

Provincial Electricity Authority and its subsidiary
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report


To the Board of Directors of Provincial Electricity Authority

Opinion

I have audited the accompanying consolidated financial statements of Provincial Electricity Authority and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Provincial Electricity Authority for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Provincial Electricity Authority and its subsidiary and of Provincial Electricity Authority as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with the State Audit Standards and 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 in accordance with the State Audit Standards as issued by the State Audit Commission and the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the State Audit Standards and the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. 

Other Matter

The State Audit Standards as described in the *Basis for Opinion* section and the *Auditor's Responsibilities for the Audit of the Financial Statements* section are relevant only to the audit of the financial statements, which are prepared by management in accordance with Thai Financial Reporting Standards.


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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.


Those charged with governance are responsible for overseeing the Group'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 the State Audit standards and 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 the State Audit standards and Thai Standards on Auditing, I exercise professional judgement 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 Group'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 Group'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 Group 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 am responsible for the audit resulting in this independent auditor's report.



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 24 March 2023

Provincial Electricity Authority and its subsidiary

Statements of financial position

As at 31 December 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	9,689,324	12,240,072	8,559,848	10,857,809
Trade and other receivables	6, 8	62,506,381	46,440,711	62,091,946	45,986,779
Short-term loans to related parties	6	-	49,237	-	-
Inventories	9	1,634,793	2,485,973	1,628,764	2,477,313
Specific-purpose deposits at financial institutions	10	37,957,206	40,852,170	37,957,206	40,852,170
Undue input VAT		3,588,256	2,327,494	3,584,363	2,324,593
Advance payments to suppliers		1,966,807	1,920,043	1,959,366	1,877,572
Other current assets		108,298	108,273	89,869	84,733
Total current assets		117,451,065	106,423,973	115,871,362	104,460,969
Non-current assets					
Restricted bank deposits		50,000	50,000	-	-
Investments in subsidiary	11	-	-	4,010,621	3,295,284
Investments in associates	12	1,678,069	1,387,804	-	-
Investments in joint ventures	13	-	-	-	-
Other non-current financial assets	14	256,641	256,896	1,641	1,896
Other non-current receivables	15	1,728,877	999,550	344,585	38,947
Constructions in progress	16	66,630,652	56,076,891	65,752,838	55,409,989
Investment properties	17	461,859	500,679	461,859	452,171
Property, plant and equipment	18	331,418,440	316,267,673	331,426,449	316,273,652
Right-of-use assets	22.1.1	2,018,142	1,902,142	2,004,784	1,854,009
Intangible assets	19	2,988,625	2,591,028	2,985,378	2,586,595
Other non-current assets		193,983	123,129	146,970	104,801
Total non-current assets		407,425,288	380,155,792	407,135,125	380,017,344
Total assets		524,876,353	486,579,765	523,006,487	484,478,313

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary

Statements of financial position (continued)

As at 31 December 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and equity					
Current liabilities					
Trade and other payables	6, 20	66,590,583	48,566,500	66,379,287	48,163,434
Current portion of long-term loans	21	9,451,180	5,635,932	9,352,242	5,553,516
Current portion of lease liabilities	22.1.2	913,955	851,283	907,499	840,917
Accrued remittance to the Ministry of Finance	23	10,229,231	12,162,638	10,229,231	12,162,638
Advance received per contract		1,352,746	1,024,859	1,352,746	1,021,409
Deposits payable	24	381,796	346,782	381,796	346,782
Other current liabilities	6, 25	6,233,774	3,394,348	6,203,415	3,387,464
Total current liabilities		95,153,265	71,982,342	94,806,216	71,476,160
Non-current liabilities					
Long-term loans, net of current portion	21	133,161,473	122,615,879	132,311,707	121,667,176
Lease liabilities, net of current portion	22.1.2	1,592,048	1,264,348	1,566,159	1,224,814
Other non-current payables		14,665	17,171	14,665	17,171
Provisions for litigations	26	268,284	428,644	268,284	428,644
Provisions for service contracts		276,484	176,668	-	-
Construction obligations	6, 27	6,501,739	5,998,553	6,503,473	6,000,287
Deferred revenues	28	56,653,265	56,659,166	56,653,265	56,659,166
Electricity usage guarantee	29	24,468,344	23,584,596	24,468,374	23,584,626
Sales and service guarantee	6	2,197,733	1,880,734	2,190,002	1,873,314
Provision for long-term employee benefits	30	15,731,603	16,254,192	15,728,167	16,251,539
Other non-current liabilities		84,525	59,652	84,525	59,651
Total non-current liabilities		240,950,163	228,939,603	239,788,621	227,766,388
Total liabilities		336,103,428	300,921,945	334,594,837	299,242,548

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary
 Statements of financial position (continued)
 As at 31 December 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Equity				
Initial capital	87,004	87,004	87,004	87,004
Contributions from the government	4,802,501	4,802,501	4,802,501	4,802,501
Retained earnings				
Appropriated-statutory reserve - subsidiary	11,653	10,801	-	-
Unappropriated	183,873,667	180,759,159	183,524,045	180,347,905
Other components of equity	(1,900)	(1,645)	(1,900)	(1,645)
Total equity	188,772,925	185,657,820	188,411,650	185,235,765
Total liabilities and equity	524,876,353	486,579,765	523,006,487	484,478,313

The accompanying notes are an integral part of the financial statements.



(Mr. Supachai Ek-un)
 Director and Governor



(Mr. Itsaret Chensupakan)
 Deputy Governor
 (Accounting and Finance)

Provincial Electricity Authority and its subsidiary
Statement of comprehensive income
For the year ended 31 December 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Revenues					
Sales and Rendering of services	31	593,217,478	497,667,677	592,765,549	497,246,506
Revenue compensations	32	12,000,000	10,917,960	12,000,000	10,917,960
Dividend income	11.1	-	-	19,618	-
Other income		1,326,826	856,853	1,324,442	854,218
Total revenues		606,544,304	509,442,490	606,109,609	509,018,684
Expenses					
Cost of electricity		524,523,945	428,283,139	524,523,945	428,283,139
Employee compensations		21,077,845	20,207,487	21,042,690	20,174,441
Employee benefit expenses		1,960,793	1,672,472	1,960,010	1,671,772
Executives' remunerations		125,233	119,897	121,669	115,396
Preventive, repair and maintenance, and construction expenses		7,930,454	7,729,018	7,533,084	7,350,880
Depreciation and amortisation expenses		26,490,604	24,872,946	26,477,196	24,863,043
Other operating expenses		9,154,012	9,121,689	9,049,939	9,106,433
Other expenses		695,370	838,997	695,370	838,995
Total expenses		591,958,256	492,845,645	591,403,903	492,404,099
Operating profit		14,586,048	16,596,845	14,705,706	16,614,585
Share of profit from investments in associates	12	62,729	65,553	-	-
Finance income		496,153	473,890	490,527	468,504
Finance cost	33	(3,637,154)	(3,067,426)	(3,628,432)	(3,061,990)
Profit before income tax expenses		11,507,776	14,068,862	11,567,801	14,021,099
Income tax expenses		(755)	(9,834)	-	-
Profit for the year		11,507,021	14,059,028	11,567,801	14,021,099
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax	30	963,189	1,634,256	963,189	1,634,256
Gain (loss) on changes in value of equity investments designated at fair value through other comprehensive income		(255)	336	(255)	336
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		962,934	1,634,592	962,934	1,634,592
Other comprehensive income for the year		962,934	1,634,592	962,934	1,634,592
Total comprehensive income for the year		12,469,955	15,693,620	12,530,735	15,655,691

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary
Statement of changes in equity
For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated financial statements						
	Other component of equity						Total equity
	Initial capital and contributions from the government	Retained earnings		comprehensive income designated at fair value through other components of equity		Total other components of equity	
	Appropriated	Unappropriated	Gain (loss) on investment in equity	comprehensive income	designated at fair value through other components of equity		
Balance as at 1 January 2021	4,889,505	8,348	168,878,804	(1,981)	(1,981)	173,774,676	
Profit for the year	-	-	14,059,028	-	-	14,059,028	
Other comprehensive income for the year	-	-	1,634,256	336	336	1,634,592	
Total comprehensive income for the year	-	-	15,693,284	336	336	15,693,620	
Transfer unappropriated to statutory reserve - subsidiary	-	2,453	(2,453)	-	-	-	
Adjusted remittance to the Ministry of Finance for the year 2020 (Note 23)	-	-	4,043,524	-	-	4,043,524	
Remittance to the Ministry of Finance for the year (Note 23)	-	-	(7,854,000)	-	-	(7,854,000)	
Balance as at 31 December 2021	4,889,505	10,801	180,759,159	(1,645)	(1,645)	185,657,820	
Balance as at 1 January 2022	4,889,505	10,801	180,759,159	(1,645)	(1,645)	185,657,820	
Profit for the year	-	-	11,507,021	-	-	11,507,021	
Other comprehensive income for the year	-	-	963,189	(255)	(255)	962,934	
Total comprehensive income for the year	-	-	12,470,210	(255)	(255)	12,469,955	
Transfer unappropriated to statutory reserve - subsidiary	-	852	(852)	-	-	-	
Adjusted remittance to the Ministry of Finance for the year 2021 (Note 23)	-	-	150	-	-	150	
Remittance to the Ministry of Finance for the year (Note 23)	-	-	(9,355,000)	-	-	(9,355,000)	
Balance as at 31 December 2022	4,889,505	11,653	183,873,667	(1,900)	(1,900)	188,772,925	

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary
Statement of changes in equity (continued)
For the year ended 31 December 2022

(Unit: Thousand Baht)

Separate financial statements

	Other component of equity					Total equity
	Initial capital and contributions from the government	Unappropriated retained earnings	comprehensive income		Total other components of equity	
			designated at fair value through other comprehensive income	Gain (loss) on investment in equity		
Balance as at 1 January 2021	4,889,505	168,503,026	(1,981)	(1,981)		173,390,550
Profit for the year	-	14,021,099	-	-	-	14,021,099
Other comprehensive income for the year	-	1,634,256	336	336	336	1,634,592
Total comprehensive income for the year	-	15,655,355	336	336	336	15,655,691
Adjusted remittance to the Ministry of Finance for the year 2020 (Note 23)	-	4,043,524	-	-	-	4,043,524
Remittance to the Ministry of Finance for the year (Note 23)	-	(7,854,000)	-	-	-	(7,854,000)
Balance as at 31 December 2021	4,889,505	180,347,905	(1,645)	(1,645)	(1,645)	185,235,765
Balance as at 1 January 2022	4,889,505	180,347,905	(1,645)	(1,645)		185,235,765
Profit for the year	-	11,567,801	-	-	-	11,567,801
Other comprehensive income for the year	-	963,189	(255)	(255)	(255)	962,934
Total comprehensive income for the year	-	12,530,990	(255)	(255)	(255)	12,530,735
Adjusted remittance to the Ministry of Finance for the year 2021 (Note 23)	-	150	-	-	-	150
Remittance to the Ministry of Finance for the year (Note 23)	-	(9,355,000)	-	-	-	(9,355,000)
Balance as at 31 December 2022	4,889,505	183,524,045	(1,900)	(1,900)	(1,900)	188,411,650

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary

Cash flow statement

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	11,507,776	14,068,862	11,567,801	14,021,099
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	26,490,604	24,872,946	26,477,196	24,863,043
Expected credit losses (reversal)	(683,931)	308,378	(659,858)	294,465
Loss from obsolete materials	32,726	18,644	30,370	17,150
Amortisation of deferred revenues	(4,921,782)	(4,720,584)	(4,921,782)	(4,720,584)
Revenues from donations	(30,905)	(284)	(29,720)	(284)
Loss on sales and write-off of assets	1,195,932	1,326,175	1,195,473	1,326,173
Loss on write-off of intangible assets	17	-	17	-
Loss from write-off of materials	1,527	34,122	1,527	34,122
Loss from terminated leases	2,900	5,322	2,437	5,322
Provision for long-term employee benefits	1,960,793	1,672,472	1,960,010	1,671,772
Provisions for litigations (reversal)	(154,700)	59,722	(154,700)	59,722
Unrealised loss (gain) on foreign exchange	(4,208)	16,517	(4,208)	16,517
Amortisation premium on loans	149	8,231	-	8,066
Revenues from receive scrap materials	(745,581)	(720,926)	(745,124)	(720,926)
Dividend income	-	-	(19,618)	-
Share of profit from investments in associates	(62,729)	(65,553)	-	-
Finance income	(496,153)	(473,890)	(490,527)	(468,504)
Finance cost	3,637,154	3,067,426	3,628,432	3,061,990
Profit from operating activities before changes in operating assets and liabilities	37,729,589	39,477,580	37,837,726	39,469,143
Operating assets (increase) decrease				
Trade and other receivables	(15,332,117)	(2,429,624)	(15,395,630)	(2,064,927)
Inventories	1,562,627	767,333	1,561,776	769,977
Specific-purpose deposits at financial institutions	2,894,964	(3,549,634)	2,894,964	(3,549,634)
Undue input VAT	(1,260,762)	(87,994)	(1,259,770)	(88,644)
Advance payments to suppliers	(46,764)	(133,619)	(81,794)	(38,249)
Other current assets	(25)	(24,551)	(5,136)	(18,825)
Other non-current receivables	(147,782)	(32,633)	(305,638)	22,819
Other non-current assets	(50,448)	52,723	(42,169)	(4,890)
Operating liabilities increase (decrease)				
Trade and other payables	18,116,319	1,570,585	18,366,870	1,279,107
Advance received per contract	327,887	(118,185)	331,337	(121,635)
Deposits payable	35,014	(83,093)	35,014	(83,093)
Other current liabilities	2,839,426	293,510	2,815,951	289,590
Other non-current payables	(3,113)	(22,887)	(3,113)	(22,887)
Provisions for long-term service contracts	99,816	87,578	-	-
Construction obligations	503,186	(1,291,190)	503,186	(1,289,456)
Deferred revenues	4,809,159	6,359,239	4,809,159	6,359,239

