preventive maintenance service, etc which cause the risk of valuation and period of revenue recognition. Therefore, I have stated that the revenue recognition from sales and service is a significant risk that requires special attention in the audit. The Company has disclosed the accounting policy and amount related to revenue recognition from sales and service in Notes 3.1 and 27, respectively.

Regarding my audit approach on such matter, I have understood the internal control system of revenue and related accounting transactions, tested the design and efficiency of the internal control related to the recognition of revenue and related accounting transactions especially the control of valuation and period of revenue recognition from sales and service. Furthermore, I sampled revenue transactions to test the details with the agreement or related documents to check the accuracy of the revenue recognition in accordance with the agreement and consistency with the accounting policy including cut-off revenue from sales and service before and after the end of the accounting period as well as performed analytical review. In addition, I have considered the appropriateness and adequacy of the information disclosure in the financial statements and notes to the financial statements.

#### **Emphasis of matter**

I draw attention to Note 2.3 to the financial statements. Due to the impact of the COVID - 19 outbreak, in preparing the financial statements for years ended December 31, 2020, the Company and its subsidiaries have adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID - 19 Pandemic issued by the Federation of Accounting Professions. My opinion is not modified in respect to these matters.

#### **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 Thai 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 Thai 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 Mr. Peradate Pongsathiansak.

(Mr. Peradate Pongsathiansak)  
Certified Public Accountant  
Registration No. 4752

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 25, 2021

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020

		<u>ASSETS</u>				
		Baht				
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
Notes		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<b>Current assets</b>						
	Cash and cash equivalents	6	122,151,669.84	197,575,211.34	116,188,969.41	197,575,211.34
	Trade and other receivable	7	160,608,537.96	149,432,405.53	160,608,537.96	149,432,405.53
	Current portion of finance lease					
	receivables	8	18,420,275.03	9,579,165.92	18,420,275.03	9,579,165.92
	Inventories	9	45,366,717.05	47,292,148.84	45,366,717.05	47,292,148.84
	Other current assets		1,866,107.85	4,033,393.62	1,866,107.85	4,033,393.62
	<b>Total current assets</b>		<u>348,413,307.73</u>	<u>407,912,325.25</u>	<u>342,450,607.30</u>	<u>407,912,325.25</u>
<b>Non-current assets</b>						
	Restricted bank deposit	10	21,376,756.48	21,148,058.09	21,376,756.48	21,148,058.09
	Investments in subsidiaries	11	-	-	3,299,800.00	-
	Finance lease receivables	8	46,215,454.07	25,052,927.81	46,215,454.07	25,052,927.81
	Property, plant and equipment	12	146,232,204.74	145,126,213.80	146,232,204.74	145,126,213.80
	Right-of-use assets	13	16,842,323.05	-	16,842,323.05	-
	Intangible assets	14	238,258.82	283,326.75	238,258.82	283,326.75
	Deferred tax assets	15	1,487,440.85	3,092,665.27	1,487,440.85	3,092,665.27
	Other non-current assets		34,817,994.71	28,995,251.20	34,817,994.71	28,995,251.20
	<b>Total non-current assets</b>		<u>267,210,432.72</u>	<u>223,698,442.92</u>	<u>270,510,232.72</u>	<u>223,698,442.92</u>
	<b>TOTAL ASSETS</b>		<u><u>615,623,740.45</u></u>	<u><u>631,610,768.17</u></u>	<u><u>612,960,840.02</u></u>	<u><u>631,610,768.17</u></u>

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONT.)  
AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2020	2019	2020	2019
<b>Current liabilities</b>					
	Trade and other payables	148,857,839.96	152,443,213.37	148,857,839.96	152,443,213.37
	Current portion of long-term loan				
	from financial institution	-	5,425,135.74	-	5,425,135.74
	Current portion of liability under				
	lease agreements	3,640,118.43	3,147,934.51	3,640,118.43	3,147,934.51
	Income tax payable	4,019,145.84	374,688.27	4,019,145.84	374,688.27
	Other current liabilities	7,966,884.40	4,098,766.08	7,911,434.40	4,098,766.08
	<b>Total current liabilities</b>	<b>164,483,988.63</b>	<b>165,489,737.97</b>	<b>164,428,538.63</b>	<b>165,489,737.97</b>
<b>Non-current liabilities</b>					
	Long-term loan from financial institution	-	26,102,945.19	-	26,102,945.19
	Liability under lease agreements	5,879,160.47	4,698,649.32	5,879,160.47	4,698,649.32
	Employee benefit obligations	20,532,209.03	18,330,893.03	20,532,209.03	18,330,893.03
	Other non-current liabilities	45,033,252.04	37,151,535.49	45,033,252.04	37,151,535.49
	<b>Total non-current liabilities</b>	<b>71,444,621.54</b>	<b>86,284,023.03</b>	<b>71,444,621.54</b>	<b>86,284,023.03</b>
	<b>TOTAL LIABILITIES</b>	<b>235,928,610.17</b>	<b>251,773,761.00</b>	<b>235,873,160.17</b>	<b>251,773,761.00</b>

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONT.)  
AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital	24				
Authorised share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	140,000,000.00	140,000,000.00	140,000,000.00
Issued and paid-up share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	140,000,000.00	140,000,000.00	140,000,000.00
Premium on share capital		153,294,618.30	153,294,618.30	153,294,618.30	153,294,618.30
Surplus on share-based payment transactions		6,754,000.00	6,754,000.00	6,754,000.00	6,754,000.00
Retained earnings					
Appropriated					
Legal reserve	25	14,000,000.00	12,446,049.54	14,000,000.00	12,446,049.54
Unappropriated		62,990,782.46	67,342,339.33	63,039,061.55	67,342,339.33
Total attributable to company's shareholders		377,039,400.76	379,837,007.17	377,087,679.85	379,837,007.17
Non-controlling interests		2,655,729.52	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>379,695,130.28</b>	<b>379,837,007.17</b>	<b>377,087,679.85</b>	<b>379,837,007.17</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>615,623,740.45</b>	<b>631,610,768.17</b>	<b>612,960,840.02</b>	<b>631,610,768.17</b>

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



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Revenues</b>					
Revenues from sales and services		733,394,240.11	639,537,556.62	733,394,240.11	639,537,556.62
Interest income		3,000,844.24	1,993,471.54	3,000,761.38	1,993,471.54
Other income		1,553,186.06	733,054.54	1,553,186.06	733,054.54
Total revenues		<u>737,948,270.41</u>	<u>642,264,082.70</u>	<u>737,948,187.55</u>	<u>642,264,082.70</u>
<b>Expenses</b>					
Cost of sales and services		517,444,532.76	441,347,940.55	517,444,532.76	441,347,940.55
Selling expenses		35,267,160.27	34,260,440.04	35,267,160.27	34,260,440.04
Administrative expenses		115,482,446.41	104,098,171.40	115,389,613.98	104,540,820.90
Other expense		-	442,649.50	-	-
Total expense		<u>668,194,139.44</u>	<u>580,149,201.49</u>	<u>668,101,307.01</u>	<u>580,149,201.49</u>
Profit from operating activities		69,754,130.97	62,114,881.21	69,846,880.54	62,114,881.21
Finance cost		1,009,132.34	481,679.09	1,009,132.34	481,679.09
Profit before income tax expense		68,744,998.63	61,633,202.12	68,837,748.20	61,633,202.12
Income tax expense	30	14,872,025.16	12,712,211.36	14,872,025.16	12,712,211.36
Profit for the year		<u>53,872,973.47</u>	<u>48,920,990.76</u>	<u>53,965,723.04</u>	<u>48,920,990.76</u>
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined employee benefit plans, net of tax	21	-	(1,928,226.40)	-	(1,928,226.40)
Other comprehensive income (expense) for the period, net of tax		-	(1,928,226.40)	-	(1,928,226.40)
Total comprehensive income for the year		<u>53,872,973.47</u>	<u>46,992,764.36</u>	<u>53,965,723.04</u>	<u>46,992,764.36</u>
<b>Profit (loss) attributable to:</b>					
Shareholders of the parent company		53,917,443.95	48,920,990.76	53,965,723.04	48,920,990.76
Non-controlling interests		(44,470.48)	-	-	-
		<u>53,872,973.47</u>	<u>48,920,990.76</u>	<u>53,965,723.04</u>	<u>48,920,990.76</u>
<b>Total other comprehensive income (loss) attributable to:</b>					
Shareholders of the parent company		53,917,443.95	46,992,764.36	53,965,723.04	46,992,764.36
Non-controlling interests		(44,470.48)	-	-	-
		<u>53,872,973.47</u>	<u>46,992,764.36</u>	<u>53,965,723.04</u>	<u>46,992,764.36</u>
<b>Earnings per share for profit attributable to the parent company</b>					
Basic earnings per share	31	0.19	0.23	0.19	0.23

