

Restaurants Development Co., Ltd.

Financial statements for the year ended
31 December 2023
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Restaurants Development Co., Ltd.

Opinion

I have audited the financial statements of Restaurants Development Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with 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.

Responsibilities of Management for the Financial Statements

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

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



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 TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management 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.

Vilaivan V

(Vilaivan Pholprasert)
Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
19 April 2024

Restaurants Development Co., Ltd.

Statement of financial position

Assets	Note	31 December	
		2023	2022
		(in Baht)	
Current assets			
Cash and cash equivalents	4	373,867,566	497,335,761
Trade and other receivables		100,849,453	77,210,260
Inventories	5	229,994,861	235,508,556
Other current assets		24,746,907	8,716,870
Total current assets		729,458,787	818,771,447
Non-current assets			
Restricted deposit with financial institution	6	84,100,000	84,100,000
Leasehold improvements and equipment	7	1,502,712,759	1,404,549,640
Goodwill	8	131,817,014	178,340,666
Right to franchise agreement	9	224,027,295	303,095,730
Right to leasehold agreements	10	7,124,504	15,256,994
Leasehold rights	11	18,046,862	24,281,386
Deferred initial fee	12	162,690,123	145,512,380
Deposits		125,061,202	128,398,313
Other non-current assets		24,465,985	8,683,037
Total non-current assets		2,280,045,744	2,292,218,146
Total assets		3,009,504,531	3,110,989,593

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

Restaurants Development Co., Ltd.

Statement of financial position

Liabilities and equity	Note	31 December	
		2023	2022
		(in Baht)	
Current liabilities			
Trade accounts payable		335,561,033	348,681,636
Other payables	14	458,936,283	425,830,715
Current portion of long-term loan from a financial institution	13	560,000,000	140,000,000
Current portion of long-term loan from a related party and interest payable	13	2,027,296,389	-
Current portion of finance lease liabilities	13	86,540,868	24,858,731
Other current liabilities		21,832,261	17,544,324
Total current liabilities		3,490,166,834	956,915,406
Non-current liabilities			
Long-term loan from a financial institution	13	-	560,000,000
Long-term loan from a related party and interest payable	13	-	1,947,777,874
Finance lease liabilities	13	-	86,540,868
Provision for retirement benefits	15	62,309,721	59,867,622
Provision for decommissioning	16	101,011,514	95,349,072
Total non-current liabilities		163,321,235	2,749,535,436
Total liabilities		3,653,488,069	3,706,450,842
Equity			
Share capital			
Authorised share capital (4,000,000 ordinary shares, par value at Baht 100 per share)		400,000,000	400,000,000
Issued and paid-up share capital (4,000,000 ordinary shares, par value at Baht 100 per share)		400,000,000	400,000,000
Deficit		(1,043,983,538)	(995,461,249)
Capital deficiency		(643,983,538)	(595,461,249)
Total liabilities and equity		3,009,504,531	3,110,989,593

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

Restaurants Development Co., Ltd.**Statement of income**

		Year ended	
		31 December	
	<i>Note</i>	2023	2022
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sales of goods		5,670,177,236	4,966,975,060
Other income		39,190,971	24,360,265
Total income		5,709,368,207	4,991,335,325
<i>Expenses</i>			
Cost of sales of goods	5	3,267,211,392	2,783,140,002
Selling expenses		1,735,141,337	1,559,320,438
Administrative expenses		644,897,150	600,759,341
Total expenses		5,647,249,879	4,943,219,781
Profit before finance costs		62,118,328	48,115,544
Finance costs		(110,640,617)	(85,556,351)
Loss for the year		(48,522,289)	(37,440,807)

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

Restaurants Development Co., Ltd.