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary
Cash flow statement (continued)
For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Operating liabilities increase (decrease) (continued)				
Electricity usage guarantee	883,748	294,582	883,748	294,582
Sales and service guarantee	316,999	326,005	316,688	320,914
Other non-current liabilities	24,873	25,427	24,874	25,427
Cash paid for provisions for litigations	(5,660)	(870)	(5,660)	(870)
Cash paid for long-term employee benefits	(1,515,412)	(1,675,520)	(1,515,412)	(1,675,520)
Cash flows from operating activities	51,781,524	39,804,762	51,766,971	39,872,168
Cash received from interest income	446,531	489,444	440,848	484,164
Cash paid for income tax	(21,161)	(7,077)	-	-
Net cash flows from operating activities	52,206,894	40,287,129	52,207,819	40,356,332
Cash flows from investing activities				
Cash paid for investments in non-current financial assets	-	(13,750)	-	-
Cash paid for short-term loans to related parties	-	(65,237)	-	-
Cash received from short-term loans to related parties	49,237	16,000	-	-
Cash paid for investments in subsidiary	-	-	(715,337)	(844,000)
Cash paid for investments in associates	(276,830)	(742,831)	-	-
Cash received from dividends from investments in subsidiary	-	-	19,618	-
Cash received from dividends from investments in associates	49,294	49,665	-	-
Cash paid for constructions in progress	(50,183,592)	(45,650,515)	(49,591,181)	(45,059,020)
Cash paid for purchase of investment properties	(52,612)	(48,508)	-	-
Cash paid for purchase of property, plant and equipment	(2,701,569)	(3,879,540)	(2,701,416)	(3,890,931)
Cash received from disposal of property, plant and equipment	155,278	153,891	155,278	153,891
Cash paid for purchase of intangible asset	(255,025)	(65,531)	(255,025)	(63,425)
Interest expense capitalised to constructions in progress	(504,822)	(614,857)	(489,557)	(608,736)
Net cash flows used in investing activities	(53,720,641)	(50,861,213)	(53,577,620)	(50,312,221)
Cash flows from financing activities				
Cash received from long-term loans	20,000,000	28,688,057	20,000,000	28,000,000
Repayment of long-term loans	(5,637,848)	(8,242,446)	(5,555,283)	(8,242,446)
Interest paid	(3,521,907)	(2,860,988)	(3,516,021)	(2,857,144)
Repayments of lease liabilities	(588,988)	(777,076)	(568,598)	(769,805)
Cash paid for remittance to the Ministry of Finance	(11,288,258)	(7,502,862)	(11,288,258)	(7,502,862)
Net cash flows from (used in) financing activities	(1,037,001)	9,304,685	(928,160)	8,627,743
Net decrease in cash and cash equivalents	(2,550,748)	(1,269,399)	(2,297,961)	(1,328,146)
Cash and cash equivalents at beginning of year	12,240,072	13,509,471	10,857,809	12,185,955
Cash and cash equivalents at end of year (Note 7)	9,689,324	12,240,072	8,559,848	10,857,809

Supplemental cash flows information

Non-cash items consist of:

Payables from purchase of property, plant and equipment	72,884	25,480	72,884	25,480
Payables from constructions in progress	1,074,679	1,255,265	1,006,761	1,255,265
Transfer constructions in progress to investment in property	392	-	392	-
Transfer constructions in progress to property, plant and equipment	38,610,528	41,288,531	38,610,528	41,288,531
Transfer constructions in progress to intangible asset	1,166,673	709,485	1,166,673	709,485
Transfer constructions in progress to other non-current receivables	455,544	327,377	-	-
Transfer investment property to other non-current receivables	101,120	-	-	-
Transfer investment property to property, plant and equipment	6,735	39,246	6,735	39,246
Transfer property, plant and equipment to investment properties	31,082	6,500	31,082	6,500
Transfer intangible assets to inventories	119	-	-	-
Transfer right-of-use assets to other non-current receivables	24,881	-	-	-
Acquisitions of equipment under lease agreements	914,397	990,046	914,397	956,142
Received assets from donations	136,003	142,245	134,817	142,245
Interest expense capitalised	504,822	614,857	489,557	608,736

The accompanying notes are an integral part of the financial statements.

Provincial Electricity Authority and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2022

1. General information

1.1 General information of Provincial Electricity Authority

Provincial Electricity Authority was established as a state enterprise for public utility under Provincial Electricity Authority Act, B.E. 2503 and is located at 200 Ngamwongwan Road, Ladyao, Chatuchak, Bangkok 10900. The main objective of Provincial Electricity Authority is to generate, obtain, distribute and sell electricity energy to people, businesses and industrial sectors in 74 provinces throughout Thailand, with the exception of Bangkok, Nonthaburi, and Samut Prakan province.

1.2 Financial Criteria

According to the policy on determining the electricity tariff structure, the Energy Regulatory Commission (ERC) has established financial criteria with objectives to supervise the operational performance of Provincial Electricity Authority in order to bring about appropriate investments with a financial rate of return that reflects the weighted average cost of capital, efficiently control costs, monitor the investments and establish operating principles. In the event that the operational investing of Provincial Electricity Authority do not comply with the investment plan, the ERC will consider a clawback as stipulated in the criteria and conditions set forth by the ERC. Moreover, the ERC will consider restoring/recovering the financial position so that Provincial Electricity Authority is able to maintain financial position in accordance with the specified criteria and conditions (Return On Investment Capital: ROIC).

1.3 The rising energy price situation

The rising energy price situation has resulted in higher commodity and energy prices.

Therefore, the cabinet approved measures to assist people who has been affected, the related measures that Provincial Electricity Authority provided are as follows:

1.3.1 Measures to reduce Ft for residential user type 1: a residential user and type 2: a small business user (excluding government agencies and state-owned enterprises) with electricity consumption not exceeding 300 units per month for 4 months from the monthly electricity bill from May to August 2022.

1.3.2 Measures to reduce Ft for residential user type 1: a residential user with electricity consumption not exceeding 500 units per month for 4 months from the monthly electricity bill from September to December 2022.

1.3.3 Measures to reduce Ft for residential user type 1: a residential user with electricity consumption not exceeding 300 units per month for 4 months from the monthly electricity bill from January to April 2023.

According to measures No. 1.3.1 and No. 1.3.2 for the electricity bill for September 2022, the funds from the Annual Budget Expenditure Act, Budget B.E. 2565, the central fund, reserve for emergencies or necessities, measure No. 1.3.2 for electricity bills from October to December 2022, the funds from the Annual Budget Expenditure Act, Budget B.E. 2566, the central fund, reserve for emergencies or necessities, measure No. 1.3.3 for electricity bills from January to April 2023, the funds from the Annual Budget Expenditure Act, Budget B.E. 2566, the central fund, the reserve for emergencies or necessities and the funds allocated by PTT Public Company Limited in accordance with a resolution of the National Energy Policy Council on 25 November 2022 are to be expended.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Provincial Electricity Authority and the following subsidiary company (“the subsidiary”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			%	%
PEA ENCOM International Company Limited	Investing in electricity-related businesses and conducting training services concerning electricity systems	Thailand	100	100

- b) Provincial Electricity Authority is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiary is fully consolidated, being the date on which Provincial Electricity Authority obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiary are prepared using the same significant accounting policies as Provincial Electricity Authority.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales

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

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Construction service revenue is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion.

The recognised revenue which is not yet due per the contracts. The amounts recognised as are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advances received per contract / Deferred revenue" in the statement of financial position are recognised as revenue when the Group performs under the contract.

Contributions for constructing electricity distributing systems

Contributions for constructing electricity distributing systems represent cash collected from people who request to use the electricity in order to reduce the cost of Provincial Electricity Authority for construction of the electricity distributing systems. Ownership of the systems, including responsibility for maintenance and repair belongs to Provincial Electricity Authority. Such contributions are presented as "Deferred revenues" in the statements of financial position and recognised as revenues at the rate of 5 percent per annum when the construction is completed (the rate is equal to the depreciation rate of Provincial Electricity Authority's electricity distributing system assets).

Revenues from transferring of operating assets

Revenues from transferring of operating assets represent assets received from donations which are used in operations. Most of such assets are electricity distribution systems that the electricity users donate to Provincial Electricity Authority, which Provincial Electricity Authority is responsible for maintenance. Such assets are presented as deferred revenues from transferring of operating assets in the statements of financial position and recognised as revenues at the rate in accordance with depreciation rates of such assets over their useful lives.

Assets received from donations, which are not used in operations are recognised as other non-operating revenues in the statements of comprehensive income in the period of acquisitions.

Contribution revenues from foreign financial institutions

Contribution revenues from foreign financial institutions represent contributions in forms of interest discount to be used for various purposes of Provincial Electricity Authority. Such revenues are presented as deferred revenues in the statements of financial position and recognised as revenues based on the actual amount of expenses incurred.

Revenue compensations

Revenue compensations received in accordance with resolution of regulators are recognised when the Group obtains the right to receive the revenue compensations.

Interest income

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

Finance cost

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Inventories

Inventories which consist of spare parts and supplies, are valued at the lower of cost (under the weighted average method) and net realisable value. Allowance is made in full for obsolete spare parts and supplies and for spare parts and supplies pending for improvement.

4.4 Specific-purpose deposits at financial institutions

4.4.1 Specific-purpose deposits at financial institutions, which are presented as current assets in statements of financial position, are deposits to be used within one accounting period and with the specific purposes and conditions. Special-purpose deposits comprises of electricity usage guarantee fund, sinking fund for repayment of bonds, and restricted cash. All of which can be used in Provincial Electricity Authority's activities in case of Provincial Electricity Authority having the deficits in working capital. Interest from electricity usage guarantee fund is used for benefits of electricity users and KFW special fund is used for scholarships, training, analysis and research.

4.4.2 Special-purpose deposits at financial institutions, which are presented as non-current assets in the statements of financial position, are deposits to be used longer than one accounting period and cannot be used for operating activities i.e. PEA Employee Gratuity Fund.

4.5 Investments in subsidiary, joint ventures and associates

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

Investments in subsidiary is accounted for in the separate financial statements using the cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 33 years. No depreciation is provided on land. Depreciation of the investment properties is included in determining income.

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

4.7 Constructions in progress

Constructions in progress include construction costs, borrowing costs incurred on direct costs associated with the borrowing of funds used for the construction, and other costs which are directly related to construction or preparation of the property for its intended use. No depreciation is provide on constructions in progress.

4.8 Property, plant and equipment/Depreciation

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

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

Land improvement	16 - 33 years
Buildings	16 - 33 years
Electricity generating systems	5 - 33 years
Electricity distributing systems	5 - 25 years
Furniture, tools and equipment	5 - 25 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Borrowing costs

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

4.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>	
Computer software licenses	5	years
Computer software	5	years

4.11 Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

Land and Land improvement	1 - 19	years
Buildings	1 - 5	years
Electricity generating systems	2	years
Furniture, tools and equipment	5	years
Vehicles	2 - 5	years
Intangible assets	6	years

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

The Group as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

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

4.12 Related party transactions

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

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

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also Provincial Electricity Authority's functional currency.

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, overtimes, bonuses, contributions to the social security fund, compensated absences and other short-term benefits in accordance with the contract of employment are recognised as expenses when incurred.

Post-employment benefits *and other long-term employee 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 Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plan and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under State Enterprise Labor Relations Act, B.E. 2543, compensation under Labor Law, compensated absences of employees who are dismissed without committing an offense under the law, unused portion of personal leaves of employees, souvenir for retired employees and other employee benefit plans in accordance with the contract of employment. In addition, The Group has other long-term employee benefit welfare for employees who are due in accordance with the conditions.

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

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

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

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

4.16 Provisions

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

4.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.18 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets designated at FVOCI (equity instruments)

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

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

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

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

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

Impairment of financial assets

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

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Offsetting of financial instruments

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

4.19 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for expected credit losses of trade receivables

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

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

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

Provisions and contingent liabilities in relation to litigations

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that loss incurred will not exceed the record amounts as at the end of reporting period.

