

*Proposed International Public Sector Accounting  
Standard*

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Agriculture



## REQUEST FOR COMMENTS

The International Public Sector Accounting Standards Board, an independent standard-setting body within the International Federation of Accountants (IFAC), approved this Exposure Draft, “Agriculture”, for publication in February 2009. The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form.

Please submit your comments, preferably by email, so that they will be received by June 30, 2009. All comments will be considered a matter of public record. Comments should be addressed to:

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Copies of this exposure draft may be downloaded free-of-charge from the IFAC website at <http://www.ifac.org>.

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## **ACKNOWLEDGMENT**

This Exposure Draft of an International Public Sector Accounting Standard (IPSAS) is drawn primarily from International Accounting Standard (IAS) 41, “Agriculture” published by the International Accounting Standards Board (IASB). Extracts from IAS 41 are reproduced in this publication of the International Public Sector Accounting Standards Board of the International Federation of Accountants with the permission of the International Accounting Standards Committee Foundation (IASCF).

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**Objective**

This Exposure Draft proposes requirements for the accounting treatment of, and disclosures related to, agricultural activity.

**Request for Comments**

The IPSASB invites comments on all the proposals in the Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

**INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD XX (ED 36)**

**AGRICULTURE**

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## ~~IAS 41~~

International Public Sector Accounting Standard XX (ED 36), “Agriculture” is set out in paragraphs 1-53. All the paragraphs have equal authority. IPSAS XX (ED 36) should be read in the context of its objective, the Basis for Conclusions, and the Preface to International Public Sector Accounting Standards. IPSAS 3, “Accounting Policies, Changes in Accounting Estimates and Errors” provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

## Introduction

- IN1. IPSAS XX (ED 36) IAS 41 prescribes the accounting treatment, ~~financial statement presentation~~, and disclosures related to agricultural activity, a matter not covered in other standards. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, including exchange or non-exchange transactions, into agricultural produce, or into additional biological assets.
- IN2. IPSAS XX (ED 36) IAS 41 prescribes, among other things, the accounting treatment for biological assets during the period of growth, degeneration, production, and procreation, and for the initial measurement of agricultural produce at the point of harvest. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. However, IPSAS XX (ED 36) IAS 41 does not deal with processing of agricultural produce after harvest; for example, processing grapes into wine and wool into yarn.
- IN3. There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, IPSAS XX (ED 36) IAS 41 requires an entity to measure that biological asset at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity should measure it at its fair value less costs to sell. In all cases, an entity should measure agricultural produce at the point of harvest at its fair value less costs to sell.
- IN4. IPSAS XX (ED 36) IAS 41 requires that a change in fair value less costs to sell of a biological asset be included in ~~profit or loss surplus or deficit~~ for the period in which it arises. In agricultural activity, a change in physical attributes of a living animal or plant directly enhances or diminishes economic benefits or service potential to the entity. Under a transaction-based, historical cost accounting model, a plantation forestry entity might report no ~~income revenue~~ until first harvest and sale, perhaps 30 years after planting. On the other hand, an accounting model that recognizes and measures biological growth using current fair values reports changes in fair value throughout the period between planting and harvest.
- IN5. IPSAS XX (ED 36) IAS 41 does not establish any new principles for land related to agricultural activity. Instead, an entity follows IPSAS 16, "Investment Property" or IAS 16 ~~IPSAS 17, "Property, Plant and Equipment" or IAS 40, "Investment Property"~~, depending on which standard is appropriate in the circumstances. IPSAS 16 requires land that is investment property to be measured at its fair value, or cost less any accumulated impairment losses. Biological assets that are physically attached to land (for example, trees in a plantation forest) are measured at their fair value less costs to sell separately from the land. ~~IAS 16~~ IPSAS 17 requires land to be measured either at its cost less any accumulated impairment losses, or at a revalued amount. ~~IAS 40 requires land that is investment property to be measured at its fair value, or cost less any accumulated impairment losses.~~

~~Biological assets that are physically attached to land (for example, trees in a plantation forest) are measured at their fair value less costs to sell separately from the land.~~

- ~~IN6. IAS 41/IPSAS XX (ED 36) requires an unconditional government grant related to a biological asset measured at its fair value less costs to sell to be recognised in profit or loss when, and only when, the government grant becomes receivable. If a government grant is conditional, including when a government grant requires an entity not to engage in specified agricultural activity, an entity should recognise the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met. If a government grant relates to a biological asset measured at its cost less any accumulated depreciation and any accumulated impairment losses, the entity applies IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. does not deal with accounting for non-exchange revenue from government grants related to biological assets and agricultural produce. IPSAS 23, “Revenue from Non-Exchange Transactions (Taxes and Transfers)” provides requirements and guidance for the accounting of government grants related to agricultural activity. IPSAS XX (ED 36) deals with the measurement of biological assets acquired in non-exchange transactions, both at initial recognition and subsequently. IPSAS 23 deals with other aspects of accounting for biological assets.~~
- ~~IN7. IAS 41 is effective for annual financial statements covering periods beginning on or after 1 January 2003. Earlier application is encouraged.~~
- ~~IN8. IAS 41 does not establish any specific transitional provisions. The adoption of IAS 41 is accounted for in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.~~
- ~~IN9. The Appendix provides illustrative examples of the application of IAS 41. The Basis for Conclusions summarises the Board’s reasons for adopting the requirements set out in IAS 41.~~