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht							
		Consolidated financial statements							
		Attributable to shareholders of the parent company							
	Notes	Share capital Issued and Paid-up	Premium on share capital	Surplus on Share-based Payment transactions	Retained earnings		Total	Non- controlling interests	Total
					Appropriated Legal reserve	Unappropriated			
Balance as at January 1, 2020 - as previously reported		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17	-	379,837,007.17
Adjustment									
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	4	-	-	-	-	(715,050.36)	(715,050.36)	-	(715,050.36)
Balance as at January 1, 2020 (Restated)		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	66,627,288.97	379,121,956.81	-	379,121,956.81
Changes in shareholder's equity									
Non-controlling interests in subsidiaries increasing from business acquisitions		-	-	-	-	-	-	2,700,200.00	2,700,200.00
Legal reserve	25	-	-	-	1,553,950.46	(1,553,950.46)	-	-	-
Dividend	26	-	-	-	-	(56,000,000.00)	(56,000,000.00)	-	(56,000,000.00)
Comprehensive profit for the year		-	-	-	-	53,917,443.95	53,917,443.95	(44,470.48)	53,872,973.47
Balance as at December 31, 2020		<u>140,000,000.00</u>	<u>153,294,618.30</u>	<u>6,754,000.00</u>	<u>14,000,000.00</u>	<u>62,990,782.46</u>	<u>377,039,400.76</u>	<u>2,655,729.52</u>	<u>379,695,130.28</u>
Balance as at January 1, 2019		100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	184,549,624.51	-	184,549,624.51
Share capital increase	24	40,000,000.00	160,000,000.00	-	-	-	200,000,000.00	-	200,000,000.00
Attributable expenses of the initial public offering , net of tax		-	(6,705,381.70)	-	-	-	(6,705,381.70)	-	(6,705,381.70)
Legal reserve	25	-	-	-	2,446,049.54	(2,446,049.54)	-	-	-
Dividend	26	-	-	-	-	(45,000,000.00)	(45,000,000.00)	-	(45,000,000.00)
Profit for the year		-	-	-	-	48,920,990.76	48,920,990.76	-	48,920,990.76
Other comprehensive income (expense) for the year									
Actuarial loss on defined employee benefit plans	21	-	-	-	-	(1,928,226.40)	(1,928,226.40)	-	(1,928,226.40)
Balance as at December 31, 2019		<u>140,000,000.00</u>	<u>153,294,618.30</u>	<u>6,754,000.00</u>	<u>12,446,049.54</u>	<u>67,342,339.33</u>	<u>379,837,007.17</u>	<u>-</u>	<u>379,837,007.17</u>

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht					Total
	Separate financial statements					
	Share capital Issued and Paid-up	Premium on share capital	Surplus on Share-based Payment transactions	Retained earnings Appropriated Legal reserve	Unappropriated	
Notes						
Balance as at January 1, 2020 - as previously reported	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17
Adjustment						
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	4	-	-	-	(715,050.36)	(715,050.36)
Balance as at January 1, 2020 (Restated)	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	66,627,288.97	379,121,956.81
Legal reserve	25	-	-	1,553,950.46	(1,553,950.46)	-
Dividend	26	-	-	-	(56,000,000.00)	(56,000,000.00)
Comprehensive profit for the year		-	-	-	53,965,723.04	53,965,723.04
Balance as at December 31, 2020	<u>140,000,000.00</u>	<u>153,294,618.30</u>	<u>6,754,000.00</u>	<u>14,000,000.00</u>	<u>63,039,061.55</u>	<u>377,087,679.85</u>
Balance as at January 1, 2019	100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	184,549,624.51
Share capital increase	24	40,000,000.00	160,000,000.00	-	-	200,000,000.00
Attributable expenses of the initial public offering , net of tax		-	(6,705,381.70)	-	-	(6,705,381.70)
Legal reserve	25	-	-	2,446,049.54	(2,446,049.54)	-
Dividend	26	-	-	-	(45,000,000.00)	(45,000,000.00)
Profit for the year		-	-	-	48,920,990.76	48,920,990.76
Other comprehensive income (expense) for the year						
Actuarial loss on defined employee benefit plans	21	-	-	-	(1,928,226.40)	(1,928,226.40)
Balance as at December 31, 2019	<u>140,000,000.00</u>	<u>153,294,618.30</u>	<u>6,754,000.00</u>	<u>12,446,049.54</u>	<u>67,342,339.33</u>	<u>379,837,007.17</u>

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES :</u>				
Profit for the year	53,872,973.47	48,920,990.76	53,965,723.04	48,920,990.76
Reconciliations of profit for the period to net cash provided by (used in) operating activities				
Depreciation	10,112,243.73	5,419,402.86	10,112,243.73	5,419,402.86
Amortization of intangible assets	45,067.93	49,569.93	45,067.93	49,569.93
Allowance for doubtful debt	7,066,488.30	-	7,066,488.30	-
Provision of allowance for decline in value of inventories (reversal)	(14,291.00)	(142,083.24)	(14,291.00)	(142,083.24)
(Gain) loss on disposal of building improvement and equipment	(363,160.44)	177,760.06	(363,160.44)	177,760.06
(Gain) loss on disposal of right-of-use assets	138,943.46	-	138,943.46	-
Employee benefits expenses	2,402,816.00	5,318,823.00	2,402,816.00	5,318,823.00
Interest income	(3,000,844.24)	(1,993,471.54)	(3,000,761.38)	(1,993,471.54)
Finance costs	1,009,132.34	481,679.09	1,009,132.34	481,679.09
Income tax expense	14,872,025.16	12,712,211.36	14,872,025.16	12,712,211.36
Profit from operation before changes in operating assets and liabilities	86,141,394.71	70,944,882.28	86,234,227.14	70,944,882.28
(Increase) decrease in operating assets				
Trade and other accounts receivable	(12,220,973.57)	20,689,901.05	(12,220,973.57)	20,689,901.05
Finance lease receivables	(36,919,095.48)	(23,666,286.60)	(36,919,095.48)	(23,666,286.60)
Unbilled receivable	-	12,741,000.00	-	12,741,000.00
Inventories	1,939,722.79	9,614,063.23	1,939,722.79	9,614,063.23
Other current assets	2,167,285.77	(1,846,042.72)	2,167,285.77	(1,846,042.72)
Other non-current assets	(5,822,743.51)	(6,997,414.44)	(5,822,743.51)	(6,997,414.44)
Increase (decrease) in operating liabilities				
Trade and other payables	(3,585,373.41)	3,625,992.42	(3,585,373.41)	3,625,992.42
Other current liabilities	3,868,118.32	(1,899,580.95)	3,812,668.32	(1,899,580.95)
Employee benefits obligations	(201,500.00)	(315,200.00)	(201,500.00)	(315,200.00)
Other non-current liabilities	7,881,716.55	15,792,356.20	7,881,716.55	15,792,356.20
Cash generated (paid) from operation	43,248,552.17	98,683,670.47	43,285,934.60	98,683,670.47
Interest received	3,000,844.24	1,993,471.54	3,000,761.38	1,993,471.54
Income tax paid	(9,443,580.58)	(14,165,098.78)	(9,443,580.58)	(14,165,098.78)
Net cash provided by (used in) operating activities	36,805,815.83	86,512,043.23	36,843,115.40	86,512,043.23