Statement of changes in equity

	Issued and paid-up share capital	Deficit <i>(in Baht)</i>	Capital deficiency
<i>Year ended 31 December 2022</i>			
Balance at 1 January 2022	400,000,000	(958,020,442)	(558,020,442)
Loss for the year	-	(37,440,807)	(37,440,807)
Balance at 31 December 2022	<u>400,000,000</u>	<u>(995,461,249)</u>	<u>(595,461,249)</u>
<i>Year ended 31 December 2023</i>			
Balance at 1 January 2023	400,000,000	(995,461,249)	(595,461,249)
Loss for the year	-	(48,522,289)	(48,522,289)
Balance at 31 December 2023	<u>400,000,000</u>	<u>(1,043,983,538)</u>	<u>(643,983,538)</u>

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

Restaurants Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2023

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Restaurants Development Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 19 April 2024.

1 General information

Restaurants Development Co., Ltd., (“the Company”), is incorporated in Thailand and has its registered office at 8, T-ONE Building 18th Floor, Unit 1-4, Sukhumvit 40, Prakanong, Klongtoey, Bangkok. The principal activities of the Company is to operate the restaurants under “KFC” trademarks.

The Company’s major shareholders during 2023 were Yellow Palm Co., Ltd., which is incorporated in Thailand, (51% shareholding) and Bamboo (Thailand) Holding Pte. Ltd., which is incorporated in the Republic of Singapore, (49% shareholding).

In January 2024, 49% of the Company’s shares were acquired by Devyani International DMCC which is incorporated in United Arab Emirates from Bamboo (Thailand) Holding Pte. Ltd. which was the former shareholder. As a result, the new major shareholder of the Company has changed to be such company.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (Revised B.E. 2565), which promulgated by the Federation of Accounting Professions (TFAC) in 2022. The adoption of the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (Revised B.E. 2565) (‘TFRS for NPAEs’) does not impact materially the financial statements.

The financial statements are prepared and presented in Thai Baht. Accounting policies disclosed in Note 3 are applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Use of going concern basis of accounting

The Company reported a loss for the year ended 31 December 2023 of Baht 48.52 million (2022: Baht 37.44 million) and, as of 31 December 2023, the Company’s current liabilities exceed its current assets by Baht 2,760.71 million (2022: Baht 138.14 million) and the Company had capital deficiency of Baht 643.98 million (2022: Baht 595.46 million). However, the Company’s management believes that it is appropriate for the Company to prepare its financial statements on the going concern basis since Devyani International Limited, an intermediate parent company from 17 January 2024 confirmed to provide necessary financial support to the Company to enable the Company to meet its liabilities as they fall due and to continue its operations at least for the following 12 months. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to amount and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

Restaurants Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2023

3 Significant accounting policies

(a) Foreign currency

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to Thai Baht at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, are translated at the exchange rate at the reporting date.

Foreign currency differences are recognised in the statement of income.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits.

(c) Trade and other receivables

Trade and other receivables measured at invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories. Bad debts are written off when incurred. Bad debts recovered are recognised as other income in the statement of income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Costs include direct costs incurred in acquiring inventories. Net realisable value is the estimate of the selling price in the ordinary course of business less the estimated costs to make the sale.

(e) Leasehold improvements and equipment

Leasehold improvements and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold improvements and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

Differences between the proceeds from disposal and the carrying amount of leasehold improvements and equipment are recognised in the statement of income.

Subsequent costs

The cost of replacing a part of an item of leasehold improvements and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvements and equipment are recognised in the statement of income as incurred.

Restaurants Development Co., Ltd.
Notes to the financial statements
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Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each component of an asset and recognised in the statement of income. No depreciation is provided on assets under construction. The estimated useful lives are as follows:

Leasehold improvements	3 - 10 years
Machinery and equipment	3 - 8 years
Office equipment	5 years

(f) Goodwill

Goodwill is measured at cost less accumulated amortisation and losses on decline in value. Amortisation is calculated on a straight-line basis over the estimated useful life of 10 years and recognised in the statement of income.

(g) Intangible assets

Intangible assets that are acquired by the Company are measured at cost less accumulated amortisation and loss on decline in value.