## Objective

1. The objective of this Standard is to prescribe the accounting treatment and disclosures for agricultural activity.

## Scope

12. **An entity which prepares and presents financial statements under the accrual basis of accounting shall apply This this Standard shall be applied to account for the following when they relate to agricultural activity:**

- (a) **biologicalBiological assets; and**  
 (b) **agriculturalAgricultural produce at the point of harvest; and,**

~~(c) government grants covered by paragraphs 34 and 35.~~

23. This Standard does not apply to:

- (a) ~~landLand~~ related to agricultural activity (see ~~IAS 16 Property, Plant and Equipment and IAS 40 Investment Property~~IPSAS 16, “Investment Property” and “IPSAS 17, “Property Plant and Equipment”); ~~and~~  
 (b) ~~intangibleIntangible~~ assets related to agricultural activity (see ~~IAS 38 Intangible Assets~~the relevant international or national accounting standard dealing with intangible assets); ~~and~~;

~~(c) Biological assets held for the supply of services.~~

34. This Standard is applied to agricultural produce, which is the harvested product of the entity’s biological assets, only at the point of harvest. Thereafter, ~~IAS 2 Inventories~~IPSAS 12, “Inventories” or another applicable Standard is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

45. The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:

| Biological assets            | Agricultural produce | Products that are the result of processing after harvest |
|------------------------------|----------------------|--|
| Sheep                        | Wool                 | Yarn, carpet   |
| Trees in a plantation forest | Felled trees         | Logs, Lumber   |
| Plants                       | Cotton               | Thread, clothing   |
|                              | Harvested cane       | Sugar  |
| Dairy cattle                 | Milk                 | Cheese   |
| Pigs                         | Carcass              | Sausages, cured hams                                     |
| Bushes                       | Leaf                 | Tea, cured tobacco                                       |

| Biological assets | Agricultural produce | Products that are the result of processing after harvest |
|-------------------|----------------------|--|
| Vines             | Grapes               | Wine   |
| Fruit trees       | Picked fruit         | Processed fruit  |

6. **This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**
7. **The “Preface to International Public Sector Accounting Standards” issued by the International Public Sector Accounting Standards Board (IPSASB) explains that GBEs apply International Financial Reporting Standards (IFRSs), which are issued by the International Accounting Standards Board (IASB).**

## Definitions

### Agriculture-related Definitions

58. The following terms are used in this Standard with the meanings specified:

**Agricultural activity** is the management by an entity of the biological transformation and harvest of biological assets for sale, **including exchange or non-exchange transactions**, or for conversion into agricultural produce, or into additional biological assets.

**Agricultural produce** is the harvested product of the entity’s biological assets.

A **biological asset** is a living animal or plant.

**Biological transformation** comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset.

**Costs to sell** are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

A **group of biological assets** is an aggregation of similar living animals or plants.

**Harvest** is the detachment of produce from a biological asset or the cessation of a biological asset’s life processes.

69. Agricultural activity covers a diverse range of activities; for example, raising livestock, forestry, annual or perennial cropping, cultivating orchards and plantations, floriculture, and aquaculture (including fish farming). Certain common features exist within this diversity:
- Capability to change.* Living animals and plants are capable of biological transformation;
  - Management of change.* Management facilitates biological transformation by enhancing, or at least **stabilisingstabilizing**, conditions necessary for the process to take place (for example, nutrient levels, moisture, temperature, fertility, and light). Such management distinguishes agricultural activity from other activities. For

example, harvesting from unmanaged sources (such as ocean fishing and deforestation) is not agricultural activity; and

- (c) *Measurement of change*. The change in quality (for example, genetic merit, density, ripeness, fat cover, protein content, and ~~fibrefiber~~ strength) or quantity (for example, progeny, weight, cubic ~~metres~~ meters, ~~fibrefiber~~ length or diameter, and number of buds) brought about by biological transformation or harvest is measured and monitored as a routine management function.

**710.** Biological transformation results in the following types of outcomes:

- (a) ~~asset~~ Asset changes through (i) growth (an increase in quantity or improvement in quality of an animal or plant), (ii) degeneration (a decrease in the quantity or deterioration in quality of an animal or plant), or (iii) procreation (creation of additional living animals or plants); or
- (b) ~~production~~ Production of agricultural produce such as latex, tea leaf, wool, and milk.

### General Definitions

**811.** The following terms are used in this Standard with the meanings specified:

An active market is a market where all the following conditions exist:

- (a) ~~the~~ The items traded within the market are homogeneous;
- (b) ~~willing~~ Willing buyers and sellers can normally be found at any time; and
- (c) ~~prtees~~ Prices are available to the public.

Carrying amount is the amount at which an asset is ~~reeognised~~ recognized in the statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

~~*Government grants are as defined in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.*~~

**912.** The fair value of an asset is based on its present location and condition. As a result, for example, the fair value of cattle at a farm is the price for the cattle in the relevant market less the transport and other costs of getting the cattle to that market.

Terms defined in other International Public Sector Accounting Standards are used in this Standard with the same meaning as in those other Standards, and are reproduced in the Glossary of Defined Terms published separately.

### Recognition and Measurement

**1013.** An entity shall ~~reeognise~~ recognize a biological asset or agricultural produce when and only when:

- (a) ~~the~~ The entity controls the asset as a result of past events;

- (b) ~~It~~ **It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and**
- (c) ~~the~~ **The fair value or cost of the asset can be measured reliably.**

~~114~~. In agricultural activity, control may be evidenced by, for example, legal ownership of cattle and the branding or otherwise marking of the cattle on acquisition, birth, or weaning. The future benefits or service potential are normally assessed by measuring the significant physical attributes.