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES :</u>				
(Increase) decrease in restricted bank deposit	(228,698.39)	(225,579.03)	(228,698.39)	(225,579.03)
Cash payments for investment in subsidiaries	-	-	(3,299,800.00)	-
Cash payments to acquire property, plant and equipment	(22,369,373.94)	(75,365,769.10)	(22,369,373.94)	(75,365,769.10)
Cash received from sale of equipment	1,017,497.20	774,714.94	1,017,497.20	774,714.94
Net cash provided by (used in) investing activities	(21,580,575.13)	(74,816,633.19)	(24,880,375.13)	(74,816,633.19)
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>				
Cash payment from long-term loan from financial institution	(31,900,000.00)	-	(31,900,000.00)	-
Cash payments for liabilities under lease agreements	(4,811,768.93)	(3,627,228.69)	(4,811,768.93)	(3,627,228.69)
Cash receipts from long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Cash receipts from capital increase	-	200,000,000.00	-	200,000,000.00
Cash payment for directly attributable expenses of the initial public offering	-	(6,705,381.70)	-	(6,705,381.70)
Cash received from company establishment from non-controlling interests	2,700,200.00	-	-	-
Dividend paid	(56,000,000.00)	(45,000,000.00)	(56,000,000.00)	(45,000,000.00)
Interest paid	(637,213.27)	(441,098.16)	(637,213.27)	(441,098.16)
Net cash provided by (used in) financing activities	(90,648,782.20)	175,713,791.45	(93,348,982.20)	175,713,791.45
Increase (decrease) in cash and cash equivalent, net	(75,423,541.50)	187,409,201.49	(81,386,241.93)	187,409,201.49
Cash and cash equivalent, at the beginning of the period	197,575,211.34	10,166,009.85	197,575,211.34	10,166,009.85
Cash and cash equivalent, at the end of the period	122,151,669.84	197,575,211.34	116,188,969.41	197,575,211.34
<u>Supplemental disclosure for cash flows information :</u>				
Purchase of asset under financial lease agreements	6,484,464.00	4,536,750.00	6,484,464.00	4,536,750.00

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited Company on May 20, 2004. According to the Meeting of Shareholders No. 1/2019 held on June 28, 2019, the shareholders approved to register the Company's status to be a change into public company limited. The Company had registered to be a public company limited with Department of Business Development on July 9, 2019 and registered with the Market for Alternative Investment (MAI) on November 15, 2019.

The registered address of the Company, 99 Cement Thai Alley, Lat Yao, Chatuchak, Bangkok, Thailand.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

(b) Nature of the Company's business

The main business of the Group is engaged in the distribution and installation of computer network systems, fully integrated communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 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.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements include the financial statements of The Practical Solution Public Company Limited and subsidiaries as follows :

Companies	Type of Business	Head office	Percentage of holding % of share capital	
			2020	2019
<u>Subsidiaries directly held by the Company</u>				
The Practical Superb Solution Co., Ltd.	Distribution and installation of computer network systems	Bangkok	49.98	-
The Win Telecom Co., Ltd.	Survey and installation of telecommunication lines	Bangkok	56.00	-

The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	Percentage of total assets included in consolidated statements of financial position		Percentage of total revenues included in consolidated statements of comprehensive income for the year	
	2020	2019	2020	2019
<u>Subsidiaries directly held by the Company</u>				
The Practical Superb Solution Co., Ltd.	-	-	-	-
The Win Telecom Co., Ltd.	-	-	-	-

- b) These consolidated financial statements are prepared by including the financial statements of its subsidiaries under control by The Practical Solution Public Company Limited after eliminating inter-company transactions between The Practical Solution Public Company Limited and its subsidiaries. Investment in the subsidiaries and the shareholders' equity of the subsidiaries has been eliminated from the consolidated financial statements.
- c) Accounting policy for subsidiary company will utilize the same policy as the parent company.
- d) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately from the portion of owners of the parent.

2.3 Financial reporting standards that became effective in the current year

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**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 is 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 Group 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 4 to the financial statements.

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

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



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

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

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where use a simplified approach to determine expected credit losses.
- Not to include information relating to the uncertain COVID-19 situation, which may affect the estimation of future taxable profits as data to estimate the adequacy of future taxable profits in order to take advantage of deferred tax assets.

2.4 Financial reporting standards that become effective in the future

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

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

Several financial reporting standards are reference to “IASB’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.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**Definition of Business**

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

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

**Definition of significance**

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

The adjustment creates better understanding of the definition of significance by

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**Reform of swap interest rate**

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

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

2.5 Thai Financial Reporting Standard No.16 “Leases”

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

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

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

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

3. SIGNIFICATION ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

**Revenue from sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from sales of goods that are conditional on installation and inspection is recognised at the point in time when control of the asset is transferred to the customer, generally upon the buyer accepting the goods, when installation is complete and the goods have passed inspection.

Revenue is stated at the amount of the consideration received or expected to be received, excluding value added tax, of goods supplied after deducting returns and discounts.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognised the warranty as provisions, contingent liabilities and contingent assets.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognised as revenue over the period in which the service is provided.

**Revenue from rendering of services**

Revenue from providing maintenance service is recognised over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from project development services is recognised over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances, the Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation

The recognised revenue which is not yet due per the contracts has been presented as “Accrued service income /Unbilled receivables” in the statement of financial position, which is classified as trade receivables. When the Company is entitled to receive without condition such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or service to a customer for which the Company has received the consideration or an amount of consideration is due from the customer is presented as “Deferred revenue” in the statement of financial position, which is classified as other payables under trade and other payable. Deferred revenue will be recognised as revenue when the Company has completely performed the obligation stated in the contract.

Revenue from providing other service is recognised when the services are rendered.

**Interest income and other income**

Interest income is recognised over the period of time in consideration by the accrual basis.

Other income is recognised on the accrual basis.

**Expenses**

Other expenses are recognised on an accrual basis.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

3.2 Cash and cash equivalents

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

3.3 Trade receivables

Applicable from January 1, 2020

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

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

Applicable prior to January 1, 2020

Trade account receivable

Trade accounts receivable are initially recognised by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in profit or loss as part of administrative expenses.

Allowance for doubtful accounts

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

3.4 Investments

Investments in subsidiaries

Subsidiaries are those companies in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

In the separate financial statements, investments in subsidiaries are stated at net cost net from allowance on impairment (if any). Loss on impairment of investment will be recognised as loss for the period in the statement of comprehensive income.

3.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the specific method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

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

An allowance for decline in value of inventories is provided for all deteriorated, damaged, obsolete and slow-moving inventories.

3.6 Financial assets and financial liabilities

**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 Group classifies its debt instruments 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 amortised cost.

The Group has to reclassify 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 reclassifying to profit or loss.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group business model for managing the asset and the cash flow characteristics of the financial assets.

There are three measurement categories into which the Group has classified its debt instruments:

- Amortised cost: A financial assets will be measured at amortised 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 recognised 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.
- 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 recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised 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 income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in other gains/(losses) in the period in which it arises.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Dividends from such investments continue to be recognised in profit or loss by presenting as other income when the Group is entitled to receive payments.

Changes in the fair value of financial assets at FVPL are recognised 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 and equity**

Financial instruments issued by the Company and its subsidiaries must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered as an equity instrument.

At initial recognition, the Group has to measure financial liabilities at fair value. The Group has reclassified all financial liabilities as subsequently measured at amortised cost, except for certain financial liabilities.

**Recognition and derecognition**

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

**Impairment of financial assets**

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



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

3.7 Property, plant and equipment / Depreciation

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognised 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).

Allowance for impairment loss of assets will be recorded when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Repair and maintenance costs are recognised as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line basis over the following estimated useful life:-

Type of assets	Estimated useful lives (years)
Land improvement	5 - 10
Building	40
Building improvement	5 - 20
Office equipment	3 - 5
Office furniture and fixture	5
Vehicles	5

The Group has regularly reviewed the residual value and useful life of the assets.

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

Depreciation is included in determining income.

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

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

3.8 Borrowing costs

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

3.9 Intangible asset / Amortisation

Intangible assets are stated at cost less accumulated amortisation and allowance on impairment (if any). Intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful life from the date that they are available for use. The estimated useful life is as follows:

<u>Type of assets</u>	<u>Estimated useful lives (years)</u>
Software	5 - 10

3.10 Impairment of assets

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

3.11 Trade accounts payable and other payable

Trade and other accounts payable are stated at cost.