Property plant and equipment/Depreciation

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

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

6. Related party transactions

During the years, the Group had significant business transactions with person or related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between Provincial Electricity Authority and those related parties.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<u>Transactions with subsidiary company</u> (eliminated from the consolidated financial statements)				
Sales and rendering of services	-	-	12	7
Dividend income	-	-	20	-
Construction and purchase of fixed asset	-	-	37	317
Other operating expenses	-	-	23	55

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Transactions with associates				
Sales and rendering of services	166	185	110	48
Dividend income	49	50	-	-
Cost of electricity	526	510	526	510
Preventive, repair and maintenance, and construction expenses	11	-	-	-

As at 31 December 2022 and 2021, the balances of the accounts between Provincial Electricity Authority and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade and other receivables - related parties (Note 8)				
Subsidiary	-	-	5	1
Associates	21	123	14	-
Total	21	123	19	1
Short-term loans to related parties				
Associates	-	49	-	-
Trade and other payables - related parties (Note 20)				
Subsidiary	-	-	12	52
Associates	109	72	101	72
Total	109	72	113	124
Other current liabilities				
Associates	19	-	-	-
Construction obligations				
Subsidiary	-	-	1	2
Sales and service guarantee				
Subsidiary	-	-	2	-
Associates	1	1	1	1
	1	1	3	1

Short-term loans to related parties

As at 31 December 2022 and 2021, the balances of short-term loans to related parties and the movement in short-term loans are as follows:

(Unit: Million Baht)

	Consolidated financial statements			Balance as at 31 December 2022
	Balance as at 31 December 2021	During the year		
		Increase	Decrease	
<u>Short-term loans to related parties</u>				
<u>Associates</u>				
Thai Digital Energy Development Company Limited	17	-	(17)	-
Pracharath Biomass Maelan Company Limited	10	-	(10)	-
Pracharath Biomass Bannangsata Company Limited	22	-	(22)	-
Total	49	-	(49)	-

Short-term loans to related parties are unsecured loans, with a fixed interest rate per annum. The loans and interest are due for repayment within 1 year. During the year, the subsidiary has already received the repayment.

Transactions with related parties as mentioned above do not include government agencies and state enterprises, except PEA ENCOM International Company Limited, a subsidiary of Provincial Electricity Authority.

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	Short-term employee benefits	125	120	122
Post-employment benefits	4	4	4	4
Total	129	124	126	119

7. Cash and cash equivalents

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cash	53	53	53	53
Bank deposits - Current	4	35	4	31
Bank deposits - Saving	6,613	11,166	6,503	10,774
Bank deposits - Fixed	3,019	986	2,000	-
Total	9,689	12,240	8,560	10,858

As at 31 December 2022, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 1.00 percent per annum (2021: between 0.05 and 0.45 percent per annum).

8. Trade and other receivables

The balance of trade and other receivables as at 31 December 2022 and 2021, aged on the basis of due dates, can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	14	-	14	-
Total trade receivables - related parties	14	-	14	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	43,012	32,316	42,832	32,260
Past due				
Up to 3 months	7,673	7,453	7,673	7,453
3 - 6 months	456	1,013	456	1,012
6 - 12 months	383	759	383	756
Over 12 months	1,291	1,744	1,286	1,742
Total trade receivables - unrelated parties	52,815	43,285	52,630	43,223

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Less: Allowance for expected credit losses	(1,405)	(2,126)	(1,399)	(2,096)
Total trade receivables - net	51,424	41,159	51,245	41,127
<u>Other receivables</u>				
Other receivables - unrelated parties	2,167	2,498	2,005	2,375
Other receivables - related parties (Note 6)	1	-	-	1
Prepaid expenses	29	21	26	17
Interest receivable	58	8	57	7
Accrued revenues from the				
Power Development Fund	4,023	2,511	4,023	2,511
Other accrued revenues - unrelated parties	5,059	360	4,983	179
Other accrued income - related parties				
(Note 6)	6	123	5	-
Total	11,343	5,521	11,099	5,090
Less: Allowance for expected credit losses	(261)	(239)	(252)	(230)
Total other receivables - net	11,082	5,282	10,847	4,860
Trade and other receivables - net	62,506	46,441	62,092	45,987

Set out below is the movements in the allowance for expected credit losses of trade and other receivables.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Beginning balance	2,365	2,072	2,326	2,047
Expected credit losses (reversal)	(684)	308	(660)	294
Amount written off	(15)	(15)	(15)	(15)
Ending balance	1,666	2,365	1,651	2,326

The normal credit term is 10 to 30 days (Provincial Electricity Authority only: 10 to 18 days).

9. Inventories

(Unit: Million Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Operating materials and supplies	46	69	-	-	46	69
Materials and supplies for construction and maintenance	563	490	(2)	(2)	561	488
Materials and supplies for repair	526	1,526	-	-	526	1,526
Demolition materials and supplies	505	397	(11)	(2)	494	395
Materials and supplies pending for adjustments	76	54	(76)	(54)	-	-
Cars waiting for delivery	6	6	(4)	(2)	2	4
Materials and supplies in transit	6	4	-	-	6	4
Total	1,728	2,546	(93)	(60)	1,635	2,486

(Unit: Million Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2022	2021	2022	2021	2022	2021
Operating materials and supplies	46	69	-	-	46	69
Materials and supplies for construction and maintenance	557	483	-	-	557	483
Materials and supplies for repair	526	1,526	-	-	526	1,526
Demolition materials and supplies	505	397	(11)	(2)	494	395
Materials and supplies pending for adjustments	76	54	(76)	(54)	-	-
Materials and supplies in transit	6	4	-	-	6	4
Total	1,716	2,533	(87)	(56)	1,629	2,477

During the year, the Group reduced cost of allowance by Baht 226 million (2021: Baht 148 million) (Provincial Electricity Authority only: Baht 224 million, 2021: Baht 147 million), to reflect the net realisable value. This was included in expense. In addition, the Group reversed the write-down of cost of inventories by Baht 193 million (2021: Baht 130 million) (Provincial Electricity Authority only: Baht 193 million, 2021: Baht 130 million), and reduced the amount of inventories recognised as expenses during the year.

10. Specific-purpose deposits at financial institutions

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2022	2021
Electricity usage guarantee fund (Note 29)	24,329	23,548
Interest from electricity usage guarantee fund	4,991	4,878
Sinking fund for repayment of bonds	5,178	6,253
KFW special fund	187	184
Restricted deposits with banks	2,589	3,264
Funding under the energy conservation policy from Energy Policy and Planning Office and other government agencies	-	1
Deposits on incomes reimburse to users based on the Energy Regulatory Commission's directives	683	2,724
Total	37,957	40,852

Electricity usage guarantee fund, sinking fund for repayment of bonds and restricted cash are deposits at financial institutions that can be used in Provincial Electricity Authority's activities in case of Provincial Electricity Authority have deficits in working capital.

Sinking fund for repayment of bonds is used as Provincial Electricity Authority guarantee for repayment of bonds at the maturity date. Provincial Electricity Authority will periodically deposit to the account for repayment of bonds with maturity period within 3 years.

Interest from electricity usage guarantee fund, interest from KFW special fund, and funding under the energy conservation policy from Energy Policy are deposited at financial institutions which are restricted for specific purposes as determined by Provincial Electricity Authority.

Restricted deposits - saving accounts are used as a guarantee for Provincial Electricity Authority's employee loans. Provincial Electricity Authority has to maintain a balance of saving accounts at a monthly average of Baht 3,100 million.

Deposits on incomes reimburse to users based on the Energy Regulatory Commission's directives are deposits at financial institutions that Provincial Electricity Authority uses according to a resolution directive by the Energy Regulatory Commission.

On 8 August 2022, the Energy Regulatory Commission acknowledged expenses incurred by measures to assist people who has been affected by the effect of Coronavirus disease 2019 pandemic in 2021 and approved the approach to managing such expenses of Baht 2,047 million by using the deposits on incomes reimburse the excess benefits maintained by the Provincial Electricity Authority as reserves for 2020 amounting to Baht 2,696 million for the expenses in accordance with such measures.

11. Investments in subsidiary

11.1 Details of investment in subsidiary

Investment in subsidiary as at 31 December 2022 and 2021 are as follows:

	Separate financial statements			
	Paid-up capital		Shareholding percentage	
	2022	2021	2022	2021
	(Million Baht)	(Million Baht)	(%)	(%)
Non-listed company				
PEA ENCOM International Company Limited	4,011	3,295	100	100

Investment in subsidiary in the separate financial statements represent the investment in PEA Encom International Company Limited. The Subsidiary is registered in Thailand with purposes of investing in electricity-related businesses and conducting training services concerning electricity systems for public organisations and private organisations both domestically and internationally. Provincial Electricity Authority has acquired 100 percent shareholding of its ordinary shares. The investments in subsidiary are recorded under the cost method.

Investments in subsidiary as presented in separate financial statements details as follows:

(Unit: Million Baht)

	Separate financial statements			
	Cost		Dividend received	
	2022	2021	2022	2021
Non-listed company				
PEA ENCOM International Company Limited	4,011	3,295	20	-

11.2 Significant changes in investment in subsidiary

- a. On 19 January 2022, the Provincial Electricity Authority's Board of Directors Meeting No. 1/2022 passed resolutions to approve share capital increase for subsidiary through issuance of 50 million shares with a par value of Baht 10 per share, totaling Baht 500 million, aiming to increase liquidity in the operation of the Solar Rooftop project. Provincial Electricity Authority paid for the newly issued shares on 16 March 2022. The subsidiary registered the capital increase with the Ministry of Commerce on 23 March 2022. The shareholding percentage in subsidiary remains the same.
- b. On 27 July 2022, Provincial Electricity Authority paid for the newly issued shares of 21.5 million shares with a par value of Baht 10 per share, totaling Baht 215 million in accordance with the resolution of the subsidiary's Extraordinary General Meeting of shareholders on 12 July 2022, and in accordance with the Provincial Electricity Authority's Board of Directors Meeting No. 1/2021 held on 20 January 2021 which passed resolutions to approve share capital increase of Baht 1,150 million for PEA ENCOM International Company Limited to invest in a solar energy power project of Set Energy Company Limited. The subsidiary registered the capital increase with the Ministry of Commerce on 2 August 2022. The shareholding percentage in subsidiary remains the same.

12. Investments in associates

12.1 Details of associates

Investments in associated companies in the consolidated financial statements as a transaction of PEA ENCOM International Company Limited which is the subsidiary of Provincial Electricity Authority, has jointly invested for the equity method.

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements									
			Shareholding percentage		Cost		Carrying amounts based on equity method		Allowance for impairment of investments		Carrying amounts based on equity method - Net	
			2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)								
Indirect holdings												
Solar Power (Surin 1) Company Limited	Generating electricity from solar power	Thailand	25	25	41.25	41.25	119.2	110.1	-	-	119.2	110.1
Solar Power (Surin 2) Company Limited	Generating electricity from solar power	Thailand	25	25	41.25	41.25	117.4	107.9	-	-	117.4	107.9
Solar Power (KhonKaen 10) Company Limited	Generating electricity from solar power	Thailand	25	25	41.25	41.25	118.3	109.2	-	-	118.3	109.2
Solar Power (Loei 2) Company Limited	Generating electricity from solar power	Thailand	25	25	41.25	41.25	118.3	109.7	-	-	118.3	109.7
Pracharath Biomass Narathiwat Company Limited	Generating electricity from biomass	Thailand	40	40	2.4	2.4	2.2	2.2	(2.2)	(2.2)	-	-
Pracharath Biomass Maelan Company Limited	Generating electricity from biomass	Thailand	40	40	57.8	57.8	54.4	55.7	-	-	54.4	55.7

(Unit: Million Baht)

		Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Allowance for impairment of investments		Carrying amounts based on equity method - Net	
			2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)								
Indirect holdings (continued)												
Pracharath Biomass Bannangsata Company Limited	Generating electricity from biomass	Thailand	40	40	61.6	61.6	57.2	58.8	-	-	57.2	58.8
Thai Serm Suk Energy Company Limited	Generating electricity from biomass	Thailand	25	25	25.0	25.0	26.1	24.0	-	-	26.1	24.0
Thai Digital Energy Development Company Limited	Develop integrated digital energy products and services	Thailand	25	25	50.0	50.0	50.9	49.5	-	-	50.9	49.5
Set Energy Company Limited	Develop and invest in smart power grids	Thailand	23.775	20	808.6	646.0	789.4	633.2	-	-	789.4	633.2
Encom Waste To Energy (Phranakhon Si Ayutthaya) Company Limited	Generating electricity from refuse derived fuel	Thailand	25	25	20.6	20.6	18.2	19.3	-	-	18.2	19.3
Salo Tech (Thailand) Company Limited	Generating and distribution of electricity	Thailand	25	25	62.0	30.5	56.8	29.1	-	-	56.8	29.1
Siam Electrail Company Limited	Develop electrical systems to support high-speed rail business	Thailand	25	25	3.1	3.1	-	2.7	-	-	-	2.7

(Unit: Million Baht)

		Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Allowance for impairment of investments		Carrying amounts based on equity method - Net	
			2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)								
Indirect holdings (continued)												
R E N Korat Energy Company Limited	Generating electricity from combined heat energy	Thailand	25	25	150.0	75.0	135.9	70.4	-	-	135.9	70.4
PEA Intelligent Technology Company Limited	Provide and sold electronic and smart devices	Thailand	25	25	1.5	1.5	1.9	1.5	-	-	1.9	1.5
THAI ENCOM Company Limited	Provide setting up a system for data analysis and research.	Thailand	25	25	6.3	6.3	5.7	6.3	-	-	5.7	6.3
PEA Encom Smart Solution Company Limited	Full services related to a solar cell system	Thailand	25	25	2.5	0.3	3.1	0.4	-	-	3.1	0.4
Encom Sharge Utility Services Company Limited	Provide power distribution grid services for electric vehicles	Thailand	25	-	5.5	-	5.3	-	-	-	5.3	-
					<u>1,421.9</u>	<u>1,145.1</u>	<u>1,680.3</u>	<u>1,390.0</u>	<u>(2.2)</u>	<u>(2.2)</u>	<u>1,678.1</u>	<u>1,387.8</u>