~~125~~. A biological asset shall be measured on initial recognition and at each reporting ~~period—date~~ at its fair value less costs to sell, except for the case described in paragraph ~~30-32~~ where the fair value cannot be measured reliably.

~~136~~. Agricultural produce harvested from an entity’s biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IPSAS 12, “Inventories” ~~IAS 2 Inventories~~ or another applicable Standard.

~~14~~—[Deleted]

~~157~~. The determination of fair value for a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by age or quality. An entity selects the attributes corresponding to the attributes used in the market as a basis for pricing.

~~168~~. Entities often enter into contracts to sell their biological assets or agricultural produce at a future date. Contract prices are not necessarily relevant in determining fair value, because fair value reflects the current market in which a willing buyer and seller would enter into a transaction. As a result, the fair value of a biological asset or agricultural produce is not adjusted because of the existence of a contract. In some cases, a contract for the sale of a biological asset or agricultural produce may be an onerous contract, as defined in IPSAS 19, “Provisions, Contingent Liabilities and Contingent Assets.” ~~IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37~~ IPSAS 19 applies to onerous contracts.

~~179~~. If an active market exists for a biological asset or agricultural produce in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an entity has access to different active markets, the entity uses the most relevant one. For example, if an entity has access to two active markets, it would use the price existing in the market expected to be used.

~~180~~. If an active market does not exist, an entity uses one or more of the following, when available, in determining fair value:

- (a) ~~the~~ **The** most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and ~~the end of~~ the reporting ~~period~~ date;
- (b) ~~market~~ **Market** prices for similar assets with adjustment to reflect differences; and

- (c) ~~sector~~Sector benchmarks such as the value of an orchard expressed per export tray, bushel, or hectare, and the value of cattle expressed per kilogram of meat.
- ~~19~~21. In some cases, the information sources listed in paragraph ~~18–20~~ may suggest different conclusions as to the fair value of a biological asset or agricultural produce. An entity considers the reasons for those differences, in order to arrive at the most reliable estimate of fair value within a relatively narrow range of reasonable estimates.
- ~~20~~22. In some circumstances, market-determined prices or values may not be available for a biological asset in its present condition. In these circumstances, an entity uses the present value of expected net cash flows from the asset discounted at a current market-determined rate in determining fair value.
- ~~21~~23. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. An entity considers this in determining an appropriate discount rate to be used and in estimating expected net cash flows. In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market.
- ~~22~~24. An entity does not include any cash flows for financing the assets, taxation, or re-establishing biological assets after harvest (for example, the cost of replanting trees in a plantation forest after harvest).
- ~~23~~25. In agreeing an arm's length transaction price, knowledgeable, willing buyers and sellers consider the possibility of variations in cash flows. It follows that fair value reflects the possibility of such variations. Accordingly, an entity incorporates expectations about possible variations in cash flows into either the expected cash flows, or the discount rate, or some combination of the two. In determining a discount rate, an entity uses assumptions consistent with those used in estimating the expected cash flows, to avoid the effect of some assumptions being double-counted or ignored.
- ~~24~~26. Cost may sometimes approximate fair value, particularly when:
- (a) ~~little~~Little biological transformation has taken place since initial cost incurrence (for example, for fruit tree seedlings planted immediately prior to ~~the end of a reporting period~~date); or
  - (b) ~~the~~The impact of the biological transformation on price is not expected to be material (for example, for the initial growth in a 30-year pine plantation production cycle).
- ~~25~~27. Biological assets are often physically attached to land (for example, trees in a plantation forest). There may be no separate market for biological assets that are attached to the land but an active market may exist for the combined assets, that is, for the biological assets, raw land, and land improvements, as a package. An entity may use information regarding the combined assets to determine fair value for the biological assets. For example, the fair value of raw land and land improvements may be deducted from the fair value of the combined assets to arrive at the fair value of biological assets.

## Gains and Losses

**2628.** A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in **profit surplus** or **loss deficit** for the period in which it arises.

**2729.** A loss may arise on initial recognition of a biological asset, because costs to sell are deducted in determining fair value less costs to sell of a biological asset. A gain may arise on initial recognition of a biological asset, such as when a calf is born.

**2830.** A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in surplus or deficit for the period in which it arises.

**2931.** A gain or loss may arise on initial recognition of agricultural produce as a result of harvesting.

## Inability to Measure Fair Value Reliably

**3032.** There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. Once a non-current biological asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with **the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations** *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, it is presumed that fair value can be measured reliably.

**3133.** The presumption in paragraph 30-32 can be rebutted only on initial recognition. An entity that has previously measured a biological asset at its fair value less costs to sell continues to measure the biological asset at its fair value less costs to sell until disposal.

**3234.** In all cases, an entity measures agricultural produce at the point of harvest at its fair value less costs to sell. This Standard reflects the view that the fair value of agricultural produce at the point of harvest can always be measured reliably.