3.12 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event. 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 pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.13 Employee benefits

Short-term employment benefits

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Post-employment benefits (Defined contribution plans)

The Group 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 recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Group has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company 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 will be recognised immediately in other comprehensive income as a part of retained earnings.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.14 Share-based payment

The fair value of the shares as at grant date to the management and employees is recognised as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognised is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

3.15 Leases

Applicable from January 1, 2020

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

The Group and its subsidiaries assess the lease term for the non-cancellable period as stipulated in the 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 recognised 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 recognised, 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 lease term and the estimated useful lives for each type of right-of-use assets.

**Lease liabilities**

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

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

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

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

Applicable prior to January 1, 2020

**Operating lease**

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 recognised as expense on a straight-line basis over the lease term.

**3.16 Income tax**

Income tax comprises current income tax and deferred tax.

Current tax

The Group records income tax expense, (if any), based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or disallowable from income tax calculation.

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 recognised as deferred tax income or deferred tax expense which are recognised in the profit or loss except to the extent that it relates to items recognised directly in shareholders' equity.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

The deductible temporary differences are recognised as deferred tax assets when it is probable that the Group 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 recognised as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Group expects to benefit from the deferred tax assets when they are realised 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 Group will no longer have 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.

**3.17 Earnings per share**

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

**3.18 Foreign currency transactions**

Transactions in foreign currencies throughout the years are recorded in Baht at the prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

**3.19 Related parties**

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

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

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

3.20 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 expected credit losses of trade receivables

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

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less selling expense.

The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognised as expense under cost of sales in profit or loss.

Property, plant, Right-of-use assets and equipment/Depreciation

In determining depreciation of plant, Right-of-use assets and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment 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, Right-of-use assets and equipment 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.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Deferred tax assets

Deferred tax assets are recognised 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 recognised, 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.

Determining the lease term of contracts with renewal and termination options

The Group 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. After the commencement date, the Group reassessed 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.

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

As described in Note 2.3 to the financial statements, during the current period, the Group has adopted of TFRSs related to financial instruments and TFRS 16 : Leases. The cumulative effect of the changes in accounting policies are recognised as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

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

	Baht			
	Consolidated financial statements/Separate financial statements			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
<b>Current assets</b>				
Trade and other receivables	149,432,405.53	(676,681.00)	-	148,755,724.53
Finance lease receivables	34,632,093.73	(217,131.95)	-	34,414,961.78
Property, plant and equipment	145,126,213.80	-	(12,295,168.25)	132,831,045.55
Right-of-use assets	-	-	12,295,168.25	12,295,168.25
Deferred tax assets	3,092,665.27	178,762.59	-	3,271,427.86
<b>Equity</b>				
Unappropriated retained earnings	67,342,339.33	(715,050.36)	-	66,627,288.97

**4.1 Financial instruments**

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

	Baht
	Consolidated financial statements/ Separate financial statements
Unappropriated retained earnings as at December 31, 2019	67,342,339.33
Increase from allowance for loss trade accounts receivable and other receivable	(715,050.36)
Adjustment to unappropriated retained earnings from adoption of TFRS 9 on January 1, 2020	66,627,288.97

**Classification and measurement**

On January 1, 2020 (the date of initial application), the management of the Group has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities as below. The Company has classified the financial assets and liabilities at amortised cost.

**Impairment of financial assets**

Trade receivables and finance lease receivables

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 follows:

	Baht
	Consolidated financial statements/ Separate financial statements
<u>Loss allowance for trade receivables and finance lease receivables</u>	
As at December 31, 2019	-
Amounts restated through opening unappropriated retained earnings	893,812.95
Opening loss allowance as at January 1, 2020	893,812.95

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

4.2 Leases

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

	Baht
	Consolidated financial statements/ Separate financial statements
Operating lease commitments disclosed as at December 31, 2019	-
<u>Add:</u> Purchase or extension options reasonably certain to be exercised	-
<u>Less:</u> Contracts reassessed as service agreements	-
	-
<u>Less:</u> Deferred interest expenses	-
Additional lease liabilities from TFRS 16 adoption	-
Finance lease liabilities as at December 31, 2019	7,846,583.83
Lease liabilities recognised as at January 1, 2020	<u>7,846,583.83</u>
Of which are:	
Current lease liabilities	3,147,934.51
Non-current lease liabilities	<u>4,698,649.32</u>
	<u>7,846,583.83</u>

Right-of-use assets are divided into the following types of assets:

	Thousand Baht
As at January 1, 2020	
Vehicle	<u>12,295,168.25</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

5. RELATED PARTIES TRANSACTION

The Company has certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon basis between the Company and related parties in an ordinary course of business.

The nature of relationship with related parties can be summarised as follows:

Name of related parties	Nature of relationship
<u>Related persons</u>	
Director and key management personnel	Persons having authority and responsibility of management
<u>Related entities</u>	
The Practical Superb Solution Co., Ltd.	Subsidiary
The Win Telecom Co., Ltd.	Subsidiary

Pricing policy for transaction with related parties as follows:

Type of business	Pricing policy
Sale of assets	Market price less discount 30 percent
Management benefit expenses	As approved by the director and shareholder

As at December 31, 2020 and 2019, the Company does not have balance with the related parties.

Revenue and expense transactions with related parties for the year ended December 31, 2020 and 2019 were as follows:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Sales of assts	402,500.00	13,971.95
Management benefit expenses		
Short-term employee benefits	37,512,108.68	32,380,005.00
Post-term employee benefits	1,249,653.00	1,203,698.00
	<u>38,761,761.68</u>	<u>33,583,703.00</u>

**MANAGEMENT BENEFIT EXPENSES**

Management benefit expenses represent the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the management holding top position at the first four management level following the managing director.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash on hand	60,000.00	40,000.00	60,000.00	40,000.00
Cash at banks - current accounts	16,250,299.40	159,051,651.62	16,227,051.00	159,051,651.62
Cash at banks - savings accounts	105,840,228.55	38,482,421.65	99,900,776.52	38,482,421.65
Cash at banks - fixed deposits	1,141.89	1,138.07	1,141.89	1,138.07
Total	<u>122,151,669.84</u>	<u>197,575,211.34</u>	<u>116,188,969.41</u>	<u>197,575,211.34</u>

As at December 31, 2020 and 2019, savings accounts carried interest at the rate of 0.25% per annum and 0.50% per annum, respectively.

**7. TRADE AND OTHER RECEIVABLES**

Trade and other receivables consisted of:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Trade accounts receivable	116,610,695.86	64,126,626.75
Accrued income - sale of goods and services	15,375,586.53	53,219,026.32
	<u>131,986,282.39</u>	<u>117,345,653.07</u>
<u>Less Allowance for the expected loss</u>	<u>(1,044,841.14)</u>	<u>-</u>
Total	130,941,441.25	117,345,653.07
Other receivable	29,667,096.71	32,086,752.46
Total	<u>160,608,537.96</u>	<u>149,432,405.53</u>

Trade accounts receivable and accrued income - sale of goods and services classified by age of account:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Not due	109,233,203.79	90,355,836.58
Over 1 days to 90 days	17,339,542.00	25,426,578.48
Over 91 days to 180 days	2,321,044.00	1,002,149.16
Over 181 days to 360 days	2,690,172.60	561,088.85
Over 361 days	402,320.00	-
Total	<u>131,986,282.39</u>	<u>117,345,653.07</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Trade accounts receivables over 90 days are the government agencies receivables that are in the process of disbursement according of the budget considered to have normal payment periods of such agencies.