12.2 Share of comprehensive income and dividend received

During the years ended 31 December 2022 and 2021, the subsidiary of Provincial Electricity Authority has recognised its share of comprehensive income from investments in associates in the statement of comprehensive income as follows:

(Unit: Million Baht)

Associates	Consolidated financial statements			
	Share of profits (losses) from investments in associates		Dividend received by subsidiary*	
	2022	2021	2022	2021
Solar Power (Surin 1) Company Limited	23.7	22.8	14.6	14.1
Solar Power (Surin 2) Company Limited	23.2	22.7	13.7	13.8
Solar Power (KhonKaen 10) Company Limited	20.6	20.6	11.5	11.7
Solar Power (Loei 2) Company Limited	18.0	18.8	9.4	10.1
Pracharath Biomass Narathiwat Company Limited	-	-	-	-
Pracharath Biomass Maelan Company Limited	(1.3)	(0.9)	-	-
Pracharath Biomass Bannangsata Company Limited	(1.6)	(1.1)	-	-
Thai Serm Suk Energy Company Limited	2.1	0.4	-	-
Thai Digital Energy Development Company Limited	1.4	(0.3)	-	-
Set Energy Company Limited	(6.4)	(11.7)	-	-
Encom Waste To Energy (Phranakhon Si Ayutthaya) Company Limited	(1.1)	(1.1)	-	-
Salo Tech (Thailand) Company Limited	(3.8)	(0.8)	-	-
Siam Electrail Company Limited	(2.7)	(0.4)	-	-
R E N Korat Energy Company Limited	(9.5)	(3.6)	-	-
PEA Intelligent Technology Company Limited	0.4	-	-	-
THAI ENCOM Company Limited	(0.6)	-	-	-
PEA Encom Smart Solution Company Limited	0.5	0.1	-	-
Encom Sharge Utility Services Company Limited	(0.2)	-	-	-
Total	62.7	65.5	49.2	49.7

* Dividend received by the subsidiary is expressed in the subsidiary's separate financial statements.

During the years ended 31 December 2022 and 2021, there was no share of other comprehensive income from investments in associates.

12.3 Significant changes in investments in associates

PEA ENCOM Smart Solution Company Limited

On 24 February 2022, PEA ENCOM Smart Solution Company Limited passed resolutions to approve share capital increase Baht 9 million, 0.9 million shares with a par value of Baht 10 per share. On 14 March 2022, the subsidiary made payment for the shares in proportion to its original investment stake, totaling Baht 2.25 million, 0.225 million shares with a par value of Baht 10 per share.

On 19 January 2023, PEA ENCOM Smart Solution Company Limited passed resolutions to approve share capital increase from Baht 10 million, 1 million shares with a par value of Baht 10 to Baht 20 million, 1 million shares with a par value of Baht 20 per share. On 31 January 2023, the subsidiary made payment for the shares in proportion to its original investment stake, totaling Baht 2.5 million, 0.25 million shares at the rate of Baht 10 per share.

Salo Tech (Thailand) Company Limited

On 17 March 2022, Salo Tech (Thailand) Company Limited passed resolutions to approve share capital increase Baht 138 million, 1.38 million shares with a par value of Baht 100 per share, called on the payment for Euro 1.5 million or Baht 54 million. On 31 March 2022, the subsidiary made payment for the shares in proportion to its original investment stake totaling Euro 0.375 million or Baht 13.5 million.

On 9 November 2022, Salo Tech (Thailand) Company Limited called for share payment of Euro 2.0 million, or Baht 71 million. On 30 November 2022, the subsidiary made payment the shares in proportion to its original investment stake totaling Euro 0.5 million or Baht 18 million.

R E N Korat Energy Company Limited

On 15 February 2022, R E N Korat Energy Company Limited passed resolutions to approve share capital increase Baht 200 million, 20 million shares with a par value of Baht 10 per share. On 5 April 2022, R E N Korat Energy Company Limited called on payment and on 7 April 2022, the subsidiary made payment for the shares in proportion to its original investment stake, totaling Baht 50 million, 5 million shares with a par value of Baht 10 per share.

On 3 November 2022, R E N Korat Energy Company Limited passed resolutions to approve share capital increase Baht 200 million, 20 million shares with a par value of Baht 10 per share and called on payment at value of Baht 5 per share. On 10 November 2022, the subsidiary made payment for the shares in proportion to its original investment stake, totaling Baht 25 million, 5 million shares with value of Baht 5 per share.

Encom Sharge Utility Services Company Limited

On 18 May 2022, Encom Sharge Utility Services Company Limited, which is a newly established company registered in Thailand and engaged in businesses relating to providing power distribution grid services for electric vehicles, called on payment for the newly issued 2.2 million shares with a par value of Baht 10 per share. On 29 June 2022, the subsidiary made payment for the shares in proportion to 25 percent of investment stake, totaling Baht 5.5 million, 0.55 million shares with a par value of Baht 10 per share.

Set Energy Company Limited

On 12 July 2022, the subsidiary's Board of Directors Meeting No. 8/2022 passed resolutions to approve an increasing investment in Set Energy Company Limited, 2.153 million ordinary shares with a par value of Baht 100 per share. On 3 August 2022, Set Energy Company Limited called for share payment of Baht 75.5 per share, totaling Baht 162.6 million. On 5 August 2022, the subsidiary made payment for the shares. The shareholding percentage in associate has changed from 20 percent to 23.775 percent.

On 20 February 2023, Set Energy Company Limited, called for payment for 2.153 million ordinary shares with a par value of Baht 24.5 per share, totaling Baht 52.8 million. On 27 February 2023, the subsidiary made payment for the shares. The shareholding percentage in associate has changed from 23.775 percent to 25 percent.

13. Investments in joint ventures

13.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the subsidiary of Provincial Electricity Authority and other companies as at 31 December 2022 and 2021. Details of these investments are as follows:

(Unit: Million Baht)

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on cost method		
			2022	2021	2022	2021	2022	2021	
			(%)	(%)					
Indirectly owned									
PEA Encom Fah Chai joint venture	install and provide service on solar power electricity generating system	Thailand	25	25	5.5	5.5	5.3	5.3	
Less: Allowance for impairment of investments					(5.5)	(5.5)	(5.3)	(5.3)	
Total					-	-	-	-	

Investments in joint venture in the consolidated financial statements is the investment of PEA ENCOM International Company Limited, the subsidiary of Provincial Electricity Authority, which has entered into a joint venture agreement in the name of PEA Encom Fah Chai joint venture to install and provide service on solar power electricity generating system on 8 March 2017 and are accounted by using the equity method.

During the years ended 31 December 2022 and 2021, there was no share of other comprehensive income from investments in joint venture and there was no dividend received from the joint venture.

14. Other non-current financial assets

Other non-current financial assets represent the Group's investments details as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<u>Equity instruments designated at FVOCI</u>				
Listed company equity investment				
WP Energy Public Company Limited	2	2	2	2
Non-listed company equity investment				
B.Grimm Power (AIE-MTP) Company Limited	255	255	-	-
Total	<u>257</u>	<u>257</u>	<u>2</u>	<u>2</u>

15. Other non-current receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Installment receivables	48	17	43	17
Lease receivables	101	9	-	-
Receivables under finance leases	1,580	974	302	22
Total	<u>1,729</u>	<u>1,000</u>	<u>345</u>	<u>39</u>

16. Constructions in progress

(Unit: Million Baht)

	Consolidated financial statements		
	The Group's capital budget	Partially funded by electricity users	Total
As at 1 January 2021	31,656	5,012	36,668
Transfer	(639)	639	-
Acquisition - at cost	40,638	6,688	47,326
Transfer out	(34,537)	(7,788)	(42,325)
	37,118	4,551	41,669
Inventories			14,406
Work in progress			2
As at 31 December 2021			56,077
As at 1 January 2022	37,118	4,551	41,669
Acquisition - at cost	40,249	7,036	47,285
Transfer out	(33,558)	(6,675)	(40,233)
	43,809	4,912	48,721
Inventories			17,908
Work in progress			2
As at 31 December 2022			66,631

(Unit: Million Baht)

	Separate financial statements		
	Provincial Electricity Authority's capital budget	Partially funded by electricity users	Total
As at 1 January 2021	31,259	5,012	36,271
Transfer	(639)	639	-
Acquisition - at cost	40,041	6,688	46,729
Transfer out	(34,210)	(7,788)	(41,998)
	36,451	4,551	41,002
Inventories			14,406
Work in progress			2
As at 31 December 2021			55,410
As at 1 January 2022	36,451	4,551	41,002
Acquisition - at cost	39,582	7,036	46,618
Transfer out	(33,102)	(6,675)	(39,777)
	42,931	4,912	47,843
Inventories			17,908
Work in progress			2
As at 31 December 2022			65,753

Inventories presented in constructions in progress are the materials and supplies which Provincial Electricity Authority has purchased with specific purposes for use in the projects.

The Group has borrowed specific loans to construct buildings, electricity generating and distributing systems which are eligible for qualifying assets. The borrowing costs that directly attributable to the construction of qualifying assets and incurred from loans made for specific purposes are capitalised as cost of assets at interest rates of 1.33 to 4.90 percent per annum (2021: 0.73 to 6.53 percent per annum). Interest expenses on loans for the year ended 31 December 2022 amounting to Baht 4,075 million (2021: Baht 3,610 million) (Provincial Electricity Authority only: Baht 4,054 million, 2021: Baht 3,600 million) are capitalised as part of the cost of constructions in progress amounting to Baht 505 million (2021: Baht 615 million) (Provincial Electricity Authority only: Baht 490 million, 2021: Baht 608 million) and recognised as expenses in profit or loss amounting to Baht 3,570 million (2021: Baht 2,995 million) (Provincial Electricity Authority only: Baht 3,564 million, 2021: Baht 2,992 million).

17. Investment properties

The net book value of investment properties as at 31 December 2022 and 2021 is presented below.

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Land and land improvements	Building and improvements	Construction in progress	Total	Land and land improvements	Building and building improvements	Construction in progress	Total
As at 31 December 2021								
Cost	117	475	49	641	117	475	-	592
Less: Accumulated depreciation	-	(140)	-	(140)	-	(140)	-	(140)
Net book value	<u>117</u>	<u>335</u>	<u>49</u>	<u>501</u>	<u>117</u>	<u>335</u>	<u>-</u>	<u>452</u>
As at 31 December 2022								
Cost	141	476	-	617	141	476	-	617
Less: Accumulated depreciation	-	(155)	-	(155)	-	(155)	-	(155)
Net book value	<u>141</u>	<u>321</u>	<u>-</u>	<u>462</u>	<u>141</u>	<u>321</u>	<u>-</u>	<u>462</u>

A reconciliation of the net book value of investment properties for the years 2022 and 2021 is presented below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	501	501	452	501
Acquisition - at cost	52	49	-	-
Transfer	(76)	(32)	25	(32)
Depreciation for the year	(15)	(17)	(15)	(17)
Net book value at end of year	<u>462</u>	<u>501</u>	<u>462</u>	<u>452</u>

Provincial Electricity Authority had rental revenue from investment properties for the year ended 31 December 2022 of Baht 22 million (2021: Baht 26 million). As at 31 December 2022, the cost value of land for lease is Baht 42 million (2021: Baht 43 million) and the cost value of building for lease is Baht 476 million (2021: Baht 475 million).

The additional information of the investment properties as at 31 December 2022 and 2021 stated below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
The fair value of land and land improvements	558	397	558	397
The fair value of building and building improvements	172	174	172	174
The fair value of construction in progress	-	49	-	-
Total	<u>730</u>	<u>620</u>	<u>730</u>	<u>571</u>

The fair value has been determined based on valuation announced by the Treasury Department and the fair value of construction in progress is stated at cost.