**3335.** In determining cost, accumulated depreciation and accumulated impairment losses, an entity considers ~~IAS 2 Inventories~~ *IPSAS 12, "Inventories,"* ~~IAS 16 Property, Plant and Equipment~~ *IPSAS 17, "Property, Plant and Equipment,"* *IPSAS 21, "Impairment of Non-Cash-Generating Assets"* and ~~IAS 36 Impairment of Assets~~ *IPSAS 26, "Impairment of Cash-Generating Assets."*

## Government Grants

**34.** ~~An unconditional government grant related to a biological asset measured at its fair value less costs to sell shall be recognised in profit or loss when, and only when, the government grant becomes receivable.~~

- ~~35. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, including when a government grant requires an entity not to engage in specified agricultural activity, an entity shall recognise the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met.~~
- ~~36. Terms and conditions of government grants vary. For example, a grant may require an entity to farm in a particular location for five years and require the entity to return all of the grant if it farms for a period shorter than five years. In this case, the grant is not recognised in profit or loss until the five years have passed. However, if the terms of the grant allow part of it to be retained according to the time that has elapsed, the entity recognises that part in profit or loss as time passes.~~
- ~~37. If a government grant relates to a biological asset measured at its cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30), IAS 20 is applied.~~
- ~~38. This Standard requires a different treatment from IAS 20, if a government grant relates to a biological asset measured at its fair value less costs to sell or a government grant requires an entity not to engage in specified agricultural activity. IAS 20 is applied only to a government grant related to a biological asset measured at its cost less any accumulated depreciation and any accumulated impairment losses.~~

## Disclosure

~~39. [Deleted]~~

## General

- 4036.** An entity shall disclose the aggregate gain or loss arising during the current period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets.
- 4137.** An entity shall provide a description of each group of biological assets.
- 4238.** The disclosure required by paragraph ~~41-37~~ may take the form of a narrative or quantified description.
- 4339.** An entity is encouraged to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets, or between mature and immature biological assets, as appropriate. For example, an entity may disclose the carrying amounts of consumable biological assets and bearer biological assets by group. An entity may further divide those carrying amounts between mature and immature assets. These distinctions provide information that may be helpful in assessing the timing of future cash flows. An entity discloses the basis for making any such distinctions.
- 4440.** Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Examples of consumable biological assets are livestock intended for the production of meat, livestock held for sale, fish in farms, crops such as maize and wheat, and trees being grown for lumber. Bearer biological assets are those other than consumable biological assets; for example, livestock from which milk is produced, grape

vines, fruit trees, and trees from which firewood is harvested while the tree remains. Bearer biological assets are not agricultural produce but, rather, are self-regenerating.

**4541.** Biological assets may be classified either as mature biological assets or immature biological assets. Mature biological assets are those that have attained harvestable specifications (for consumable biological assets) or are able to sustain regular harvests (for bearer biological assets).

**4642.** If not disclosed elsewhere in information published with the financial statements, an entity shall describe:

- (a) ~~the~~**The** nature of its activities involving each group of biological assets; and
- (b) ~~non-financial~~**Non-financial** measures or estimates of the physical quantities of:
  - (i) ~~each~~**Each** group of the entity's biological assets at the end of the period; and
  - (ii) ~~output~~**Output** of agricultural produce during the period.

**4743.** An entity shall disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets.

**4844.** An entity shall disclose the fair value less costs to sell of agricultural produce harvested during the period, determined at the point of harvest.

**4945.** An entity shall disclose:

- (a) ~~the~~**The** existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities;
- (b) ~~the~~**The** amount of commitments for the development or acquisition of biological assets; and
- (c) ~~financial~~**Financial** risk management strategies related to agricultural activity.

**5046.** An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:

- (a) ~~the~~**The** gain or loss arising from changes in fair value less costs to sell;
- (b) ~~increases~~**Increases** due to purchases;
- ~~(c) decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5;~~
- ~~(d)~~ **Decreases** due to harvest;
- ~~(e)~~ **Increases** resulting from entity combinations;



- (~~fe~~) **net** exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and
- (~~gf~~) **other** changes.

~~5147~~. The fair value less costs to sell of a biological asset can change due to both physical changes and price changes in the market. Separate disclosure of physical and price changes is useful in appraising current period performance and future prospects, particularly when there is a production cycle of more than one year. In such cases, an entity is encouraged to disclose, by group or otherwise, the amount of change in fair value less costs to sell included in ~~profit-surplus~~ or ~~loss-deficit~~ due to physical changes and due to price changes. This information is generally less useful when the production cycle is less than one year (for example, when raising chickens or growing cereal crops).

~~5248~~. Biological transformation results in a number of types of physical change—growth, degeneration, production, and procreation, each of which is observable and measurable. Each of those physical changes has a direct relationship to future economic benefits ~~or service potential~~. A change in fair value of a biological asset due to harvesting is also a physical change.

~~5349~~. Agricultural activity is often exposed to climatic, disease and other natural risks. If an event occurs that gives rise to a material item of ~~income-revenue~~ or expense, the nature and amount of that item are disclosed in accordance with IAS ~~IPSAS 1, “Presentation of Financial Statements.”~~<sup>1</sup> *Presentation of Financial Statements*. Examples of such an event include an outbreak of a virulent disease, a flood, a severe drought or frost, and a plague of insects.

#### **Additional Disclosures for Biological Assets Where Fair Value Cannot Be Measured Reliably**

~~5450~~. If an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph ~~3032~~) at the end of the period, the entity shall disclose for such biological assets:

- (a) ~~a~~**A** description of the biological assets;
- (b) ~~an~~**An** explanation of why fair value cannot be measured reliably;
- (c) ~~if~~**If** possible, the range of estimates within which fair value is highly likely to lie;
- (d) ~~the~~**The** depreciation method used;
- (e) ~~the~~**The** useful lives or the depreciation rates used; and
- (f) ~~the~~**The** gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.