Other receivables consisted of:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Prepaid expenses	24,079,422.14	25,509,151.24
Others	5,587,674.57	6,577,601.22
Total	<u>29,667,096.71</u>	<u>32,086,752.46</u>

**8. FINANCE LEASE RECEIVABLES**

Finance lease receivables consisted of:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Finance lease receivables	78,141,874.87	38,211,607.24
<u>Less</u> Deferred interest	(6,590,685.66)	(3,579,513.51)
Net	71,551,189.21	34,632,093.73
<u>Less</u> Current Portion	(18,420,275.03)	(9,579,165.92)
Finance lease receivables - net	53,130,914.18	25,052,927.81
<u>Less</u> Allowance for the expected loss	(6,915,460.11)	-
Net	<u>46,215,454.07</u>	<u>25,052,927.81</u>

The minimum lease payments and present value of minimum lease payments which the receivable will be paid under the financial lease agreements as at December 31, 2020 and 2019 were as follows:

	Baht			
	Consolidated financial statements/Separate financial statements			
	2020		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	21,337,087.93	18,420,275.03	11,180,387.71	9,579,165.92
Over 1 year but less than 5 years	56,804,786.94	53,130,914.18	27,031,219.53	25,052,927.81
	<u>78,141,874.87</u>	<u>71,551,189.21</u>	<u>38,211,607.24</u>	<u>34,632,093.73</u>
<u>Less</u> Deferred interest	(6,590,685.66)	-	(3,579,513.51)	-
	<u>71,551,189.21</u>	<u>71,551,189.21</u>	<u>34,632,093.73</u>	<u>34,632,093.73</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

9. INVENTORIES

Inventories consisted of :-

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Work in process	39,132,317.84	39,232,080.37
Material for project work	6,255,414.97	8,095,375.23
Total	45,387,732.81	47,327,455.60
<u>Less</u> allowance for decline in value of inventories	(21,015.76)	(35,306.76)
Net	<u>45,366,717.05</u>	<u>47,292,148.84</u>

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Decline in value of inventory recognised as cost of goods sold for the year	14,291.00	-
Reversal of decline in value of inventory for the year	-	142,083.24

10. RESTRICTED BANK DEPOSIT

As at December 31, 2020 and 2019, the Company had fixed deposits, 6 and 12 months in the amount of Baht 21.38 million and Baht 21.15 million, respectively which are used for pledge against the letter of guarantee from a local bank (see note 16).

11. INVESTMENTS IN SUBSIDIARY

Investments in subsidiary consisted of the Company's ordinary shares as follows:

Name	Nature of business	Paid-up share capital (Baht)		Investment ratio (%)		Separate financial statements Cost method (Baht)	
		As at December 31,2020	As at December 31, 2019	As at December 31,2020	As at December 31, 2019	As at December 31,2020	As at December 31, 2019
		The Practical Superb Solution Co., Ltd.	Distribution and installation of computer network systems	1,000,000	-	49.98	-
The Win Telecom Co., Ltd.	Survey and installation of telecommunication lines	5,000,000	-	56.00	-	2,800,000	-
						<u>3,299,800</u>	<u>-</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

The Practical Superb Solution Co., Ltd.

According to the Board of Directors' Meeting No. 3/2020 dated May 11, 2020, it had a resolution to establish a joint venture company with a private company to join in bidding on large projects related to information technology systems with the registered capital of Baht 1,000,000. The Company had registered the establishment of the joint venture company on July 3, 2020. The Company had held its shareholding in such company at 49.98 percent.

According to the agreement in the joint venture agreement, the Board of Directors of The Practical Superb Solution Co.,Ltd. consists of 3 directors, 2 directors from The Practical Solution (Public) Co.,Ltd. and 1 director from Superb Comp Co.,Ltd. The meeting resolution on various matters has to receive majority votes of all directors. This means The Practical Solution (Public) Co., Ltd. will have control over the operation of The Practical Superb Solution Co.,Ltd. Therefore, the Company considered the investments in The Practical Superb Solution Co.,Ltd. as a subsidiary.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:

	Baht				Balance per book Dec. 31, 2020
	Balance per book Dec. 31, 2019	Movement during the year			
		Addition	Deduction	Transfer	
<u>At cost</u>					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	1,600,000.00	2,439,656.64	-	700,000.00	4,739,656.64
Building	67,466,147.55	-	-	-	67,466,147.55
Building improvement	13,863,306.85	4,937,648.74	-	1,251,367.51	20,052,323.10
Office equipment	13,450,159.62	3,657,178.22	(1,638,153.68)	121,639.54	15,590,823.70
Office furniture and fixture	1,956,112.51	2,077,419.93	(241,448.03)	3,377,296.20	7,169,380.61
Vehicles	26,613,299.06	-	(1,550,467.29)	(16,003,299.06)	9,059,532.71
Works in progress	2,237,096.84	7,721,934.41	-	(5,450,303.25)	4,508,728.00
Total	169,407,952.43	20,833,837.94	(3,430,069.00)	(16,003,299.06)	170,808,422.31
<u>Accumulated depreciation</u>					
Land improvement	26,301.37	608,405.26	-	-	634,706.63
Building	138,629.07	1,686,653.69	-	-	1,825,282.76
Building improvement	107,035.55	1,648,781.64	-	-	1,755,817.19
Office equipment	8,777,873.90	2,153,722.37	(1,570,187.27)	-	9,361,409.00
Office furniture and fixture	1,071,294.91	1,157,008.38	(231,078.68)	-	1,997,224.61
Vehicles	14,160,603.83	99,770.65	(1,550,466.29)	(3,708,130.81)	9,001,777.38
Total	24,281,738.63	7,354,341.99	(3,351,732.24)	(3,708,130.81)	24,576,217.57
Property, plant and equipment, net	145,126,213.80				146,232,204.74

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

	Baht				Balance per book Dec. 31, 2019
	Balance per book Dec. 31, 2018	Movement during the year			
		Addition	Deduction	Transfer	
<u>At cost</u>					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	-	-	-	1,600,000.00	1,600,000.00
Building	-	-	-	67,466,147.55	67,466,147.55
Building improvement	-	-	-	13,863,306.85	13,863,306.85
Office equipment	10,800,858.68	2,386,103.49	(148,304.30)	411,501.75	13,450,159.62
Office furniture and fixture	3,484,441.24	469,534.94	(1,997,863.67)	-	1,956,112.51
Vehicles	21,829,869.16	6,107,728.97	(1,324,299.07)	-	26,613,299.06
Works in progress	14,639,119.61	70,938,933.38	-	(83,340,956.15)	2,237,096.84
Total	92,976,118.69	79,902,300.78	(3,470,467.04)	-	169,407,952.43
<u>Accumulated depreciation</u>					
Land improvement	-	26,301.37	-	-	26,301.37
Building	-	138,629.07	-	-	138,629.07
Building improvement	-	107,035.55	-	-	107,035.55
Office equipment	6,916,265.08	2,001,367.08	(139,758.26)	-	8,777,873.90
Office furniture and fixture	2,773,511.86	256,297.80	(1,958,514.75)	-	1,071,294.91
Vehicles	11,690,769.19	2,889,771.99	(419,937.35)	-	14,160,603.83
Total	21,380,546.13	5,419,402.86	(2,518,210.36)	-	24,281,738.63
Property, plant and equipment, net	71,595,572.56				145,126,213.80

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Depreciation for the year	7,354,341.99	5,419,402.86
Gain (loss) on sales and write-off of equipment for the year	224,216.98	(177,760.06)



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

As at December 31, 2020 and 2019, equipment which was fully depreciated but is still in use had its gross carrying amount before depreciation in the amount of Baht 13.80 million and Baht 13.67 million, respectively.

As at December 31, 2020 and 2019, the land was mortgaged as collateral for credit facilities from bank (Note 16).

**13. RIGHT-OF-USE ASSETS**

Movements of the right-of-use assets account during the year ended December 31, 2020 are summarised below.

	Baht
	<u>Consolidated financial statements/ Separate financial statements</u>
<b>Cost</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	16,003,299.06
As at January 1, 2020	16,003,299.06
Addition	8,020,000.00
Written-off	(1,313,084.11)
As at December 31, 2020	<u>22,710,214.95</u>
<b>Accumulated depreciation</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	3,708,130.81
As at January 1, 2020	3,708,130.81
Depreciation for the year	2,757,901.74
Depreciation - written-off	(598,140.65)
As at December 31, 2020	<u>5,867,891.90</u>
<b>Net book value</b>	
As at December 31, 2019	-
As at January 1, 2020	<u>12,295,168.25</u>
As at December 31, 2020	<u>16,842,323.05</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

15. INTANGIBLE ASSETS

Intangible assets consisted of:

	Baht				
	Balance per	Movement during the year			Balance per
	book				book
	Dec. 31, 2019	Addition	Deduction		Dec. 31, 2020
<u>At cost</u>					
Software license	563,200.00	-	-	563,200.00	
<u>Less accumulated amortisation</u>	(279,873.25)	(45,067.93)	-	(324,941.18)	
Intangible assets, net	<u>283,326.75</u>			<u>238,258.82</u>	