18. Property, plant and equipment

Movements of property, plant and equipment for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements						
	Land and land improvements	Buildings and construction	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Total
Cost:							
1 January 2021	17,999	20,415	2,688	521,192	27,947	11,933	602,174
Additions	733	100	19	106	1,058	1,531	3,547
Received from donations	-	-	-	142	-	-	142
Transfer from construction in progress	406	1,304	28	38,289	1,258	4	41,289
Transfer	41	7	373	(50)	2	(378)	(5)
Disposals	(16)	(165)	(3)	(6,162)	(589)	(141)	(7,076)
31 December 2021	19,163	21,661	3,105	553,517	29,676	12,949	640,071
Additions	580	119	52	3	1,138	858	2,750
Received from donations	25	5	-	105	-	-	135
Transfer from construction in progress	375	659	171	35,607	1,799	-	38,611
Transfer	(18)	154	7	(107)	(56)	(5)	(25)
Disposals	(13)	(93)	(26)	(6,383)	(489)	(370)	(7,374)
31 December 2022	20,112	22,505	3,309	582,742	32,068	13,432	674,168
Accumulated depreciation:							
1 January 2021	1,824	7,603	1,404	269,403	17,098	8,549	305,881
Depreciation for the year	158	653	43	20,149	1,980	572	23,555
Transfer	1	4	146	(41)	1	(148)	(37)
Depreciation on disposals	(10)	(118)	(3)	(4,742)	(583)	(140)	(5,596)
31 December 2021	1,973	8,142	1,590	284,769	18,496	8,833	323,803
Depreciation for the year	170	662	125	21,147	2,193	672	24,969
Transfer	1	81	3	(24)	(61)	-	-
Depreciation on disposals	(8)	(71)	(26)	(5,038)	(509)	(370)	(6,022)
31 December 2022	2,136	8,814	1,692	300,854	20,119	9,135	342,750
Net book value:							
31 December 2021	17,190	13,519	1,515	268,748	11,180	4,116	316,268
31 December 2022	17,976	13,691	1,617	281,888	11,949	4,297	331,418
Depreciation for the year							
2021 (Baht 275 million included in construction in progress cost, and the balance in statement of profit or loss)							23,280
2022 (Baht 288 million included in construction in progress cost, and the balance in statement of profit or loss)							24,681

(Unit: Million Baht)

	Separate financial statements						Total
	Land and land improvements	Buildings and construction	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	
Cost:							
1 January 2021	17,999	20,415	2,688	521,188	27,940	11,931	602,161
Additions	733	99	19	121	1,056	1,531	3,559
Asset received from donations	-	-	-	142	-	-	142
Transfer from construction in progress	406	1,304	28	38,289	1,258	4	41,289
Transfer	41	7	373	(50)	2	(378)	(5)
Disposals	(16)	(165)	(3)	(6,162)	(589)	(141)	(7,076)
31 December 2021	19,163	21,660	3,105	553,528	29,667	12,947	640,070
Additions	580	119	52	6	1,134	858	2,749
Asset received from donations	25	5	-	105	-	-	135
Transfer from construction in progress	375	659	171	35,607	1,799	-	38,611
Transfer	(18)	154	7	(107)	(56)	(5)	(25)
Disposals	(13)	(93)	(26)	(6,383)	(489)	(370)	(7,374)
31 December 2022	20,112	22,504	3,309	582,756	32,055	13,430	674,166
Accumulated depreciation:							
1 January 2021	1,824	7,603	1,404	269,402	17,094	8,549	305,876
Depreciation for the year	158	653	43	20,148	1,979	572	23,553
Transfer	1	4	146	(41)	1	(148)	(37)
Depreciation on disposals	(10)	(118)	(3)	(4,742)	(583)	(140)	(5,596)
31 December 2021	1,973	8,142	1,590	284,767	18,491	8,833	323,796
Depreciation for the year	170	662	125	21,146	2,191	672	24,966
Transfer	1	81	3	(24)	(61)	-	-
Depreciation on disposals	(8)	(71)	(26)	(5,038)	(509)	(370)	(6,022)
31 December 2022	2,136	8,814	1,692	300,851	20,112	9,135	342,740
Net book value:							
31 December 2021	17,190	13,518	1,515	268,761	11,176	4,114	316,274
31 December 2022	17,976	13,690	1,617	281,905	11,943	4,295	331,426
Depreciation for the year							
2021 (Baht 275 million included in construction in progress cost, and the balance in statement of profit or loss)							23,278
2022 (Baht 288 million included in construction in progress cost, and the balance in statement of profit or loss)							24,678

As at 31 December 2022, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 114,096 million (2021: Baht 104,673 million) (Provincial Electricity Authority only: Baht 114,093 million, 2021: Baht 104,672 million).

19. Intangible assets

The net book value of intangible assets as at 31 December 2022 and 2021 is presented below.

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software licenses	Computer software	Total	Computer software licenses	Computer software	Total
As at 31 December 2021						
Cost	5,032	2,398	7,430	5,027	2,398	7,425
Less: Accumulated amortisation	(3,999)	(840)	(4,839)	(3,998)	(840)	(4,838)
Net book value	<u>1,033</u>	<u>1,558</u>	<u>2,591</u>	<u>1,029</u>	<u>1,558</u>	<u>2,587</u>
As at 31 December 2022						
Cost	5,771	3,069	8,840	5,765	3,069	8,834
Less: Accumulated amortisation	(4,440)	(1,411)	(5,851)	(4,438)	(1,411)	(5,849)
Net book value	<u>1,331</u>	<u>1,658</u>	<u>2,989</u>	<u>1,327</u>	<u>1,658</u>	<u>2,985</u>

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	2,591	2,670	2,587	2,667
Acquisition - cost	256	66	255	63
Transfers from construction in progress	1,166	709	1,166	709
Amortisation for the year	(1,024)	(854)	(1,023)	(852)
Net book value at end of year	<u>2,989</u>	<u>2,591</u>	<u>2,985</u>	<u>2,587</u>

As at 31 December 2022, certain items of Computer software licenses were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 3,343 million (2021: Baht 3,329 million) (Provincial Electricity Authority only: Baht 3,342 million, 2021: Baht 3,328 million).

20. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade payables - unrelated parties	61,180	42,796	61,099	42,731
Trade payables - related parties (Note 6)	109	72	101	73
Other payables - unrelated parties	1,431	1,304	1,421	1,294
Other payables - related party (Note 6)	-	-	9	22
Accrued interest expenses	983	938	983	938
Accrued expenses - unrelated parties	2,740	3,222	2,615	2,841
Accrued expenses - related party (Note 6)	-	-	3	29
Unearned revenues	148	235	148	235
Total trade and other payables	66,591	48,567	66,379	48,163

21. Long-term loans

(Unit: Million Baht)

	Interest rate (% per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2022	2021	2022	2021
<u>Domestic long-term loans</u>						
The Ministry of Finance	No interest charge	1988 - 2031	114	133	114	133
Bonds	1.33 - 4.90	2007 - 2042	138,514	127,013	138,514	127,013
Financial institutions	1.4453 - 2.1106	2022 - 2031	3,949	1,031	3,000	-
<u>Foreign long-term loans</u>						
Financial institutions	8.00*	2007 - 2023	36	75	36	75
Total			142,613	128,252	141,664	127,221
Less: Current portion			(9,451)	(5,636)	(9,352)	(5,554)
Long-term loans, net of current portion			133,162	122,616	132,312	121,667

* Borrowing interest rate of 8 percent per annum under the loan contract includes interest expense that Provincial Electricity Authority paid into KFW special fund at the rate of 6 percent per annum. The objective is to be used to develop the personnel of Provincial Electricity Authority. Another 2 percent per year is paid to lenders.

Movements of the long-term loan account for the years ended 31 December 2022 and 2021 summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
2022						
	Balance as at	Additions	Decreases	Unrealised	Premium	Balance as at
	1 January 2022	during year	during year	gain on foreign	amortise	31 December 2022
				exchange		
<u>Domestic long-term loans</u>						
The Ministry of Finance	133	-	(18)	(2)	1	114
Bonds	127,013	17,000	(5,500)	-	1	138,514
Financial institutions	1,031	3,000	(83)	-	1	3,949
<u>Foreign long-term loans</u>						
Financial institutions	75	-	(37)	(2)	-	36
Total	128,252	20,000	(5,638)	(4)	3	142,613

(Unit: Million Baht)

Consolidated financial statements						
2021						
	Balance as at	Additions	Decreases	Unrealised loss	Premium	Balance as at
	1 January 2021	during year	during year	on foreign	amortise	31 December 2021
				exchange		
<u>Domestic long-term loans</u>						
The Ministry of Finance	133	-	(16)	15	1	133
Bonds	104,197	28,000	(5,190)	-	6	127,013
Financial institutions	3,343	688	(3,000)	-	-	1,031
<u>Foreign long-term loans</u>						
Financial institutions	109	-	(36)	2	-	75
Total	107,782	28,688	(8,242)	17	7	128,252

(Unit: Million Baht)

Separate financial statements						
2022						
	Balance as at	Additions	Decreases	Unrealised	Premium	Balance as at
	1 January 2022	during year	during year	gain on foreign	amortise	31 December 2022
				exchange		
<u>Domestic long-term loans</u>						
The Ministry of Finance	133	-	(18)	(2)	1	114
Bonds	127,013	17,000	(5,500)	-	1	138,514
Financial institutions	-	3,000	-	-	-	3,000
<u>Foreign long-term loans</u>						
Financial institutions	75	-	(37)	(2)	-	36
Total	127,221	20,000	(5,555)	(4)	2	141,664

(Unit: Million Baht)

	Separate financial statements					Balance as at 31 December 2021
	2021					
	Balance as at 1 January 2021	Additions during year	Decreases during year	Unrealised loss on foreign exchange	Premium amortise	
<u>Domestic long-term loans</u>						
The Ministry of Finance	133	-	(16)	15	1	133
Bonds	104,197	28,000	(5,190)	-	6	127,013
Financial institutions	3,000	-	(3,000)	-	-	-
<u>Foreign long-term loans</u>						
Financial institutions	109	-	(36)	2	-	75
Total	107,439	28,000	(8,242)	17	7	127,221

During the year, Provincial Electricity Authority issues PEA bonds B.E. 2565 and B.E. 2566, and enter into long-term loan agreements with financial institutions summarised as follows:

No.	Facility	Issued date	Maturity date	Interest rate	Interest payment term
	(Million Baht)			(% per annum)	
No.4/2565	6,000	29 June 2022	29 June 2032	3.79	Every six months
No.5/2565	2,400	20 September 2022	20 March 2033	3.75	Every six months
No.6/2565	3,600	20 September 2022	20 September 2042	4.57	Every six months
No.1/2566	5,000	30 November 2022	30 November 2034	4.00	Every six months

On 29 June 2022, Provincial Electricity Authority entered into a loan agreement with a domestic bank of credit facilities Baht 1,000 million, which is fully drawdown. The interest rate is based on the short-term interest rate in six-month Bangkok Interbank Offered Rate (six-month BIBOR) plus 0.369 percent per annum. Principal repayment is due within 3 years and interest period is due every six months, which is due on 30 June 2025.

On 19 September 2022, Provincial Electricity Authority entered into a loan agreement with a domestic bank of credit facilities Baht 2,000 million, which is fully drawdown. The interest rate is based on the short-term interest rate in six-month Bangkok Interbank Offered Rate (six-month BIBOR) plus 0.25 percent per annum. Principal repayment is due within 1 year 3 months and interest period is due every six months, which is due on 20 December 2023.

Long-term loan from a foreign financial institution of Provincial Electricity Authority secured by the Ministry of Finance.

Long-term loan from a domestic financial institution of the subsidiary is secured by the assets of the distribution and installation of generating electricity from Solar Power project, (Solar Rooftop) presented as other non-current receivables in the statement of financial position. In addition, the subsidiary has to comply with certain requirements as stipulated in the agreement which includes maintaining financial ratios as stipulated in the contract.

On 29 September 2022, the subsidiary entered into a long-term loan agreement with a bank of Baht 800 million. The principal repayment begins on the last working day of the 12th month from the first loan drawdown month and fully repayment within 144 months from the loan drawdown month. The interest rate is based on the short-term interest rate in six-month Bangkok Interbank Offered Rate (six-month BIBOR) plus 2.10 percent per annum. The long-term loan is unsecured. In addition, the subsidiary must comply with certain requirements as specified in the agreement, including maintaining of Provincial Electricity Authority's shareholding percentage, which is not less than 100 percent shareholding of the subsidiary's shares.

As at 31 December 2022, the long-term credit facilities and other credit facilities of the Group which have not yet been drawn down amounted to Baht 3,800 million (2021: Baht 3,118 million) (Provincial Electricity Authority only: Baht 3,000 million, 2021: Baht 3,000 million).

On 20 February 2023, the subsidiary amended the terms of principal repayment, from the repayment of 0.8% on the drawdown amount for installments 1st - 125th and the remaining is to be paid in the 126th installment as follows:

Due Period	The amount to be paid in each installment
1st - 11th	0.8 % of the total loan amount drawn under this contract
12th - 22nd	0.3 % of the total loan amount drawn under this contract
23rd - 34th	0.5 % of the total loan amount drawn under this contract
35th - 82nd	0.8 % of the total loan amount drawn under this contract
83rd - 125th	0.9 % of the total loan amount drawn under this contract
126th	Repayment of remaining debts

And has changed the interest rate from interest on loans BIBOR plus 1.4% per annum throughout the contract to new rate as follows:

Period	Interest rate (% per annum)
a) From the first drawdown until the last working day of January 2023	BIBOR plus 1.4
b) From the end of a) until April 2023	BIBOR plus 1.35
c) After the period as specified in b)	BIBOR plus 1.4

22. Leases

22.1 The Group as a lessee

The Group has lease contracts for various items of land, buildings, vehicles and others used in its operations. Leases generally have lease terms between 1 - 19 years.

