



**Cam Accounting & Tax Service Co ., Ltd.**

Kreston International Ltd Member Firm

# IAS 41: AGRICULTURE

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# Scopes

## This standard will not cover

- The bearer plant (IAS 16)
- Inventory IAS 2
- Land IAS 16
- Lease IFRS 16

# Biological assets



# Recognition

## Recognition criteria

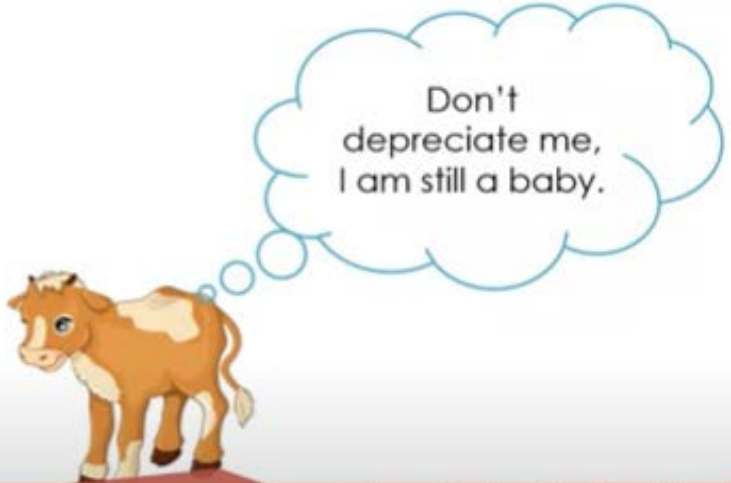


# Measurement

## Measurement of biological asset

- ▶ Biological asset is measured at **FV less cost to sales** initially and subsequently.
- ▶ Any **gain or loss on initial recognition** is presented in **POL**.
- ▶ Any **change in FV less cost to sales** is presented in **POL**.

If **FV is not initially reliably measurable** then biological asset is measured at **cost less accumulated depreciation and impairment**.



Don't depreciate me, I am still a baby.

Depreciation can only be started after the asset is matured.

# Question

Raina purchased a cow for \$1,000. Raina paid \$20 carriage in cost. Raina estimates that if she wishes to sell the cow then she will have to pay another \$20 carriage out cost and \$30 sales commission.

How the cow is measured initially?

- \$20 carriage in is capitalized
- \$20 carriage in is expensed
- Cow is measured at \_\_\_\_\_
- Gain loss on initial recognition \_\_\_\_\_

# Agriculture produce not bearer plant

## Measurement of produce

At the point of harvest agricultural produce is measured at **FV less cost to sales.**



- ▶ Any gain on initial recognition is presented in **POL**.
- ▶ After initial measurement agricultural produce is **transferred to inventory**. With the **FV less cost to sales of produce being the cost of inventory**.



# Distinguish between Agriculture Produce and Bearer Plant

## Bearer plant

- ▶ A **living plant** that:  is **used in the production or supply of agricultural produce**
- ▶ The plant is expected to bear produce for **more than one year**, and 
- ▶ It is **unlikely** that entity will **harvest the plant as agricultural produce**.

“ Produce growing on bearer plants is a biological asset.

”

Mangoes on a Mango Tree



# Bearer plant IAS 16

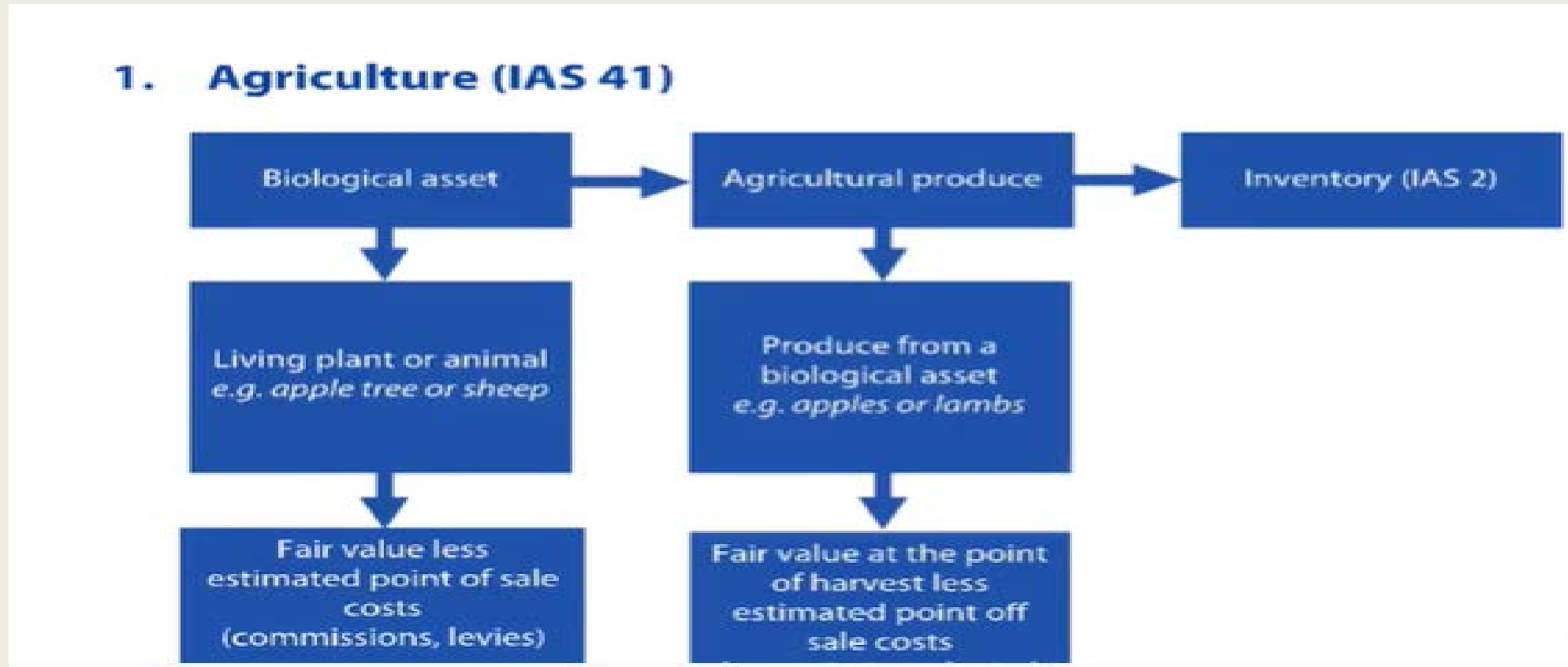
## Measuring bearer plant

Apply IAS 16 principles (measure like PPE)

- ▶ A bearer plant is measured **at cost** for the **initial recognition**.
- ▶ The **cost** based measurement is continued till the plant grows **to maturity**.
- ▶ Subsequently it is measured using:
  - **Cost less depreciation and impairment model**  
or
  - **Revaluation model**



# Summary of Diagram



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