	Baht				
	Balance per	Movement during the year			Balance per
	book				book
	Dec. 31, 2018	Addition	Deduction		Dec. 31, 2019
<u>At cost</u>					
Software license	563,200.00	-	-	563,200.00	
<u>Less accumulated amortisation</u>	(230,303.32)	(49,569.93)	-	(279,873.25)	
Intangible assets, net	<u>332,896.68</u>			<u>283,326.75</u>	

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
	<u>45,067.93</u>	<u>49,569.93</u>
Amortisation for the period		

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

Changes in deferred tax assets and liabilities for the year ended December 31, 2020 were summarised as follows:

	Baht					
	Consolidated financial statements/Separate financial statements					
	Balance as at Dec. 31, 2019	The impacts of adoption of TFRS 9	Balance as at Jan. 1, 2020	Income (expenses) during the period In profit or loss In other comprehensive income		Balance as at Dec. 31, 2020
Deferred tax assets :						
Allowance for doubtful debts	-	178,762.59	178,762.59	62,690.16	-	241,452.75
Allowance for declining in value of inventories	7,061.35	-	7,061.35	(2,858.20)	-	4,203.15
Liability under finance lease agreement	153,205.48	-	153,205.48	(40,000.00)	-	113,205.48
Employees benefit obligations	3,666,178.61	-	3,666,178.61	440,263.20	-	4,106,441.81
Total	<u>3,826,445.44</u>	<u>178,762.59</u>	<u>4,005,208.03</u>	<u>460,095.16</u>	<u>-</u>	<u>4,465,303.19</u>
Deferred tax liabilities						
Receivable under finance lease agreement	(733,780.17)	-	(733,780.17)	(2,244,082.17)	-	(2,977,862.34)
Total	<u>(733,780.17)</u>	<u>-</u>	<u>(733,780.17)</u>	<u>(2,244,082.17)</u>	<u>-</u>	<u>(2,977,862.34)</u>
Deferred tax assets (liabilities), net	<u>3,092,665.27</u>	<u>178,762.59</u>	<u>3,271,427.86</u>	<u>(1,783,987.01)</u>	<u>-</u>	<u>1,487,440.85</u>

	Baht			
	Consolidated financial statements/Separate financial statements			
	Balance as at Dec. 31, 2018	Income (expenses) during the year In profit or loss In other comprehensive income		Balance as at Dec. 31, 2019
Deferred tax assets :				
Finance lease receivables	350,468.90	(350,468.90)	-	-
Allowance for declining in value of inventories	35,478.00	(28,416.65)	-	7,061.35
Liability under finance lease agreement	196,379.23	(43,173.75)	-	153,205.48
Employees benefit obligations	2,183,397.41	1,000,724.60	482,056.60	3,666,178.61
Total	<u>2,765,723.54</u>	<u>578,665.30</u>	<u>482,056.60</u>	<u>3,826,445.44</u>
Deferred tax liabilities				
Receivable under finance lease agreement	-	(733,780.17)	-	(733,780.17)
Total	<u>-</u>	<u>(733,780.17)</u>	<u>-</u>	<u>(733,780.17)</u>
Deferred tax assets (liabilities), net	<u>2,765,723.54</u>	<u>(155,114.87)</u>	<u>482,056.60</u>	<u>3,092,665.27</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**16. CREDIT FACILITIES FROM FINANCIAL INSTITUTIONS**

As at December 31, 2020 and 2019, the Company had credit facilities with 2 local commercial banks under the total credit facilities of Baht 306 million and Baht 361 million, respectively, as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht	
		2020	2019
(1) Bank overdrafts	MOR	11	11
(2) Short-term loans	MLR - 1.50	65	65
(3) Letter of guarantee	1.25 - 1.50	230	230
(4) Long-term loan	MLR - 1.75	-	55
Total		<u>306</u>	<u>361</u>

As at December 31, 2020 and 2019, the credit facilities were secured by the mortgage of the Company's land and construction thereon (Note 12), fixed deposits (Note 10) and some directors of the Company.

**17. TRADE AND OTHER PAYABLES**

Trade and other payables consisted of:

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Trade accounts payable	103,402,130.68	112,765,095.59
Accrued expenses	21,406,025.37	19,119,873.00
Deferred revenue	24,049,683.91	20,558,244.78
Total	<u>148,857,839.96</u>	<u>152,443,213.37</u>

**18. OTHER CURRENT LIABILITIES**

Other current liabilities consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Withholding taxes payable	3,966,355.14	3,848,960.08	3,966,355.14	3,848,960.08
Accounts payable –				
Revenue Department	3,772,261.26	-	3,772,261.26	-
Others	228,268.00	249,806.00	172,818.00	249,806.00
Total	<u>7,966,884.40</u>	<u>4,098,766.08</u>	<u>7,911,434.40</u>	<u>4,098,766.08</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

19. LONG-TERM LOAN FROM FINANCIAL INSTITUTION

Movements of long-term loan from financial institution for year ended December 31, 2020 were as follows :

	Baht
	Consolidated financial statements/ Separate financial statements
Balance as at January 1, 2020	31,900,000.00
<u>Add</u> additional loan during the period	-
<u>Less</u> repayments during the period	(31,900,000.00)
Balance as at December 31, 2020	-
<u>Less</u> Deferred financial cost	-
	-
<u>Less</u> Current portion	-
Net	-

On November 23, 2018, the Company entered into a long-term loan agreement with a local commercial bank at the total amount of Baht 55 million for investment in a new office building. The loan carried interest at the rate of MLR - 1.75% per annum and has to make principal repayment excluding interest in monthly installments of Baht 920,000 per installment total 60 installments by the first installment in July 2020. The loan is secured by land and buildings of the Company (Note 12). Such loan has no conditions regarding maintaining the financial ratio from the bank. And during the year 2020, the Company has paid off such loans in the full amount.

20. LIABILITY UNDER LEASE AGREEMENTS

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

	Baht
	Consolidated financial statements/ Separate financial statements
As at December 31, 2019	7,846,583.83
Effects of the adoption of TFRS16	-
As at January 1, 2020	7,846,583.83
Addition	6,484,464.00
Accretion of interest	(414,283.92)
Payments	(4,397,485.01)
As at December 31, 2020	9,519,278.90
<u>Less</u> : current portion	(3,640,118.43)
Lease liabilities - net of current portion	5,879,160.47

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

The following are the amounts recognised in profit or loss:

	Baht
	Consolidated financial statements/ Separate financial statements
Depreciation of right-of-use assets	2,757,901.74
Interest expense on lease liabilities	414,283.92
Total	<u>3,172,185.66</u>

The Group had total cash outflows for leases of Baht 4.81 million (the separate: Baht 4.81 million) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 6.48 million (the separate: Baht 6.48 million).

Liability under lease agreements are due for repayment as follows:

	Baht					
	Consolidated financial statements/Separate financial statements					
	2020			2019		
	Principal	Deferred interest	Net	Principal	Deferred interest	Net
Within 1 year	3,640,118.43	299,584.47	3,939,702.90	3,147,934.51	256,331.45	3,404,265.96
Over 1 - 5 years	5,879,160.47	246,408.22	6,125,568.69	4,698,649.32	235,333.64	4,933,982.96
Total	<u>9,519,278.90</u>	<u>545,992.69</u>	<u>10,065,271.59</u>	<u>7,846,583.83</u>	<u>491,665.09</u>	<u>8,338,248.92</u>

As at December 31, 2020, the Company had vehicles and equipment long-term lease agreements in the form of hire - purchase agreement lease with 4 local leasing companies, with 13 contracts. The total amount of the contract value is Baht 14,326,842.09. Installments period are 48 - 60 months and the total repayments is Baht 324,425.00 per month.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

21. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2020 and 2019, the Company has defined benefit obligations as follows:

The statement of financial position

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Employee benefit obligations at the beginning of the year	18,330,893.03	10,916,987.03
Actuarial loss on defined employee benefit plan		
- In profit or loss	-	-
- In other comprehensive income	-	2,410,283.00
Past service costs and interest		
- Post employment plan amendment	-	3,245,433.00
Current service cost and interest increase	2,402,816.00	2,073,390.00
Benefit paid by the plan during the year	(201,500.00)	(315,200.00)
Employee benefit obligations at the end of the year	<u>20,532,209.03</u>	<u>18,330,893.03</u>

Expenses which are recognised in the statement of comprehensive income

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Past service costs and interest	-	3,245,433.00
Current service cost		
Cost of sales	1,038,763.00	847,588.00
Selling expenses	167,225.00	135,041.00
Administrative expense	1,196,828.00	1,090,761.00
	<u>2,402,816.00</u>	<u>5,318,823.00</u>

Principal actuarial assumptions at the reporting date

	Percentage	
	2020	2019
Discount rate	1.90	1.90
Salary increase rate	11.0	11.0
Employee turnover rate	0 - 15	0 - 15
Mortality rate	100% of Thai's Mortality Rate 2017	100% of Thai's Mortality Rate 2017

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Sensitivity analysis

The effects of change in significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 were summarised below:

	Baht	
	2020	2019
Discount rate - increase 1%	(2,403,548.00)	(2,153,626)
Discount rate - decrease 1%	2,882,161.00	2,582,473
Salary increase rate - increase 1%	2,599,667.00	2,329,353
Salary increase rate - decrease 1%	(2,240,682.00)	(2,007,695)

23. CAPITAL MANAGEMENT

The primary objective of capital management of the Company 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 0.62 : 1 and 0.66 : 1, respectively.