22.1.1 Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and construction	Electricity generating systems	Furniture, tool and equipment	Vehicles	Intangible assets	
As at 1 January 2021	101	103	46	7	1,372	11	1,640
Additions	89	63	-	-	838	-	990
Decrease from contract termination	(2)	(2)	-	-	(2)	-	(6)
Depreciation for the year	(53)	(73)	(24)	(3)	(567)	(2)	(722)
As at 31 December 2021	135	91	22	4	1,641	9	1,902
Additions	35	51	34	-	794	-	914
Decrease from contract termination	-	(2)	-	-	-	-	(2)
Depreciation for the year	(56)	(68)	(24)	(3)	(618)	(2)	(771)
Transfer out	(25)	-	-	-	-	-	(25)
As at 31 December 2022	89	72	32	1	1,817	7	2,018

(Unit: Million Baht)

Separate financial statements

	Land and land improvement	Buildings and construction	Electricity generating systems	Furniture, tool and equipment	Vehicles	Intangible assets	Total
As at 1 January 2021	101	84	46	7	1,370	11	1,619
Additions	58	63	-	-	835	-	956
Decrease from contract termination	(1)	(2)	-	-	(2)	-	(5)
Depreciation for the year	(52)	(69)	(24)	(3)	(566)	(2)	(716)
As at 31 December 2021	106	76	22	4	1,637	9	1,854
Additions	35	51	34	-	794	-	914
Depreciation from contract Termination	-	(2)	-	-	-	-	(2)
Depreciation for the year	(52)	(63)	(24)	(3)	(617)	(2)	(761)
As at 31 December 2022	89	62	32	1	1,814	7	2,005

22.1.2 Lease liabilities

(Unit: Million Baht)

	Consolidated financial statements	
	2022	2021
Lease payments	2,865	2,226
Less: Deferred interest expenses	(359)	(110)
Total	2,506	2,116
Less: Portion due within one year	(914)	(852)
Lease liabilities - net of current portion	1,592	1,264

(Unit: Million Baht)

	Separate financial statements	
	2022	2021
Lease payments	2,829	2,170
Less: Deferred interest expenses	(355)	(104)
Total	2,474	2,066
Less: Portion due within one year	(908)	(841)
Lease liabilities - net of current portion	1,566	1,225

Movements of the lease liabilities account during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Balance at beginning of year	2,116	1,833	2,066	1,811
Additions	914	990	914	956
Accretion of interest	65	70	62	69
Repayments	(589)	(777)	(568)	(770)
Balance at end of year	2,506	2,116	2,474	2,066

A maturity analysis of lease payments is disclosed in Note 38.1 under the liquidity risk.

22.1.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets	771	722	761	716
Interest expense on lease liabilities	65	70	62	69
Expense relating to short-term leases	158	41	158	40
Expense relating to leases of low-value assets	2	2	2	2
Expense relating to variable lease payments that do not depend on an index or a rate	27	32	27	31

22.1.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 776 million (2021: Baht 852 million) (Provincial Electricity Authority only: Baht 755 million, 2021: Baht 843 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

22.2 Group as a lessor

The Group has entered into finance leases for its generating electricity from solar rooftop system of the lease terms are between 10 - 25 years.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Undiscounted lease payments receivable under finance leases				
Within 1 year	142	100	26	2
Over 1 and up to 5 years	537	382	101	7
Over 5 years	1,633	1,049	441	32
Total	2,312	1,531	568	41
Less: Deferred interest income	(647)	(509)	(258)	(18)
Net investment in the finance leases	1,665	1,022	310	23
Less: Allowance for expected credit losses	-	(24)	-	-
Net	1,665	998	310	23

23. Accrued remittance to the Ministry of Finance

Movements of accrued remittance to the Ministry of Finance for the years ended 31 December 2022 and 2021 summarised as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2022	2021
Balance at beginning of year	12,163	15,855
Adjustment for remittance to the Ministry of Finance for the year 2020	-	(4,043)
Adjustment for remittance to the Ministry of Finance for the year 2021	(1)	-
Reserve for remittance to public revenues	9,355	7,854
Remit to public revenues during the year	(11,288)	(7,503)
Balance at end of year	10,229	12,163

The Ministry of Finance requires Provincial Electricity Authority to allocate net profit to the Ministry of Finance as state revenue remittance at the rate of 50 percent of net profit before deducting bonus expenses or at the remittance amount specified in the Annual Budget Appropriation Act of the Budget Bureau, Office of the Prime Minister.

During the year 2022, Provincial Electricity Authority has to reserve for remittance to public revenue as stipulated in the Annual Budget Expenditure Act, Budget B.E. 2566

On 7 June 2022, The State Enterprise Policy Office approved that Provincial Electricity Authority is to remit the state revenue for the year 2021 of Baht 7,854 million to the Ministry of Finance. Provincial Electricity Authority remit the remaining amount after deducting of the state revenue for the half-year 2021 of Baht 203 million which already delivered in 2021. During the year 2022, Provincial Electricity Authority already remitted to the Ministry of Finance. Therefore, Provincial Electricity Authority adjusted the revenue projection of Baht 0.15 million.

On 18 October 2022, The State Enterprise Policy Office approved that Provincial Electricity Authority is to remit the state revenue for the half-year 2022 of Baht 3,637 million. During the year 2022, Provincial Electricity Authority already remitted to the Ministry of Finance.

24. Deposits payable

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2022	2021
Pending repayment electricity usage guarantee	127	133
Other deposits payable	255	214
Total deposits payable	382	347

25. Other current liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Retentions and deposits	2,670	442	2,644	435
Undue output tax	3,419	2,809	3,414	2,809
Suspense accounts	145	143	145	143
Total other current liabilities	6,234	3,394	6,203	3,387

26. Provisions for litigations

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2022	2021
Balance at beginning of year	429	370
Increase	15	86
Decrease	(176)	(27)
Balance at end of year	268	429

As at 31 December 2022, provisions for litigations have been set up for lawsuits relates to litigation in which compensation claims have been lodged against Provincial Electricity Authority. Provincial Electricity Authority has assessed the status of these lawsuits and expects to have provision for liabilities under 74 cases (2021: 77 cases), consisting of 37 cases in which full compensation of the claims is expected to be set up and 37 cases in which the compensation is expected to be less than the claims.

During the current year, Provincial Electricity Authority reversed the provisions for litigations by 19 cases, totaling Baht 176 million because Central Administrative Court, the Labor Court dismissed the lawsuits or ruled for compensation. There was 1 case in which the Central Administrative Court ruled for compensation Baht 90 Million, with claims amounting to Baht 183 million. However, this case is currently under trial by the Supreme Administrative Court.

27. Construction obligations

As at 31 December 2022, The group had construction obligations of Baht 6,502 million (2021: Baht 5,999 million) (Provincial Electricity Authority only: Baht 6,503 million, 2021: Baht 6,000 million) from Provincial Electricity Authority receiving payment to expand the electricity distributing areas for electricity users which the electricity users have fully or partially funded the construction costs. The ownership of the assets belongs to Provincial Electricity Authority.

28. Deferred revenue

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2022	2021
Contributions for construction	54,689	54,753
Deferred revenues from transferring of assets	1,252	1,270
Deferred revenues from rental	307	322
Deferred revenues from services	122	128
Deferred revenues from energy management	98	4
Deferred revenues from donation	185	182
Total deferred revenue	<u>56,653</u>	<u>56,659</u>

29. Electricity usage guarantee

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2022	2021
Specific-purpose deposits at financial institutions (Note 10)	24,329	23,548
Suspense saving accounts	139	37
Total deferred revenue	<u>24,468</u>	<u>23,585</u>

Movements of Electricity usage guarantee for the years ended 31 December 2022 and 2021 are summarised as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2022	2021
Balance at beginning of year	23,585	23,290
Increase from electricity usage guarantee	3,055	2,550
Decrease in refunding of electricity usage guarantee	(67)	(230)
Decrease in offset with unpaid electricity bills	(402)	(714)
Decrease in electricity usage cancellation or changing collateral from cash to bank guarantees	(1,656)	(1,282)
Transfer guarantees to income	(47)	(29)
Balance at end of year	24,468	23,585

Electricity usage guarantee is the money that electricity users deposit to Provincial Electricity Authority for guarantee of electricity usage. Provincial Electricity Authority deposits into the bank account named Electricity Usage Guarantee Fund to reserve fund for refunding of electricity usage guarantee to electricity users. Any interest income earned is separately deposited in the bank account named Interest from Electricity Usage Guarantee Fund. Provincial Electricity Authority will use interest of the fund to be repaid as interest on deposit for electricity usage guarantee to the electricity users according to the requirement of the Energy Regulatory Commission and will use in activities for public interests and/or beneficial activities for electricity users.

Provincial Electricity Authority has set the Regulation on Supervision of Electricity Usage Guarantee Fund, B.E.2557 and appointed the committee which is responsible for supervising and controlling an operation of Electricity Usage Guarantee Fund and interest from Electricity Usage Guarantee Fund. Provincial Electricity Authority has to made fund transfer at the amount equal to the net increase in electricity usage guarantee for each month to the Electricity Usage Guarantee Fund account. In case of working capital deficiency or liquidity difficulty, Provincial Electricity Authority can use the electricity usage guarantee fund as a working capital under consideration and approval of the Board of Directors of Provincial Electricity Authority. Then, Provincial Electricity Authority will be required to repay to electricity usage guarantee fund for not less than Baht 100 million on each month by depositing into the Electricity Usage Guarantee Fund account until the amount is fully covered. Also, Provincial Electricity Authority is required to make a payment of interest at the interest rate of saving accounts for state enterprises specified by Krung Thai Bank Public Company Limited by depositing into the Interest from Electricity Usage Guarantee Fund. In case of working capital

deficiency or liquidity difficulty, the repayment can be postponed under the approval of the Governor and should be reported to the Board of Directors.

30. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Provision for long-term post employee benefits	14,754	15,884	14,750	15,882
Provision for special post employee benefits	413	219	413	219
Provision for long service year award	565	151	565	151
Total	15,732	16,254	15,728	16,252

Provision for long-term employee benefits are presented as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2022			2021		
	Post-employment benefits	Other long-term employee benefits	Total	Post-employment benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	16,103	151	16,254	17,678	201	17,879
Included in profit or loss:						
Current service cost	1,010	17	1,027	1,161	20	1,181
Interest cost	346	3	349	292	4	296
Past service costs and gains or losses on settlement	146	(1)	145	196	(1)	195
Actuarial loss	-	440	440	-	-	-
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Demographic assumptions changes	(57)	-	(57)	-	-	-
Financial assumptions changes	(1,304)	-	(1,304)	(1,603)	(31)	(1,634)
Experience adjustments	398	-	398	-	-	-
Benefits paid during the year	(1,475)	(45)	(1,520)	(1,621)	(42)	(1,663)
Provision for long-term employee benefits at end of year	15,167	565	15,732	16,103	151	16,254

(Unit: Million Baht)

	Separate financial statements					
	2022			2021		
	Post-employment benefits	Other long-term employee benefits	Total	Post-employment benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	16,101	151	16,252	17,676	201	17,877
Included in profit or loss:						
Current service cost	1,009	17	1,026	1,161	20	1,181
Interest cost	345	3	348	292	4	296
Past service costs and gains or losses on settlement	146	(1)	145	196	(1)	195
Actuarial loss	-	440	440	-	-	-
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Demographic assumptions changes	(57)	-	(57)	-	-	-
Financial assumptions changes	(1,304)	-	(1,304)	(1,603)	(31)	(1,634)
Experience adjustments	398	-	398	-	-	-
Benefits paid during the year	(1,475)	(45)	(1,520)	(1,621)	(42)	(1,663)
Provision for long-term employee benefits at end of year	15,163	565	15,728	16,101	151	16,252

During the year 2022, Provincial Electricity Authority has approved an amendment to change the annual cumulative vacation schedule for retired employees from 35 days to 40 days. The change is considered to be an amendment of the retirement benefit scheme and resulted in an increase of Baht 162 million in long-term employee benefit reserve. Provincial Electricity Authority recorded the impact of the change by recognising past service costs as an expense immediately in the statement of comprehensive income.