Amortisation is calculated on a straight-line basis over the estimate useful lives of intangible assets and recognised in the statement of income. The estimated useful lives are as follows:

Right to franchise agreement	10 years
Deferred initial fee	10 years
Right to leasehold agreements	lease period

(h) Leasehold rights

Leasehold right is prepaid rental expense that is capitalised and amortised using the straight-line method over the lease period. Leasehold right is stated at cost less accumulated amortisation and losses on decline in value.

(i) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount exceeds its recoverable amount. The loss on decline in value is recognised in the statement of income.

(j) Trade and other payables and loans

Trade and other payables and loans are stated at cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

Restaurants Development Co., Ltd.
Notes to the financial statements
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Provision for retirement benefits

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

Provision for decommissioning

Provision for decommissioning is estimated on cost of dismantling and removing the items and restoring the site on which it is located when the entity has the obligation to do so. The amount on dismantle cost is the best estimate from the appraisal of regular construction companies to settle the present obligation at the reporting date.

(l) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due or associated costs or the probable return of goods.

Interest income and other income

Interest and other income are recognised as they accrue.

(m) Operating Leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

(n) Finance costs

Interest expenses, the interest component of finance lease payments and similar costs are recognised recognised using the effective interest method.

(o) Income tax

Income tax is calculated on the taxable income or loss for the year, using tax rates enacted at the reporting date.

4 Cash and cash equivalents

	2023	2022
	<i>(in thousand Baht)</i>	
Cash on hand	43,897	35,285
Cash at banks - current accounts	77,730	61,628
Cash at banks - savings accounts	252,241	400,423
Total	373,868	497,336

Restaurants Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2023

5 Inventories

	2023	2022
	<i>(in thousand Baht)</i>	
Raw materials	198,997	206,215
Packagings	24,471	23,562
Operating supplies	9,541	9,022
Total	233,009	238,799
Less allowance for decline in value	(3,014)	(3,290)
Net	229,995	235,509

Inventories recognised in cost of sales of goods:		
- Cost	3,267,487	2,781,080
- (Reversal of) write-down to net realisable value	(276)	2,060
Net	3,267,211	2,783,140

6 Restricted deposit with financial institution

As at 31 December 2023 and 2022, a fixed deposit amounting to Baht 84.10 million was pledge as collateral for overdraft facilities, a line of letters of guarantee and loan agreements from a local financial institution.

7 Leasehold improvements and equipment

	Leasehold improvements	Machinery and equipment	Office equipment	Assets under construction	Total
	<i>(in thousand Baht)</i>				
Cost					
At 1 January 2022	1,609,681	887,938	235,009	44,793	2,777,421
Additions	262,197	87,528	36,054	127,595	513,374
Disposals	(7,838)	(15,218)	(9,458)	-	(32,514)
Transfers	24,491	39,746	1,661	(65,898)	-
At 31 December 2022 and 1 January 2023	1,888,531	999,994	263,266	106,490	3,258,281
Additions	316,845	90,053	38,149	81,315	526,362
Disposals	(71,008)	(45,890)	(18,886)	-	(135,784)
Transfers	28,412	48,041	19,032	(95,485)	-
At 31 December 2023	2,162,780	1,092,198	301,561	92,320	3,648,859
Accumulated depreciation					
At 1 January 2022	898,303	435,024	151,423	-	1,484,750
Depreciation charge for the year	241,225	115,066	37,179	-	393,470
Disposals	(3,371)	(12,469)	(8,649)	-	(24,489)
Transfers	(71)	154	(83)	-	-
At 31 December 2022 and 1 January 2023	1,136,086	537,775	179,870	-	1,853,731
Depreciation charge for the year	260,547	118,006	40,051	-	418,604
Disposals	(65,125)	(43,060)	(18,004)	-	(126,189)
At 31 December 2023	1,331,508	612,721	201,917	-	2,146,146

Restaurants Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2023

	Leasehold improvements	Machinery and equipment	Office equipment (in thousand Baht)	Assets under construction	Total
<i>Net book value</i>					
As at 31 December 2022	<u>752,445</u>	<u>462,219</u>	<u>83,396</u>	<u>106,490</u>	<u>1,404,550</u>
As at 31 December 2023	<u>831,272</u>	<u>479,477</u>	<u>99,644</u>	<u>92,320</u>	<u>1,502,713</u>