~~5551~~. If, during the current period, an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph ~~3032~~), an entity shall disclose any gain or loss recognized on disposal of such biological assets and the reconciliation required by paragraph ~~50-46~~ shall disclose

amounts related to such biological assets separately. In addition, the reconciliation shall include the following amounts included in ~~profit surplus~~ or ~~loss deficit~~ related to those biological assets:

- (a) ~~impairment~~Impairment losses;
- (b) ~~reversals~~Reversals of impairment losses; and
- (c) ~~depreciation~~Depreciation.

~~5652.~~ If the fair value of biological assets previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measurable during the current period, an entity shall disclose for those biological assets:

- (a) ~~a~~An description of the biological assets;
- (b) ~~an~~An explanation of why fair value has become reliably measurable; and
- (c) ~~the~~The effect of the change.

### Government Grants

~~57. An entity shall disclose the following related to agricultural activity covered by this Standard:~~

- ~~(a) the nature and extent of government grants recognised in the financial statements;~~
- ~~(b) unfulfilled conditions and other contingencies attaching to government grants; and~~
- ~~(c) significant decreases expected in the level of government grants.~~

### Effective Date

~~5853.~~ This Standard becomes operative for annual financial statements covering periods beginning on or after ~~1 January 2003~~Month XX, 20XX. Earlier application is encouraged. If an entity applies this Standard for ~~periods beginning before 1 January 2003~~an earlier period, it shall disclose that fact.

~~59. This Standard does not establish any specific transitional provisions. The adoption of this Standard is accounted for in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.~~

~~60. Paragraphs 5, 6, 17, 20 and 21 were amended and paragraph 14 deleted by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.~~

## Amendments to Other IPSASs

The amendments in this appendix shall be applied for annual financial statements covering periods beginning on or after Month XX, 20XX. If an entity applies this Standard for an earlier period, these amendments shall be applied for that earlier period.

IPSAS 9, “Revenue from Exchange Transactions,” is amended as follows:

Paragraph 10 is amended:

- 10(e) ~~Arising from natural increase in hers, and agriculture and forest products at initial recognition, and from changes in fair value of, biological assets related to agricultural activity (see IPSAS XX (ED 36), “Agriculture”); and~~
- 10(ea) Arising at initial recognition of agricultural produce (see IPSAS XX (ED 36), “Agriculture”); and

IPSAS 12, “Inventories”

Paragraph 2(c) is amended as follows:

- 2(c) **Biological assets related to agricultural activity and agricultural produce at the point of harvest (see ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”); and**

Paragraph 29 is amended as follows:

29. In accordance with ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”, inventories comprising agricultural produce that an entity has harvested from its biological assets ~~may~~ shall be measured on initial recognition at their fair value less ~~estimated point of sale costs to sell~~ at the point of harvest. This is the cost of the inventories at that date for application of this Standard.

IPSAS 13, “Leases”

Paragraphs 2(c) and 2(d) are amended as follows:

- 2(c) **Biological assets held by lessees under finance leases (see ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”); or**
- 2(d) **Biological assets provided by lessors under operating leases (see ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”).**

IPSAS 16, “Investment Property”

Paragraph 5 is amended as follows:

- 5(a) Biological assets related to agricultural activity (see ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”) and

**IPSAS 17, “Property, Plant and Equipment”**

**Paragraph 5(a) is amended as follows:**

- 5(a) Biological assets related to agricultural activity (see ~~the relevant international or national accounting standard dealing with agriculture~~ IPSAS XX (ED 36), “Agriculture”) and

**IPSAS 23, “Revenue from Non-Exchange Transactions (Taxes and Transfers)”**

**Paragraph 42 is amended as follows:**

42. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition except for a biological asset or agricultural produce recognized in accordance with IPSAS XX (ED 36) “Agriculture.”

**IPSAS 26, “Impairment of Cash-Generating Assets”**

**Paragraphs 2(j) is amended as follows:**

- 2(j) Biological assets related to agricultural activity that are measured at fair value less ~~estimated point-of-sale costs to sell~~ to sell (see ~~the relevant international or national accounting standard dealing with agricultural assets~~ IPSAS XX (ED 36, “Agriculture”);

**Paragraph 7 is amended as follows:**

7. ... In addition, this Standard does not apply to biological assets related to agricultural activity that are measured at fair value less ~~certain point-of-sale costs to sell~~ and non-current assets (or disposal groups) classified as held for sale that are measured at the lower of carrying amount and fair value less costs to sell. IPSAS XX (ED 36), “Agriculture” ~~The relevant international or national accounting standards dealing with such assets contains~~ measurement requirements.

## **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, the proposed International Public Sector Accounting Standards.*

### **Introduction**

- BC1. The International Public Sector Accounting Standards Board (IPSASB)'s International Financial Reporting Standards (IFRSs) Convergence Program is an important element in IPSASB's work program. The IPSASB's policy is to develop accrual based International Public Sector Accounting Standards (IPSASs) that are convergent with IFRSs issued by the International Accounting Standards Board (IASB) where appropriate for public sector entities.
- BC2. Accrual basis IPSASs that are converged with IFRSs maintain the requirements, structure and text of the IFRSs, unless there is a public sector specific reason for a departure. Departure from the equivalent IFRS occurs when requirements or terminology in the IFRS are not appropriate for the public sector, or when inclusion of additional commentary or examples is necessary to illustrate certain requirements in the public sector context. Differences between IPSASs and their equivalent IFRSs are identified in the "Comparison with IFRS" included in each IPSAS.

