



INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

IFRS Workshop 24th to 28th August 2015
Session Two: Agriculture IAS 41

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- 1.Scope
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- 3.Recognition
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- 5.Fair Value gains and Losses
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1. Scope



Within scope:

1. Biological assets
2. Agricultural produce at the point of harvest
3. Government grants related to biological assets.

1. Scope



Excluded:

1. Land related to agricultural activity – covered by IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*
2. Intangible assets related to agricultural activity – covered by IAS 38 *Intangible Assets*.
3. Bearer plants related to agricultural activity

2. Definitions



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

2. Definitions



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

2. Definitions



Biological asset - A living animal or plant.

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

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

3. Recognition



Biological assets or agricultural produce are recognized when:

- Entity controls the asset as a result of a past event
- Probable that future economic benefits will flow to the entity; and
- Fair value or cost of the asset can be measured reliably

4. Measurement



1. 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.

4. Measurement



Subsequently (End of year):

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.

4. Measurement



2. 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.