The Group expects to pay Baht 1,316 million of long-term employee benefits during the next year (2021: Baht 1,512 million) (Provincial Electricity Authority only: Baht 1,316 million, 2021: Baht 1,512 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 21.2 years (2021: 20.5 years) (Provincial Electricity Authority only: 21.2 years, 2021: 20.5 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Discount rate	2.15 - 3.36	2.15 - 2.54	3.36	2.54
Inflation rate	2.00	2.00	2.00	2.00
Salary increase rate	7.00 - 8.00	7.00 - 9.00	7.00 - 8.00	7.00 - 9.00
Turnover rate	0.00 - 10.00	0.00 - 8.00	0.20 - 10.00	0.20 - 8.00
Mortality rate	Thai mortality table 2017 with 3% adjustment of mortality rate	Thai mortality table 2017 with 3% adjustment of mortality rate	Thai mortality table 2017 with 3% adjustment of mortality rate	Thai mortality table 2017 with 3% adjustment of mortality rate

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

		2022			
		Consolidated financial statements		Separate financial statements	
	(%)	Increase	Decrease	Increase	Decrease
Discount rate	1	(1,507)	1,809	(1,507)	1,808
Inflation rate	1	105	(91)	105	(91)
Salary increase rate	1	1,771	(1,506)	1,771	(1,506)
Turnover rate	20*	(102)	107	(102)	106
Mortality rate	1	72	(84)	72	(84)

* percent of assumptions

(Unit: Million Baht)

		2021			
		Consolidated financial statements		Separate financial statements	
	(%)	Increase	Decrease	Increase	Decrease
Discount rate	1	(1,668)	2,025	(1,668)	2,025
Inflation rate	1	60	(51)	60	(51)
Salary increase rate	1	2,355	(1,967)	2,355	(1,966)
Turnover rate	20*	(132)	139	(132)	138
Mortality rate	1	80	(92)	80	(192)

* percent of assumptions

31. Revenue from contracts with customers

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Type of goods or service:				
Sale of electricity	578,469	483,747	578,469	483,747
Construction service income	4,422	3,840	4,014	3,840
Rendering of services	10,326	10,081	10,283	9,660
Total revenue from contracts with customers	593,217	497,668	592,766	497,247

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Timing of revenue recognition:				
Revenue recognised at a point in time	3,436	3,263	3,393	2,836
Revenue recognised over time	589,781	494,405	589,373	494,411
Total revenue from contracts with customers	<u>593,217</u>	<u>497,668</u>	<u>592,766</u>	<u>497,247</u>

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 34 to the consolidated financial statements relating to the segment information:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
External customers	593,217	497,668	592,766	497,247
Inter-segment	73	398	-	-
	<u>593,290</u>	<u>498,066</u>	<u>592,766</u>	<u>497,247</u>
Adjustments and eliminations	(73)	(398)	-	-
Total revenue from contracts with customers	<u>593,217</u>	<u>497,668</u>	<u>592,766</u>	<u>497,247</u>

Assistance and support in accordance with relief measures entities impacted by COVID-19

On 1 June 2021, the Cabinet acknowledged and approved of the resolutions passed by the Loan Expenditure Screening Committee in the meetings No. 17/2021 and No. 18/2021 with respect to measures to relieve the obligation on cost of basic utilities due to the new outbreak of the COVID-19 (electricity and water supply expenses) of the Ministry of Interior by the financial support from financial sources as per the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2019) (the Emergency Decree) whereby Provincial Electricity Authority received Baht 3,390 million on 9 July 2021.

On 17 August 2021, the Cabinet approved the resolution passed by the Loan Expenditure Screening Committee in the meeting No. 29/2021 in accordance with the Emergency Decree whereby Provincial Electricity Authority received Baht 6,154 million on 28 September 2021.

On 9 November 2021, the Cabinet approved the resolution passed by the Loan Expenditure Screening Committee in the meeting No. 13/2021 in accordance with the Emergency Decree B.E. 2564 whereby Provincial Electricity Authority received Baht 10,293 million on 24 December 2021.

Assistance and support in accordance with measures to relieve impacts from the rising energy prices situation

On 10 May 2022, the Cabinet passed a resolution approving budget for urgent measures to mitigate the impacts on people from the energy price situation caused by conflicts in the European region. In the meetings held on 29 March 2022, and 19 April 2022, measures to reduce Ft for residential user type 1: a residential user and type 2: a small business user (excluding government agencies and state-owned enterprises) with electricity consumption not exceeding 300 units per month for 4 months from the monthly electricity bills from May to August 2022 by expending the funds from Annual Budget Expenditure Act, Budget B.E. 2565, the central fund, and the reserve for emergencies or necessities. The Provincial Electricity Authority is eligible for a total budget of Baht 1,485 million, and fully received such amount in 2022.

On 13 September 2022, the Cabinet passed a resolution approving the Ministry of Energy's proposed measures to mitigate electricity impacts for measures to reduce Ft for residential user type 1: a residential user with electricity consumption not exceeding 500 units per month for 4 months from the monthly electricity bills from September to December 2022 by expending the funds from Annual Budget Expenditure Act, Budget B.E. 2022, the central fund, and the reserve for emergencies or necessities for the electricity bill for September 2022, and expending the funds from Annual Budget Expenditure Act, Budget B.E. 2023, the central fund, and the reserve for emergencies or necessities for electricity bills from October 2022 to December 2022. The Provincial Electricity Authority is eligible for a total budget of Baht 6,346 million, the portion of Baht 1,601 million was received on 3 October 2022, and the remaining portion of Baht 4,745 million was received in January 2023.

Power Development Fund subsidies to support underprivileged power consumers under Section 97(1)

In accordance with the resolution of the National Energy Policy Council on 13 August 2015, the Provincial Electricity Authority is to provide electricity subsidies to non-juristic residential households with installed meters of not exceeding 5 amps and with electricity consumption not exceeding 50 units per month, for a consecutive period of not less than 3 months. The subsidies will be disbursed from the Power Development Fund under Section 97(1). For the year ended 31 December 2022 amounted to Baht 2,430 million (2021: Baht 1,950 million).

On 7 March 2023, the Energy Regulatory Commission (ERC) approved the consideration outcome for the financial position (actual values) for the year 2021, with the Provincial Electricity Authority having a return of excess benefits of Baht 695 million. The accrued revenue for 2021 of the Power Development Fund subsidies to support underprivileged power consumers under Section 97(1) of Baht 593 million will be deducted. The return of the remaining benefits will be retained by the Provincial Electricity Authority as a reserve until further notice by the Energy Regulatory Commission ERC.

Rendering of services

Provincial Electricity Authority has received license to operate the third type of telecommunication business No. 3n/50/003 (fiber optic) since 1 March 2007 from Office of The National Broadcasting and Telecommunications Commission, which recognised as service income. During the years ended 31 December 2022, Provincial Electricity Authority has recognised sales and service revenues amounting to Baht 140 million (2021: Baht 136 million).

Provincial Electricity Authority has received license to operate broadcasting and television business No. B1-F22051-0004-56 in providing assistance on broadcasting and television. The service includes a rental of electric pole for putting up cable line by National Broadcasting and Telecommunications Commission beginning from 16 December 2013 to 15 December 2028. During the years ended 31 December 2022, Provincial Electricity Authority has revenues on rental of electric pole for putting up cable line from Cable TVs business amounting to Baht 14 million (2021: Baht 15 million).

32. Revenue compensation

With respect to sending contributions to and disbursement of money from the Power Development Fund under Section 97(1) and Section 97 paragraph two for revenue compensation among power utilities that are Provincial Electricity Authority, Metropolitan Electricity Authority and Electricity Generating Authority of Thailand to enhance extensive electrification and to support the policy on development decentralization to provincial areas, Metropolitan Electricity Authority is required to remit contributions to the Power Development Fund in accordance with Section 97(1) and Section 97 paragraph two on a monthly basis. The contributions are calculated based on the amount of Baht 1,000 million per month, in accordance with the Order of the Energy Regulatory Commission No.28/2022 dated 24 February 2022 (2021: Baht 959 million per month in accordance with the Order of the Energy Regulatory Commission No. 4/2021 dated 22 January 2021). Provincial Electricity Authority can request to disburse from the Power Development Fund in compliance with Section 97(1) and Section 97 paragraph two in the amount equal to the amount that Metropolitan Electricity Authority has contributed to the Power Development Fund each

month. For the year ended 31 December 2022, the amount that Provincial Electricity Authority disbursed from the Power Development Fund in this matter was Baht 12,000 million (2021: Bath 11,508 million).

On 22 June 2021, the Energy Regulatory Commission (ERC) resolved to acknowledge the consideration outcome for the financial position (preliminary actual value) for the year 2020. In calculating the return of the difference, the return amount of Baht 590 million for accrued income for the year 2019 shall be net with the consideration outcome for the financial position. Therefore, Provincial Electricity Authority recorded a reduction in revenue compensation with such amount.

33. Finance cost

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Interest expenses on borrowings	3,572	2,997	3,566	2,993
Interest expenses on lease liabilities	65	70	62	69
Total	<u>3,637</u>	<u>3,067</u>	<u>3,628</u>	<u>3,062</u>

34. Segment information

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

For management purposes, the Group is organised into business units by region and have five reportable segments as follows:

- North
- Northeast
- Central region
- South
- Head office

The Group has aggregated the operating segments presented them as the reportable segment. The aggregated operating segments have similar economic characteristics and are similar in the other respects required by the standard.

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

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

The following tables present revenue and profit and total assets/total liabilities information regarding the Group's operating segments.

Total assets/total liabilities information regarding operating segments as at 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	Northern		Northeastern		Central		Southern		Head office		Elimination		Consolidated financial statement	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets														
Trade receivables	8,666	6,157	9,501	6,734	26,886	21,269	9,563	7,669	7,908	4,669	(18)	(57)	62,506	46,441
Other current assets	299	686	295	545	531	864	438	677	53,383	57,211	(1)	-	54,945	59,983
Property, plant and equipment	70,579	67,854	74,888	71,171	107,749	101,081	72,397	70,797	5,822	5,379	(17)	(14)	331,418	316,268
Other non-current assets	12,811	9,371	15,643	12,910	15,666	15,522	14,026	11,145	21,627	17,993	(3,766)	(3,053)	76,007	63,888
Total Assets	92,355	84,068	100,327	91,360	150,832	138,736	96,424	90,288	88,740	85,252	(3,802)	(3,124)	524,876	486,580
Liabilities and equity														
Current liabilities	75,115	65,699	88,938	77,293	(300,991)	(284,210)	39,375	32,849	183,283	174,772	(18)	(57)	85,702	66,346
Long-term loans	-	-	-	-	-	-	-	-	142,613	128,252	-	-	142,613	128,252
Other non-current liabilities	18,566	18,534	25,044	25,017	39,142	38,219	19,575	19,682	5,465	4,874	(4)	(2)	107,788	106,324
Total Liabilities	93,681	84,233	113,982	102,310	(261,849)	(245,991)	58,950	52,531	331,361	307,898	(22)	(59)	336,103	300,922
Equity	(1,326)	(165)	(13,655)	(10,950)	412,681	384,727	37,474	37,757	(242,621)	(222,646)	(3,780)	(3,065)	188,773	185,658
Total Liabilities and equity	92,355	84,068	100,327	91,360	150,832	138,736	96,424	90,288	88,740	85,252	(3,802)	(3,124)	524,876	486,580

Operating results information regarding operating segments as at 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)												Consolidated	
	Northern		Northeastern		Central		Southern		Head office		Eliminations		financial statement	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statement of comprehensive income														
Sales and Rendering of services	88,799	75,663	100,274	86,253	305,537	254,151	97,762	80,699	918	1,300	(73)	(398)	593,217	497,668
Revenue compensations	1,769	1,628	2,012	1,876	6,267	5,670	1,952	1,744	-	-	-	-	12,000	10,918
Other income	177	85	164	113	289	260	403	166	363	282	(69)	(50)	1,327	856
Total revenues	90,745	77,376	102,450	88,242	312,093	260,081	100,117	82,609	1,281	1,582	(142)	(448)	606,544	509,442
Cost of electricity	80,095	66,471	90,621	75,951	266,849	216,000	86,959	69,861	-	-	-	-	524,524	428,283
Employee compensations	3,943	3,845	4,817	4,545	4,784	4,707	3,653	3,602	3,887	3,514	-	(6)	21,078	20,207
Employee benefit expenses	379	325	455	383	470	402	359	308	298	255	-	-	1,961	1,673
Management's benefits	6	6	7	6	6	6	6	6	100	96	-	-	125	120
Preventive, repair and maintenance, and construction expenses	1,159	1,164	1,347	1,304	2,094	1,890	1,650	1,553	1,690	1,991	(10)	(173)	7,930	7,729
Depreciation and amortisation expenses	5,307	5,079	5,732	5,398	7,815	7,318	5,767	5,483	1,870	1,595	-	-	26,491	24,873
Other operating expenses	1,189	1,628	2,280	2,044	2,144	2,097	1,964	1,812	1,622	1,744	(45)	(203)	9,154	9,122
Other expenses	15	71	82	70	317	242	224	342	57	114	-	-	695	839
Total expenses	92,093	78,589	105,341	89,701	284,479	232,662	100,582	82,967	9,524	9,309	(61)	(382)	591,958	492,846
Share of profit from investments in associates	-	-	-	-	-	-	-	-	-	-	63	66	63	66
Finance income	20	17	14	14	36	50	19	25	407	368	-	-	496	474
Finance cost	(10)	(14)	(9)	(11)	(13)	(17)	(13)	(16)	(3,592)	(3,009)	-	-	(3,637)	(3,067)
Profit (loss) before income tax expenses	(1,338)	(1,210)	(2,886)	(1,456)	27,637	27,452	(459)	(349)	(11,428)	(10,368)	(18)	-	11,508	14,069
Income tax expenses	-	-	-	-	-	-	-	-	(1)	(10)	-	-	(1)	(10)
Profit (loss) for the year	(1,338)	(1,210)	(2,886)	(1,456)	27,637	27,452	(459)	(349)	(11,429)	(10,378)	(18)	-	11,507	14,059
Other comprehensive income	-	-	-	-	-	-	-	-	963	1,635	-	-	963	1,635
Total comprehensive income for the year	(1,338)	(1,210)	(2,886)	(1,456)	27,637	27,452	(459)	(349)	(10,466)	(8,743)	(18)	-	12,470	15,694

Major customers

For the years 2022 and 2021, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

35. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 which employees have option to pay into the fund accumulated at the rate of 3 - 15 percent of the salary of each and Provincial Electricity Authority will pay into the fund at the rate of 9 - 11 percent of salary of members. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to approximately Baht 1,279 million (2021: Baht 1,287 million) (Provincial Electricity Authority only: Baht 1,277 million 2021: Baht 1,285 million) were recognised as expenses.