### **Scope: Biological Assets Used in the Supply of Services**

- BC3. The IPSASB acknowledged that in the public sector biological assets are often used in the supply of services. Examples of such biological assets include horses and dogs used for policing purposes and plants and trees in parks and gardens operated for recreational purposes. In order to clarify that such biological assets are not dealt with in this Standard the IPSASB decided to include a scope exclusion in paragraph 3(c) stating that the Standard does not apply to biological assets held for the supply of services.

### **Definition of Agricultural Activity**

- BC4. In certain jurisdictions biological assets that are part of agricultural activity may be sold or transferred to other public sector entities, non-governmental organizations or other entities by means of a non-exchange transaction. While IAS 41, "Agriculture," from which this Standard is drawn, deals with commercial agricultural activity, the IPSASB concluded that non-exchange transactions should be within the definition of agricultural activity. The IPSASB therefore modified the definition from that in IAS 41 to include references to non-exchange transactions.

### **Government Grants**

- BC5. IAS 41 provides requirements and guidance for accounting for government grants related to biological assets measured at fair value less costs to sell and agricultural activity. IAS 41 relies on the definition of government grants in IAS 20, "Government Grants." IPSAS 23, "Revenue from Non-Exchange Transactions (Taxes and Transfers)" deals with accounting for government grants provided in non-exchange transactions. Since such grants are within

the scope of IPSAS 23, the requirements for the definition and the accounting treatments in IAS 41 relating to government grants have not been incorporated in this Standard.

## Illustrative examples

~~This appendix, which was prepared by the IASC staff but was not approved by the IASC Board, accompanies, but is not part of, IAS 41/IPSAS XX (ED 36). It has been updated to take account of the changes made by IAS 1 Presentation of Financial Statements (as revised in 2007) and Improvements to IFRSs issued in 2008.~~

Extracts from statements of financial performance and statements of financial position are provided to show the effects of the transactions described below. These extracts do not necessarily conform to all the disclosure and presentation requirements of other Standards.

~~A1—~~Example 1 illustrates how the disclosure requirements of this Standard might be put into practice for a dairy farming entity. This Standard encourages the separation of the change in fair value less costs to sell of an entity's biological assets into physical change and price change. That separation is reflected in Example 1. Example 2 illustrates how to separate physical change and price change.

~~A2.—~~The financial statements in Example 1 do not conform to all of the disclosure and presentation requirements of other Standards. Other approaches to presentation and disclosure may also be appropriate.

**Example 1: Entity XYZ Dairy Ltd**

**Statement of Financial Position~~financial position~~**

| <u>Entity XYZ Dairy Ltd</u>                           | <u>Notes</u> | <u>December 31</u><br><u>20X1</u> <del>20X8</del> | <u>December 31</u><br><u>December 20X0</u> <del>20X7</del> |
|---|--------------|---|--|
| <b>Statement of financial position</b>                |              |   |  |
| <b>ASSETS</b>   |              |   |  |
| <b><u>Current assets</u></b>                          |              |   |  |
| Cash  |              | 10,000  | 10,000   |
| Trade and other receivables                           |              | 88,000  | 65,000   |
| Inventories   |              | 82,950  | 70,650   |
| <b><u>Total current assets</u></b>                    |              | <b><u>180,950</u></b>                             | <b><u>145,650</u></b>                                      |
| <b><u>Non-current assets</u></b>                      |              |   |  |
| Dairy livestock – immature <sup>1*</sup>              |              | 52,060  | 47,730   |
| Dairy livestock – mature <sup>1</sup>                 |              | 372,990   | 411,840  |
| Subtotal – biological assets                          | 3            | 425,050   | 459,570  |
| Property, plant and equipment                         |              | 1,462,650   | 1,409,800  |
| <b><u>Total non-current assets</u></b>                |              | <b><u>1,887,700</u></b>                           | <b><u>1,869,370</u></b>                                    |
| <b><u>Total assets</u></b>                            |              | <b><u>2,068,650</u></b>                           | <b><u>2,015,020</u></b>                                    |
| <b>LIABILITIES</b>                                    |              |   |  |
| <b><u>Current liabilities</u></b>                     |              |   |  |
| Accounts payable                                      |              | 122,628   | 150,020  |
| <b><u>Total current liabilities</u></b>               |              | <b><u>122,628</u></b>                             | <b><u>150,020</u></b>                                      |
| <b><u>Net assets/Equity</u></b>                       |              |   |  |
| Contributed capital                                   |              | 1,000,000   | 1,000,000  |
| Accumulated surplus                                   |              | 946,022   | 865,000  |
| <b><u>Total net assets /equity</u></b>                |              | <b><u>1,946,022</u></b>                           | <b><u>1,865,000</u></b>                                    |
| <b><u>Total net assets/equity and liabilities</u></b> |              | <b><u>2,068,650</u></b>                           | <b><u>2,015,020</u></b>                                    |
| <b><u>Non-current assets</u></b>                      |              |   |  |
| Dairy livestock – immature <sup>*</sup>               |              | 52,060  | 47,730   |
| Dairy livestock – mature <sup>(4)</sup>               |              | 372,990   | 411,840  |
| Subtotal – biological assets                          | 3            | 425,050   | 459,570  |

<sup>1</sup> An entity is encouraged, but not required, to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assets, as appropriate. An entity discloses the basis for making any such distinctions.