8 Goodwill

	Goodwill (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	<u>465,237</u>
At 31 December 2022 and 1 January 2023	<u>465,237</u>
At 31 December 2023	<u>465,237</u>
<i>Accumulated amortisation</i>	
At 1 January 2022	240,373
Amortisation for the year	<u>46,523</u>
At 31 December 2022 and 1 January 2023	<u>286,896</u>
Amortisation for the year	<u>46,524</u>
At 31 December 2023	<u>333,420</u>
<i>Net book value</i>	
At 31 December 2022	<u>178,341</u>
At 31 December 2023	<u>131,817</u>

9 Right to franchise agreement

	Right to franchise agreement (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	<u>790,684</u>
At 31 December 2022 and 1 January 2023	<u>790,684</u>
At 31 December 2023	<u>790,684</u>
<i>Accumulated amortisation</i>	
At 1 January 2022	408,520
Amortisation for the year	<u>79,068</u>
At 31 December 2022 and 1 January 2023	<u>487,588</u>
Amortisation for the year	<u>79,069</u>
At 31 December 2023	<u>566,657</u>
<i>Net book value</i>	
At 31 December 2022	<u>303,096</u>
At 31 December 2023	<u>224,027</u>

Restaurants Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2023

10 Right to leasehold agreements

	Right to leasehold agreement (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	111,045
At 31 December 2022 and 1 January 2023	111,045
At 31 December 2023	111,045
<i>Accumulated amortisation</i>	
At 1 January 2022	87,212
Amortisation for the year	8,576
At 31 December 2022 and 1 January 2023	95,788
Amortisation for the year	8,132
At 31 December 2023	103,920
<i>Net book value</i>	
At 31 December 2022	15,257
At 31 December 2023	7,125

11 Leasehold rights

	Leasehold rights (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	87,107
Disposals	(12,426)
At 31 December 2022 and 1 January 2023	74,681
Disposals	(6,205)
At 31 December 2023	68,476
<i>Accumulated amortisation</i>	
At 1 January 2022	52,835
Amortisation for the year	6,904
Disposals	(9,339)
At 31 December 2022 and 1 January 2023	50,400
Amortisation for the year	6,234
Disposals	(6,205)
At 31 December 2023	50,429
<i>Net book value</i>	
At 31 December 2022	24,281
At 31 December 2023	18,047

Restaurants Development Co., Ltd.
Notes to the financial statements
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12 Deferred initial fee

	Deferred initial fee (in thousand Baht)
<i>Cost</i>	
At 1 January 2022	194,118
Additions	10,197
At 31 December 2022 and 1 January 2023	204,315
Additions	39,832
At 31 December 2023	244,147
<i>Accumulated amortisation</i>	
At 1 January 2022	41,307
Amortisation for the year	17,496
At 31 December 2022 and 1 January 2023	58,803
Amortisation for the year	22,654
At 31 December 2023	81,457
<i>Net book value</i>	
At 31 December 2022	145,512
At 31 December 2023	162,690

13 Interest-bearing liabilities

	Secured	2023 Unsecured	Total (in million Baht)	Secured	2022 Unsecured	Total
<i>Current</i>						
Current portion of long-term loan						
- financial institution	560	-	560	140	-	140
- related party	-	2,027	2,027	-	-	-
Current portion of finance lease liabilities	87	-	87	24	-	24
<i>Non-current</i>						
Long-term loan						
- financial institution	-	-	-	560	-	560
- related party	-	-	-	-	1,948	1,948
Finance lease liabilities	-	-	-	87	-	87
Total interest-bearing liabilities	647	2,027	2,674	811	1,948	2,759

The Company has a long-term loan from a local financial institution which bears interest rates at minimum loan rate less fixed rate per annum as stated in the agreements. The loans shall be payable at maturity as specified in the agreement. The loan agreement stated certain terms and limitations that the Company must comply such as maintaining the debt to equity ratio, debt service coverage ratio, etc. The said long-term loans are secured by deposit at bank (see note 6). The Company fully repaid such long-term loan and interest payable in January 2024.