36. Commitments and contingent liabilities

36.1 Capital commitments

As at 31 December 2022, the Group had capital commitments of approximately Baht 30,233 million (2021: Baht 24,028 million) (Provincial Electricity Authority only: Baht 30,023 million 2021: Baht 23,495 million), mainly relating to purchase materials and supplies for construction.

36.2 Lease commitments

As at 31 December 2022 and 2021, the Group has future lease payments for land, buildings, equipment and vehicles required under these non-cancellable leases contracts that have not yet commenced as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Payable:				
Within 1 year	245	39	245	39
Over 1 and up to 5 years	333	30	333	30

36.3 Significant long-term agreement commitments

As at 31 December 2022, Provincial Electricity Authority has commitment under the Power Purchase Agreement with the Very Small Power Producer amounting to 953 contracts (2021: 946 contracts). The performance obligations are in accordance with the terms and conditions, specified in the contracts. The purchase of electricity consists of the base electricity cost, electricity bill according to the formula for automatically adjusting the electricity rate, added on the purchase price of electricity and deduction of the operating fee of 2 percent (if any). The purchase prices will vary according to the contractual sales volume and the type of fuel that each VSPP has contracted with Provincial Electricity Authority.

36.4 Contributions to the Power Development Fund commitments

According to the Energy Business Act B.E. 2550, Sections 97(4) and 97(5) (Act), Provincial Electricity Authority must remit money to the Power Development Fund to promote the use of renewable energy and the technology used in the electricity business that has less impact on the environment, and to promote society and people to have knowledge, awareness and participation in electricity use. The amount delivered is based on calculation from Provincial Electricity Authority's distribution unit each month and other relevant information in accordance with the rules and conditions specified in the said Act. During the year, Provincial Electricity Authority has recorded such expenditure in profit or loss amounted to Baht 953 million (2021: Baht 955 million).

On 29 December 2022, the Energy Regulatory Commission issued announcements regarding the contribution to the Power Development Fund for electricity distribution licensees to promote the use of renewable energy and the technology used that has less impact on the environment, and the contribution to the Power Development Fund for electricity distribution licensees to promote society and people to have knowledge, awareness and involvement in electricity use. These announcements require that the Provincial Electricity Authority make contribution to the funds at a rate of Baht 0.00 per unit of net distribution in the month in which the electricity bill is charged, effective from 1 January 2023 onwards.

36.5 Litigations

As at 31 December 2022, Provincial Electricity Authority was being sued in 299 cases with claims totaling Baht 30,240 million, which are under judicial proceedings. Provincial Electricity Authority expects to have to pay full compensation of the claims for 37 cases. Of the remaining cases, 225 cases are not expected to result in significant losses and in 37 cases the compensation paid is expected to be less than the claims.

A summary of the lawsuits that are not expected to the results of significant losses and that may result in monetary damages less than the claims are as follows:

1. A total of 48 cases in which injured persons requested Provincial Electricity Authority to demolish assets or continue construction to completion, with claims amounting to totalling Baht 27 million.
2. A total of 30 cases where the injured persons claimed compensations from Provincial Electricity Authority in relation to employment and employee benefits, with claims amounting to totalling Baht 84 million.
3. A total of 62 cases in which the injured persons claimed for damages from Provincial Electricity Authority in circumstances where other persons or plaintiffs had received the damages from the property of Provincial Electricity Authority, with claims amounting to totalling Baht 373 million.
4. A total of 122 cases in which the injured persons claimed compensations from Provincial Electricity Authority in breach of contracts and infringement lawsuits, with claims amounting to totalling Baht 29,488 million.

37. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed company equity investment	2	-	-	2
Non-listed company equity investment	-	-	255	255
Assets for which fair value are disclosed				
Investment properties	-	-	730	730
Liabilities for which fair value are disclosed				
Long-term loans	-	136,220	143	136,363

(Unit: Million Baht)

Consolidated financial statements				
2021				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed company equity investment	2	-	-	2
Non-listed company equity investment	-	-	255	255
Assets for which fair value are disclosed				
Investment properties	-	-	620	620
Liabilities for which fair value are disclosed				
Long-term loans	-	129,546	214	129,760

(Unit: Million Baht)

Separate financial statements				
2022				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed company equity investment	2	-	-	2
Assets for which fair value are disclosed				
Investment properties	-	-	730	730
Liabilities for which fair value are disclosed				
Long-term loans	-	136,220	143	136,363

(Unit: Million Baht)

Separate financial statements				
2021				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed company equity investment	2	-	-	2
Assets for which fair value are disclosed				
Investment properties	-	-	571	571
Liabilities for which fair value are disclosed				
Long-term Loans	-	129,546	214	129,760

During the current year, The Group has no change in methods and assumptions used in measured the fair value of financial instruments and, there were no transfers within the fair value hierarchy.

38. Financial instruments

38.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivable, short-term loans to related parties, specific-purpose deposits at financial institution, restricted bank deposits, other non-current financial assets, trade and other payables, long-term loans, lease liabilities, and other non-current payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivable, short-term loans to related parties, specific-purpose deposits at financial institution, restricted bank deposits, bank deposits, deposits at financial institution, other non-current financial assets, and other financial instruments, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. Most of the electricity debtors of Provincial Electricity Authority are juristic persons and natural persons. There may be a risk arising from the debtor's failure to comply with the terms of the contract, which may cause damage to Provincial Electricity Authority and there may be a risk of credit concentration. However, there has been no significant losses that effect to Provincial Electricity Authority in the past.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by revenues type and customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to loans that are denominated in foreign currencies. Exchange rate risk arises from changes in foreign currency exchange rates, which caused an impact on Provincial Electricity Authority in the current period and in the following years, which the Group It is expected that the effect of exchange rate changes is insignificant on the Group's foreign-denominated financial assets and liabilities. Because most of the group's transactions are made in Thai baht.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its banks deposits, trade and other receivable, short-term loans to related parties, specific-purpose deposits at financial institution, restricted bank deposits, other non-current receivables, trade and other payables, long-term loans, lease liabilities, and other non-current payables. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements

2022

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1- 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	3,019	-	-	6,613	57	9,689	0.100 - 1.000
Trade and other receivables	134	-	-	-	62,372	62,506	0.000 - 10.162
Specific-purpose deposits at financial institutions	33,869	-	-	4,088	-	37,957	0.100 - 2.100
Restricted bank deposits	50	-	-	-	-	50	0.250
Other non-current receivables	-	481	1,247	-	1	1,729	0.000 - 10.162
	<u>37,072</u>	<u>481</u>	<u>1,247</u>	<u>10,701</u>	<u>62,430</u>	<u>111,931</u>	
<u>Financial liabilities</u>							
Trade and other payables	10	-	-	-	66,581	66,591	1.440 - 2.361
Long-term loans	9,335	45,080	87,129	949	120	142,613	1.330 - 4.900
Lease liabilities	914	1,351	241	-	-	2,506	0.825 - 11.744
Other non-current payables	-	14	-	-	1	15	1.440 - 2.361
	<u>10,259</u>	<u>46,445</u>	<u>87,370</u>	<u>949</u>	<u>66,702</u>	<u>211,725</u>	

(Unit: Million Baht)

Consolidated financial statements

2021

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	986	-	-	11,166	88	12,240	0.050 - 0.450
Trade and other receivables	39	-	-	-	46,402	46,441	2.667 - 19.664
Short-term loans to related parties	49	-	-	-	-	49	2.830 - 3.750
Specific-purpose deposits at financial institutions	28,265	-	-	12,587	-	40,852	0.050 - 0.800
Restricted bank deposits	50	-	-	-	-	50	0.250
Other non-current receivables	-	223	774	-	3	1,000	2.667 - 19.664
	<u>29,389</u>	<u>223</u>	<u>774</u>	<u>23,753</u>	<u>46,493</u>	<u>100,632</u>	

(Unit: Million Baht)

Consolidated financial statements

	2021						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
<u>Financial liabilities</u>							
Trade and other payables	6	-	-	-	48,561	48,567	2.361
Long-term loans	5,536	46,817	74,727	1,031	141	128,252	1.330 - 4.900
Lease liabilities	852	1,227	37	-	-	2,116	1.433 - 11.744
Other non-current payables	-	14	-	-	3	17	2.361
	<u>6,394</u>	<u>48,058</u>	<u>74,764</u>	<u>1,031</u>	<u>48,705</u>	<u>178,952</u>	

(Unit: Million Baht)

Separate financial statements

	2022						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	2,000	-	-	6,503	57	8,560	0.100 - 1.000
Trade and other receivables	27	-	-	-	62,065	62,092	2.667 - 10.162
Specific-purpose deposits at financial institutions	33,869	-	-	4,088	-	37,957	0.100 - 2.100
Other non-current receivables	-	79	265	-	1	345	2.667 - 10.162
	<u>35,896</u>	<u>79</u>	<u>265</u>	<u>10,591</u>	<u>62,123</u>	<u>108,954</u>	
<u>Financial liabilities</u>							
Trade and other payables	10	-	-	-	66,369	66,379	1.440 - 2.361
Long-term loans	9,335	45,080	87,129	-	120	141,664	1.330 - 4.900
Lease liabilities	908	1,325	241	-	-	2,474	0.825 - 11.744
Other non-current payables	-	14	-	-	1	15	1.440 - 2.361
	<u>10,253</u>	<u>46,419</u>	<u>87,370</u>	<u>-</u>	<u>66,490</u>	<u>210,532</u>	

(Unit: Million Baht)

Separate financial statements							
2021							
Fixed interest rates						Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total		
Financial assets							
Cash and cash equivalent	-	-	-	10,774	84	10,858	0.050 - 0.250
Trade and other receivables	7	-	-	-	45,980	45,987	2.667 - 6.790
Specific-purpose deposits at financial institutions	28,265	-	-	12,587	-	40,852	0.050 - 0.800
Other non-current receivables	-	17	19	-	3	39	2.667 - 6.790
	<u>28,272</u>	<u>17</u>	<u>19</u>	<u>23,361</u>	<u>46,067</u>	<u>97,736</u>	
Financial liabilities							
Trade and other payables	6	-	-	-	48,157	48,163	2.361
Long-term loans	5,536	46,817	74,727	-	141	127,221	1.330 - 4.900
Lease liabilities	841	1,188	37	-	-	2,066	1.433 - 11.744
Other non-current payables	-	14	-	-	3	17	2.361
	<u>6,383</u>	<u>48,019</u>	<u>74,764</u>	<u>-</u>	<u>48,301</u>	<u>177,467</u>	

Liquidity risk

The Group monitors the risk of a shortage of liquidity by maintaining sufficient cash and cash equivalents to support the Group's operations and reduce the risks that may arise from the effects of fluctuations in cash flow. Approximately 36.37 percent of the Group's debt will mature in less than one year at 31 December 2022 (2021: 30.81 percent) (Provincial Electricity Authority only: 36.43 percent, 2021: 30.78 percent) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	2022			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	66,442	-	-	66,442
Deposits payable	382	-	-	382
Long-term loans	9,470	45,703	87,600	142,773
Lease liabilities	978	1,468	419	2,865
Other non-current payables	-	16	-	16
Total financial liabilities	77,272	47,187	88,019	212,478

(Unit: Million Baht)

	Consolidated financial statements			
	2021			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	48,332	-	-	48,332
Deposits payable	348	-	-	348
Long-term loans	5,638	47,402	75,288	128,328
Lease liabilities	901	1,274	51	2,226
Other non-current payables	-	18	-	18
Total financial liabilities	55,219	48,694	75,339	179,252

(Unit: Million Baht)

	Separate financial statements			
	2022			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	66,231	-	-	66,231
Deposits payable	382	-	-	382
Long-term loans	9,354	45,158	87,225	141,737
Lease liabilities	969	1,440	419	2,828
Other non-current payables	-	16	-	16
Total financial liabilities	76,936	46,614	87,644	211,194

(Unit: Million Baht)

	Separate financial statements			
	2021			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	47,929	-	-	47,929
Deposits payable	348	-	-	348
Long-term loans	5,555	46,907	74,834	127,296
Lease liabilities	888	1,231	51	2,170
Other non-current payables	-	18	-	18
Total financial liabilities	54,720	48,156	74,885	177,761

38.2 Fair values of financial instruments

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

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

	(Unit: Million Baht)			
	Consolidated and separate financial statements			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long-term loans	138,664	139,363	127,221	129,760

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

- The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- The fair value of fixed rate debentures and long-term loans is estimated by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- The carrying amounts of debentures and long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.

39. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise value, and subsidiary meets financial covenants attached to the loan agreements of subsidiary. The subsidiary has complied with these covenants throughout the reporting periods.

As at 31 December 2022, the Group's debt-to-equity ratio was 1.78:1 (2021: 1.62:1) and Provincial Electricity Authority only was 1.78:1 (2021: 1.62:1).

40. Approval of financial statements

These financial statements were authorised for issue by Provincial Electricity Authority's Governor on 24 March 2023.