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| <u>Entity XYZ Dairy Ltd</u>            | <u>Notes</u> | <u>December 31</u><br><u>20X1</u> <u>20X8</u> | <u>December 31</u><br><u>December 20X0</u> <u>20X7</u> |
|--|--------------|---|--|
| <b>Statement of financial position</b> |              |   |  |
| Property, plant and equipment          |              | 1,462,650                                     | 1,409,800  |
| <b>Total non-current assets</b>        |              | <b>1,887,700</b>                              | <b>1,869,370</b>                                       |
| <b>Current assets</b>                  |              |   |  |
| Inventories                            |              | 82,950  | 70,650   |
| Trade and other receivables            |              | 88,000  | 65,000   |
| Cash                                   |              | 40,000  | 40,000   |
| <b>Total current assets</b>            |              | <b>180,950</b>                                | <b>145,650</b>   |
| <b>Total assets</b>                    |              | <b>2,068,650</b>                              | <b>2,015,020</b>                                       |
| <b>EQUITY AND LIABILITIES</b>          |              |   |  |
| <b>Equity</b>                          |              |   |  |
| Issued capital                         |              | 1,000,000                                     | 1,000,000  |
| Retained earnings                      |              | 902,828                                       | 865,000  |
| <b>Total equity</b>                    |              | <b>1,902,828</b>                              | <b>1,865,000</b>                                       |
| <b>Current liabilities</b>             |              |   |  |
| Trade and other payables               |              | 165,822                                       | 150,020  |
| <b>Total current liabilities</b>       |              | <b>165,822</b>                                | <b>150,020</b>   |
| <b>Total equity and liabilities</b>    |              | <b>2,068,650</b>                              | <b>2,015,020</b>                                       |

~~a—An entity is encouraged, but not required, to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assets, as appropriate. An entity discloses the basis for making any such distinctions.~~

**Statement of Financial Performance<sup>2</sup>~~comprehensive income~~<sup>a</sup>**

|   |       |                      |
|---|-------|----------------------|
| <u>Entity XYZ Dairy Ltd</u>   | Notes | Year ended           |
| <u>Statement of <u>Financial Performance</u><del>comprehensive income</del></u>   |       | <u>December 31</u>   |
|   |       | <del>December</del>  |
|   |       | <u>20X120X8</u>      |
| Fair value of milk produced   |       | 518,240              |
| Gains arising from changes in fair value less costs to sell of dairy livestock    | 3     | <u>39,930</u>        |
|   |       | <b>558,170</b>       |
| Inventories used  |       | (137,523)            |
| Staff costs   |       | (127,283)            |
| Depreciation expense  |       | (15,250)             |
| Other operating expenses  |       | <u>(197,092)</u>     |
|   |       | <b>(477,148)</b>     |
| <u>Surplus</u> <del>Profit from</del> <u>for the period</u> <del>operations</del> |       | <b>81,022</b>        |
| Income tax expense  |       | <u>(43,194)</u>      |
| Profit/ <del>comprehensive income</del> for the year                              |       | <u><u>37,828</u></u> |

**Statement of Changes in Net Assets/Equity~~equity~~**

|   |  |   |                                    |
|---|--|---|------------------------------------|
| <u>XYZ Dairy Ltd</u>  | Year ended <u>December 31</u> <del>December 20X120X8</del> |   |                                    |
| <u>Statement of changes</u> <del>Changes in Net</del><br><u>Assets/equity</u> <del>Equity</del> |  |   |                                    |
|   | <u>Contributed</u><br><u>Share capital</u>                 | <u>Accumulated</u><br><u>Surplus</u> <del>Retained</del><br><u>earnings</u> | <u>Total</u>                       |
| Balance at <u>January 1</u> <del>January 20X120X8</del>   | 1,000,000  | 865,000   | <b>1,865,000</b>                   |
| <u>Surplus</u> <del>Profit/comprehensive income</del> for the<br><u>period</u> <del>year</del>  |  | <u>3781,828</u> <del>022</del>  | <u>3781,828</u> <del>022</del>     |
| <b>Balance at <u>December 31</u></b> <del>December 20X120X8</del>                               | <b>1,000,000</b>   | <b>902946,828</b> <del>022</del>  | <b>1,902946,828</b> <del>022</del> |

<sup>2</sup> This statement of financial performance presents an analysis of expenses using a classification based on the nature of expenses. IPSAS 1, "Presentation of Financial Statements" requires that an entity presents, either in the statement of financial performance or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity. IPSAS 1 encourages presentation of an analysis of expenses in the statement of financial performance.

<sup>a</sup> This statement of comprehensive income presents an analysis of expenses using a classification based on the nature of expenses. IAS 1 *Presentation of Financial Statements* requires that an entity present, either in the statement of comprehensive income or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity. IAS 1 encourages presentation of an analysis of expenses in the statement of comprehensive income.