24. SHARE CAPITAL

Year 2019

According to the resolution of the Extraordinary Shareholders' Meeting No.1/2019 held on June 28, 2019, the shareholders had the resolution on the following significant matters.

(1) Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 100 per share to Baht 0.50 per share resulting in an increase of the Company's ordinary shares (after the capital increase) from 1,000,000 shares to 200,000,000 shares.

(2) Approve the registered capital increase for Baht 40 million from formerly Baht 100 million to the registered capital Baht 140 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share as the Company intends to list all its ordinary shares as registered securities on the Stock Exchange by the Initial Public Offering.



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

(3) Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company for additional Baht 40 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share. The details are as follows:

- (3.1) Allocate ordinary share capital increase of 72 million shares at the par value of Baht 0.50 per share for Initial Public Offering.
- (3.2) Allocate the ordinary share capital increase 8 million shares at the par value of Baht 0.50 per share for offering to the director, management and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.

(4) Approve listing the ordinary shares as registered securities on Market Alternative Investment (MAI).

On July 9, 2019, the Company has registered to change the share value and capital increase with the Ministry of Commerce.

During November 5 - 7, 2019, the Company has made the initial public offering for 80 million shares to the subscribers at Baht 2.50 per share. On November 8, 2019, the Company has received the shares payment at the amount of Baht 200 million and has registered the increased paid-up capital with the Ministry of Commerce on November 8, 2019. The Stock Exchange of Thailand has received the Company's ordinary shares as listed securities on the Market for Alternative Investment (MAI). The commencing trading is on November 15, 2019. The Company has the direct expenses related to the Initial Public Offering in the amount of Baht 6.71 million (net of income tax), shown as a deduction from the premium on ordinary share received from shareholders. As a result, the Company has the premium on ordinary shares amounting to Baht 153.29 million shown as a separate item under "shareholders' equity" in the statement of financial position. This share premium cannot be paid as dividend.

As at December 31, 2019, the Company has 280 million registered ordinary shares with the par value of Baht 0.50 per share, equivalent to the registered share capital of Baht 140 million, which has been fully paid up.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

The details of share capital are as follows:

	Registered capital		Issued and paid up capital	
	share	Baht	share	Baht
As at January 1, 2019	1,000,000.00	100,000,000.00	1,000,000.00	100,000,000.00
Increase registered capital and call for share payment	-	-	-	-
Balance before change the par value of ordinary shares	<u>1,000,000.00</u>	<u>100,000,000.00</u>	<u>1,000,000.00</u>	<u>100,000,000.00</u>
Balance after the change in par value of the ordinary shares	200,000,000.00	100,000,000.00	200,000,000.00	100,000,000.00
Increase in registered capital	<u>80,000,000.00</u>	<u>40,000,000.00</u>	<u>80,000,000.00</u>	<u>40,000,000.00</u>
As at December 31, 2019	<u>280,000,000.00</u>	<u>140,000,000.00</u>	<u>280,000,000.00</u>	<u>140,000,000.00</u>

25. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5 % of its annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve reaches 10 % of the authorised share capital. The reserve is not available for dividend distribution.

26. APPROPRIATION OF RETAINED EARNINGS

Year 2020

According to the Board of Directors' Meeting No. 2/2020 held on April 17, 2020, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2019 to the shareholders of 280,000,000 shares at Baht 0.20 per share in the amount of Baht 56 million. The dividend was paid on May 15, 2020.

For the year ended December 31, 2020, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2020 amounted to Baht 1.55 million.

Year 2019

According to the 2019 Annual General Meeting of Shareholders on April 9, 2019, the shareholders approved the payment of dividends from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 20 per share in the amount of Baht 20 million. The Company paid the dividend on April 25, 2019.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

According to the Board of Directors' Meeting No. 3/2019 held on June 13, 2019, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 25 per share in the amount of Baht 25 million. The dividend was paid on July 5, 2019.

For the year ended December 31, 2019, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2019 amounted to Baht 2.05 million.

**27. OPERATING SEGMENT**

The Company operates its main business in reportable operating segments according to the type of products and services provided with the main geographical area in Thailand as follows:

<u>Type of operating segments</u>	<u>Type of products and services of segment</u>
- Sales including installment segment (main segment)	Computer network systems, fully integrated of communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems
- Other segments	System development installation including related services and other services

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the basis consistent with that used to assess operating profit or loss in the financial statements.

Details of financial information classified by operating segments for the years ended December 31, 2020 and 2019 were as follows:

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Million Baht

Consolidated statement of comprehensive income (partial) For the year ended December 31,								
	Sales including instalment		Maintenance services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from sales and services	544.07	461.15	171.79	160.25	17.53	18.14	733.39	639.54
Cost of sales and services	(411.72)	(346.85)	(97.58)	(85.36)	(8.14)	(9.14)	(517.44)	(441.35)
Gross profit	<u>132.35</u>	<u>114.30</u>	<u>74.21</u>	<u>74.89</u>	<u>9.39</u>	<u>9.00</u>	<u>215.95</u>	<u>198.19</u>
Interest income							3.00	1.99
Other income							1.55	0.73
Selling expense							(35.27)	(34.26)
Administration expense							(115.48)	(104.10)
Other expense							-	(0.44)
Finance cost							(1.01)	(0.48)
Income tax expense							(14.87)	(12.71)
Profit for the period							<u>53.87</u>	<u>48.92</u>

Million Baht

Separate statement of comprehensive income (partial) For the year ended December 31,								
	Sales including instalment		Maintenance services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from sales and services	544.07	461.15	171.79	160.25	17.53	18.14	733.39	639.54
Cost of sales and services	(411.72)	(346.85)	(97.58)	(85.36)	(8.14)	(9.14)	(517.44)	(441.35)
Gross profit	<u>132.35</u>	<u>114.30</u>	<u>74.21</u>	<u>74.89</u>	<u>9.39</u>	<u>9.00</u>	<u>215.95</u>	<u>198.19</u>
Interest income							3.00	1.99
Other income							1.55	0.73
Selling expense							(35.27)	(34.26)
Administration expense							(115.39)	(104.10)
Other expense							-	(0.44)
Finance cost							(1.01)	(0.48)
Income tax expense							(14.87)	(12.71)
Profit for the period							<u>53.96</u>	<u>48.92</u>

**Geographic information**

The Company operates its business in a single geographic region in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Major customer

For the year ended December 31, 2020 and 2019, the Company had no revenues from sales and services from any customers with the amount over 10% of the total revenue.

28. EXPENSES BY NATURE

Significant expenses by nature were as follows:

	Baht	
	2020	2019
Changes in work in process	8,326,024.94	(8,877,534.29)
Material used	320,695,722.93	301,852,118.86
Project service expenses	162,867,077.07	124,098,996.29
Employee benefit expenses	97,024,136.52	88,229,788.08
Depreciation and amortisation	10,157,311.66	5,468,972.79
Special incentive	40,080,546.31	36,981,257.87
Rental expenses for buildings and vehicles	75,600.00	3,645,614.50
Marketing activities	223,439.90	3,676,520.76

29. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, the employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act B.E.2530.