The Company has a long-term loan from Bamboo (Thailand) Holding Pte. Ltd., a shareholder which bears interest rates at minimum loan rate less 1.9% per annum as stipulated in the agreement. The loans shall be payable at maturity as specified in the agreement. The Company fully repaid such long-term loan and interest payable in January 2024.

Restaurants Development Co., Ltd.
Notes to the financial statements
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Finance lease liabilities

Finance lease liabilities as at 31 December are as below;

	2023			2022		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Maturity period</i>						
Within 1 year	89,501	(2,960)	86,541	27,221	(2,362)	24,859
After 1 but within 5 years	-	-	-	89,501	(2,960)	86,541
Total	89,501	(2,960)	86,541	116,722	(5,322)	111,400

14 Other payables

	2023	2022
	(in thousand Baht)	
Accrued operating expenses	127,274	100,253
Other payables - construction in process	104,011	101,361
Accrued employee benefit expenses	95,561	80,415
Rental and related service payables	39,619	46,282
Accrued retentions	31,353	30,345
Accrued utilities expenses	12,077	10,516
Accrued interest expenses	4,558	3,994
Others	44,483	52,665
Total	458,936	425,831

15 Provision for retirement benefits

	2023	2022
	(in thousand Baht)	
As at 1 January	59,868	55,530
Additions	4,968	8,212
Paid	(2,526)	(3,874)
At 31 December	62,310	59,868

16 Provision for decommissioning

	2023	2022
	(in thousand Baht)	
As at 1 January	95,349	89,984
Additions	6,673	7,735
Paid	(1,010)	(2,370)
At 31 December	101,012	95,349

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17 Franchise agreement

In November 2016, the Company entered into a franchise agreement with a local company, whereby the latter has allowed the Company to use the trademark “KFC”. The period of this agreement is 10 years from each outlet operate under the franchise agreement. The Company can extend another 10 years term by giving 12-18 months advance notice. In consideration thereof, the Company has agreed to pay various fees as stipulated in the agreement. The Company also has to comply with the terms and conditions prescribed in the agreement.

18 Commitments

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Non-cancellable operating lease commitments</i>		
Within 1 year	115,941	103,756
After 1 but within 5 years	152,300	160,130
After 5 years	57,405	51,401
Total	325,646	315,287
<i>Other commitments</i>		
Bank guarantees	68,151	65,210
Total	68,151	65,210

Operating leases and service agreements

The Company entered into office and restaurant rental agreements with contract period ranging from 1 to 20 years and renewable after expiring date. Rental fees include fix fee, variable fee base on sales volume and incremental fee according to market rate.

Purchasing agreement

The Company entered into agreements for purchases materials with local suppliers that suppliers will supply meat and other raw materials to the Company at the agreed price according to the agreements. The agreement period is for 1 year. The Company agreed to comply with conditions stipulated in the agreements.

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19 Reclassification of accounts

Certain accounts in the 2022 financial statements have been reclassified to conform to the presentation in the 2023 financial statements as follows:

	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<i>Statement of financial position as at 31 December 2022</i>			
Trade and other receivables	85,893	(8,683)	77,210
Other non-current assets	-	8,683	8,683

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.

20 Events after the reporting period

- (1) In January 2024, the Company obtained a long-term loan from Devyani International DMCC, a major shareholder at that time amounting to Baht 810 million bears interest rate MLR-1.6 per annum which is payable the 50% of the loan amount in 2028 and another 50% within 2030.
- (2) In January 2024, the Company entered into a long-term loan agreement with a financial institution, for credit facility of Baht 2,000 million. This loan bears interest at the rate of MLR-1.85%. The loan principal is repayable in 27 installments. The Company must comply with the conditions and requirements including financial covenant ratios as specified in the loan agreement.