



IFRS AT A GLANCE
IAS 41 *Agriculture*



IAS 41 Agriculture

DEFINITIONS

Active market - Exists when; the items traded are homogenous, willing buyers and sellers can normally be found at any time and prices are available to the public.

Agricultural activity - The management of the transformation of a biological asset for sale into agricultural produce or another biological asset.

Biological asset - A living animal or plant.

Agricultural produce - The harvested produce of the entity's biological assets.

Biological transformation - The process of growth, degeneration, production, and procreation that cause an increase in the value or quantity of the biological asset.

Harvest - The process of detaching produce from a biological asset or cessation of its life.

Bearer plant - is a living plant that:

- ▶ Is used in the production or supply of agricultural produce
- ▶ Is expected to bear produce for more than one period
- ▶ Has a remote likelihood of being sold (except scrap sales).

GOVERNMENT GRANTS

- ▶ An unconditional government grant related to a biological asset measured at fair value less estimated point-of-sale costs is recognised as income when, and only when, the government grant becomes available
- ▶ A conditional government grant, including where a government grant requires an entity not to engage in specified agricultural activity, is recognised as income when and only when, the conditions of the grant are met.

SCOPE

Within scope:

- ▶ Biological assets
- ▶ Agricultural produce at the point of harvest
- ▶ Government grants related to biological assets.

Excluded from scope:

- ▶ Land related to agricultural activity - covered by IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*
- ▶ Intangible assets related to agricultural activity - covered by IAS 38 *Intangible Assets*.
- ▶ Bearer plants related to agricultural activity
- ▶ Government grants related to bearer plants.
- ▶ Right-of-use assets arising from a lease of land related to agricultural activity (IFRS 16 *Leases*).

RECOGNITION

- ▶ Biological assets or agricultural produce are recognised when:
 - Entity controls the asset as a result of a past event
 - Probable that future economic benefit will flow to the entity; and
 - Fair value or cost of the asset can be measurement reliably.

MEASUREMENT

Biological asset

▶ Initially:

- At fair value less estimated point-of-sale costs (except where fair value cannot be estimated reliably)
- If no reliable measurement of fair value, biological assets are stated at cost.

▶ Subsequently:

- At fair value less estimated point-of-sale costs (except where fair value cannot be estimated reliably)
- If no reliable measurement of fair value, biological assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Agricultural produce

- ▶ Produce harvested from biological assets is measured at fair value less costs to sell at the point of harvest
- ▶ Such measurement is the cost at the date when applying IAS 2 *Inventory* or another applicable IFRS.

FAIR VALUE GAINS AND LOSSES

Biological asset

- ▶ The gain or loss on initial recognition is included in profit or loss in the period in which it arises
- ▶ Subsequent change in fair value is included in profit or loss in the period it arises.

Agricultural produce

- ▶ The gain or loss on initial recognition is included in profit or loss in the period in which it arises.

INABILITY TO MEASURE FAIR VALUE










- ▶ Once the fair value of the biological asset becomes reliably measurable, the fair value must be used to measure the biological asset
- ▶ Once a non-current biological asset meets the criteria to be defined as held for sale (or as part of a disposal group classified as held for sale) then it is presumed fair value can be measured reliably.

Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

Alternatively, please visit www.bdo.global where you can find full lists of regional and country contacts.



EUROPE

Anne Catherine Farlay		France	annecatherine.farlay@bdo.fr
Jens Freiberg		Germany	jens.freiberg@bdo.de
Ehud Greenberg		Israel	ehudg@bdo.co.il
Stefano Bianchi		Italy	stefano.bianchi@bdo.it
Roald Beumer		Netherlands	roald.beumer@bdo.nl
Reidar Jensen		Norway	reidar.jensen@bdo.no
David Cabaleiro		Spain	david.cabaleiro@bdo.es
René Füglistner		Switzerland	rene.fueglistner@bdo.ch
Moses Serfaty		United Kingdom	moses.serfaty@bdo.co.uk




SUB SAHARAN AFRICA



Theunis Schoeman		South Africa	tschoeman@bdo.co.za
------------------	---	--------------	--

NORTH AMERICA &







Jonathan Chasle		Canada	jchasle@bdo.ca
Wendy Hambleton		USA	whambleton@bdo.com


LATIN AMERICA

Marcello Canetti		Argentina	mcanetti@bdoargentina.com
Victor Ramirez		Colombia	vramirez@bdo.com.co
Ernesto Bartesaghi		Uruguay	ebartesaghi@bdo.com.uy

Ayez Qureshi		Bahrain	Ayez.qureshi@bdo.bh
Antoine Gholam		Lebanon	agholam@bdo-lb.com

ASIA PACIFIC

Aletta Boshoff		Australia	aletta.boshoff@bdo.com.au
Hu Jian Fei		China	hu.jianfei@bdo.com.cn
Fanny Hsiang		Hong Kong	fannyhsiang@bdo.com.hk
Pradeep Suresh		India	pradeepsuresh@bdo.in
Khoon Yeow Tan		Malaysia	tanky@bdo.my
Ng Kian Hui		Singapore	kianhui@bdo.com.sg



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Neither BDO IFR Advisory Limited, and/or any other entity of BDO network, nor their respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

The BDO network (referred to as the 'BDO network' or the 'Network') is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter 'BDO member firms'). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network.

Service provision within the BDO network in connection with corporate reporting and IFRS Accounting Standards (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board and IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and/or the BDO member firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2022 BDO IFR Advisory Limited, a UK registered company limited by guarantee. All rights reserved.

www.bdo.global