The Company's contributions for the years ended December 31, 2020 and 2019 amounted to Baht 4.13 million and Baht 2.57 million, respectively.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

30. INCOME TAX EXPENSE (TAX INCOME)

30.1 Major components of income tax expense (tax income) for the years ended December 31, 2020 and 2019 consist of :

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2020	2019
Income tax expense shown in profit or loss:		
Current income tax expense:		
Corporate income tax expense for the year	13,088,038.15	12,557,096.49
Deferred tax expense (income):		
Change in temporary differences relating to the original recognition and reversal	1,783,987.01	155,114.87
Total	<u>14,872,025.16</u>	<u>12,712,211.36</u>
Income tax relating to components of other comprehensive income:		
Deferred tax relation to:		
Actuarial loss on defined employee benefit plan	-	(482,056.60)
Total	<u>-</u>	<u>(482,056.60)</u>

30.2 A numerical reconciliation between income tax expense and the product of accounting profit and the applicable tax rate for the years ended December 31, 2020 and 2019 were summarised as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit for the year	68,744,998.63	61,633,202.12	68,837,748.20	61,633,202.12
The applicable tax rate (%)	20.00	20.00	20.00	20.00
Tax expense at the applicable tax rate	<u>13,748,999.73</u>	<u>12,326,640.42</u>	<u>13,767,549.64</u>	<u>12,326,640.42</u>
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses that are forbidden expenses in determining taxable profit	1,787,485.02	798,786.27	1,787,485.02	798,786.27
Tax effect of tax deductible expenses in tax	(683,009.50)	(413,215.33)	(683,009.50)	(413,215.33)
Unrecognised tax losses as deferred tax	18,549.91	-	-	-
Total reconciliation items	<u>1,123,025.43</u>	<u>385,570.94</u>	<u>1,104,475.52</u>	<u>385,570.94</u>
Total income tax expense	<u>14,872,025.16</u>	<u>12,712,211.36</u>	<u>14,872,025.16</u>	<u>12,712,211.36</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

30.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2020 and 2019 were summarised as follows:

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	68,744,998.63		61,633,202.12		68,837,748.20		61,633,202.12	
Income tax expense at the applicable tax rate	13,748,999.73	20.00	12,326,640.42	20.00	13,767,549.64	20.00	12,326,640.42	20.00
Reconciliation items	1,123,025.43	0.82	385,570.94	0.63	1,104,475.52	0.08	385,570.94	0.63
Tax expense (income) at the average effective tax rate	14,872,025.16	20.82	12,712,211.36	20.63	14,872,025.16	20.08	12,712,211.36	20.63

**31. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit (loss) attributable to the parent company (Baht)	53,917,443.95	48,920,990.76	53,965,723.04	48,920,990.76
Weighted average number of ordinary shares (Share)	280,000,000	211,835,616	280,000,000	211,835,616
Basic earnings per share (Baht/share)	0.19	0.23	0.19	0.23

On July 9, 2019, the Company has registered to change the par value of the Company's ordinary shares from Baht 100.00 each to Baht 0.50 each. As a result, the registered share capital is Baht 100 million, comprising 200 million ordinary shares with a par value of Baht 0.50 each and registered to increase the registered share capital amounting to Baht 40 million by issuance of 80 million ordinary shares with a par value of Baht 0.50 each. As a result, the total registered share capital is Baht 140 million.

**32. CHANGE IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES**

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

	Baht			
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Long-term loan from financial institution	31,487,500.00	(31,487,500.00)	-	-
Liability under finance lease agreements	7,846,583.83	(4,811,768.93)	6,484,464.00	9,519,278.90
Total	39,334,083.83	(36,299,268.93)	6,484,464.00	9,519,278.90

  

	Baht			
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Liability under finance lease agreements	6,937,062.52	(3,627,228.69)	4,536,750.00	7,846,583.83
Total	6,937,062.52	27,860,271.31	4,536,750.00	39,334,083.83

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

33. FINANCIAL INSTRUMENTS

33.1 Risk management

The Group manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

33.2 Credit risk

The Group is exposed to credit risk primarily relating to trade accounts receivable. The management of the Group manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

33.3 Interest rate risk

The Group is exposed to interest rate risk relates primarily to its cash at financial institutions, finance lease receivables, restricted bank deposits, long-term loan from financial institution and liabilities under finance lease agreements. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not have significant effect on their operations and cash flows. Therefore, no other financial derivative was adopted to manage such risks.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rates are summarised as follows:

	Baht				
	Consolidated financial statements				
	2020				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalents	1,141.89	105,840,228.55	16,310,299.40	122,151,669.84	0.25
Trade and other accounts receivable	-	-	160,608,537.96	160,608,537.96	-
Finance lease receivables	64,635,729.10	-	-	64,635,729.10	3.53 - 9.00
Restricted bank deposits	21,376,756.48	-	-	21,376,756.48	0.15 - 0.50
<u>Financial Liabilities</u>					
Trade and other accounts payable	-	-	148,857,839.96	148,857,839.96	-
Liability under lease agreements	9,519,278.90	-	-	9,519,278.90	2.54 - 5.33



**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

	Baht				
	Separate financial statements				
	2020				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalents	1,141.89	99,900,776.52	16,287,051.00	116,188,969.41	0.25
Trade and other accounts receivable	-	-	160,608,537.96	160,608,537.96	-
Finance lease receivables	64,635,729.10	-	-	64,635,729.10	3.53 - 9.00
Restricted bank deposits	21,376,756.48	-	-	21,376,756.48	0.15 - 0.50
<u>Financial Liabilities</u>					
Trade and other accounts payable	-	-	148,857,839.96	148,857,839.96	-
Liability under lease agreements	9,519,278.90	-	-	9,519,278.90	2.54 - 5.33

	Baht				
	Consolidated financial statements/Separate financial statements				
	2019				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalents	1,138.07	38,482,421.65	159,091,651.62	197,575,211.34	0.50
Trade and other accounts receivable	-	-	149,432,405.53	149,432,405.53	-
Finance lease receivables	34,632,093.73	-	-	34,632,093.73	3.53 - 9.00
Restricted bank deposits	21,148,058.09	-	-	21,148,058.09	0.80 - 1.25
<u>Financial Liabilities</u>					
Trade and other account payable	-	-	152,443,213.37	152,443,213.37	-
Long-term loan from financial institution	31,528,080.93	-	-	31,528,080.93	MLR-1.75
Liability under lease agreements	7,846,583.83	-	-	7,846,583.83	2.54 - 5.33

**33.4 Foreign currency risk**

The Group has foreign currency exchange rate risk because the Group has transaction of volume rebate on purchases of goods which were denominated in foreign currencies. However, the Group believes that the fluctuating exchange rate in the future will not significantly affect the operating performance and cash flows of the company. The Group did not use other derivative to hedge against such risk.

**33.5 Liquidity risk**

The Group manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

33.6 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature on carry interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

34. COMMITMENTS

As at December 31, 2020, the Company had commitments in respect of goods purchase under the agreement in the amount of Baht 43.08 million. The Company has already paid the obligation for Baht 10.15 million. Therefore, the outstanding commitment is Baht 32.93 million.

35. CONTINGENT LIABILITIES

As at December 31, 2020 and 2019, the Company had contingent liabilities for the letter of guarantees issued by a local bank in the total amount of Baht 30.79 million and Baht 31.48 million, respectively. If the Company cannot comply with the buying/selling agreement, the bank will demand the Company to pay for the damage from the agreement default back to the bank.

36. EVENT AFTER THE REPORTING PERIOD

According to the minutes of the Board of Directors' Meeting held on February 25, 2021, it had the resolution to pay the dividend from the retained earnings as of December 31, 2020 to the shareholders at Baht 0.14 per share totaling Baht 39.20 million by the dividend payment in cash at Baht 0.04 per share, totaled Baht 11.20 million and the dividend payment with ordinary shares of the Company at 5 original shares per 1 dividend share, totaled Baht 28 million and to appropriate the net profit for the year ended December 31, 2020 as legal reserve totaling Baht 1.55 million. The Company sets the name list of shareholders who are entitled to receive the dividend as appeared on the shareholders' registration book as at April 7, 2021 and is scheduled to pay the dividend in April 26, 2021.

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. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated and separate financial statements were authorised for issue by the Board of Directors of the Company on February 25, 2021.