**Cash Flow Statement<sup>3</sup> of cash flows<sup>2</sup>**

| <u>Entity XYZ Dairy Ltd</u><br><u>Statement of cash flows</u> | Notes | Year ended<br><u>December 31</u><br><del>December 20X1</del> <u>20X8</u> |
|---|-------|--|
| <b>Cash flows from operating activities</b>                   |       |  |
| Cash receipts from sales of milk                              |       | 498,027  |
| Cash receipts from sales of livestock                         |       | 97,913   |
| Cash paid for supplies and to employees                       |       | (460,831)  |
| Cash paid for purchases of livestock                          |       | (23,815)   |
|   |       | <b>111,294</b>   |
| Income taxes paid   |       | (43,194)   |
| <b>Net cash from operating activities</b>                     |       | <b>68,100</b>  |
| <b>Cash flows from investing activities</b>                   |       |  |
| Purchase of property, plant and equipment                     |       | (68,100)   |
| <b>Net cash used in investing activities</b>                  |       | <b>(68,100)</b>  |
| <b>Net increase in cash</b>                                   |       | <b>0</b>   |
| <b>Cash at beginning of the year</b>                          |       | <b>10,000</b>  |
| <b>Cash at end of the year</b>                                |       | <b>10,000</b>  |

**Notes**

**1. Operations and ~~principal~~ Principal activities Activities**

Entity XYZ Dairy Ltd (‘the Entity Company’) is engaged in milk production for supply to various customers. At December 31 ~~December 20X1~~20X8, the Entity Company held 419 cows able to produce milk (mature assets) and 137 heifers being raised to produce milk in the future (immature assets). The Entity Company produced 157,584kg of milk with a fair value less costs to sell of 518,240 (that is determined at the time of milking) in the year ended December 31 ~~December 20X1~~20X8.

**2. Accounting ~~policies~~ Policies**

**Livestock and milk Milk**

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. Milk is initially measured at its fair value

<sup>3</sup> This cash flow statement reports cash flows from operating activities using the direct method. IPSAS 2, “Cash Flow Statements” requires that an entity report cash flows from operating activities using either the direct method or the indirect method. IPSAS 2 encourages use of the direct method.

<sup>4</sup> Separating the increase in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

<sup>5</sup> This statement of cash flows reports cash flows from operating activities using the direct method. IAS 7 Statement of Cash Flows requires that an entity report cash flows from operating activities using either the direct method or the indirect method. IAS 7 encourages use of the direct method.

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less costs to sell at the time of milking. The fair value of milk is determined based on market prices in the local area.

**3. ~~Biological assets~~Assets**

| <del>Reconciliation of carrying</del> <b>Reconciliation of carrying amounts</b> <del>Amounts of dairy</del> <b>Amounts of dairy</b><br><del>livestock</del> <b>Livestock</b> | <del>20X1</del> <b>20X1</b> <del>20X8</del> <b>20X8</b> |
|--|---|
| <b>Carrying amount at <del>January 1</del> <u>January 20X1</u> <del>20X8</del> <u>20X8</u></b>   | <b>459,570</b>  |
| Increases due to purchases   | 26,250  |
| Gain arising from changes in fair value less costs to sell attributable to physical changes <sup>a</sup>   | 15,350  |
| Gain arising from changes in fair value less costs to sell attributable to price changes <sup>a</sup>  | 24,580  |
| Decreases due to sales   | (100,700)   |
| <b>Carrying amount at <del>December 31</del> <u>December 20X1</u> <del>20X8</del> <u>20X8</u></b>  | <b><u>425,050</u></b>                                   |

a — Separating the increase in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

**4. ~~Financial risk~~**Financial risk management**~~Management strategies~~**Management strategies****

The Company is exposed to financial risks arising from changes in milk prices. The Company does not anticipate that milk prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in milk prices. The Company reviews its outlook for milk prices regularly in considering the need for active financial risk management.

**Example 2: Physical Change and Price Change**

The following example illustrates how to separate physical change and price change. Separating the change in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

|   |       |       |
|---|-------|-------|
| A herd of 10 2 year old animals was held at <u>January 1 January 20X1+20X8</u> . One animal aged 2.5 years was purchased on <u>July 1 July 20X1+20X8</u> for 108, and one animal was born on <u>July 1 July 20X1+20X8</u> . No animals were sold or disposed of during the period. Per-unit fair values less costs to sell were as follows: |       |       |
| 2 year old animal at <u>January 1 January 20X1+20X8</u>   | 100   |       |
| Newborn animal at <u>July 1 July 20X1+20X8</u>  | 70    |       |
| 2.5 year old animal at <u>July 1 July 20X1+20X8</u>   | 108   |       |
| Newborn animal at <u>December 31 December 20X1+20X8</u>   | 72    |       |
| 0.5 year old animal at <u>December 31 December 20X1+20X8</u>  | 80    |       |
| 2 year old animal at <u>December 31 December 20X1+20X8</u>  | 105   |       |
| 2.5 year old animal at <u>December 31 December 20X1+20X8</u>  | 111   |       |
| 3 year old animal at <u>December 31 December 20X1+20X8</u>  | 120   |       |
| Fair value less costs to sell of herd at <u>January 1 January 20X1+20X8</u> (10 x 100)  |       | 1,000 |
| Purchase on <u>July 1 July 20X1+20X8</u> (1 x 108)  |       | 108   |
| Increase in fair value less costs to sell due to price change:  |       |       |
| 10 × (105 – 100)  | 50    |       |
| 1 × (111 – 108)   | 3     |       |
| 1 × (72 – 70)   | 2     | 55    |
| Increase in fair value less costs to sell due to physical change:   |       |       |
| 10 × (120 – 105)  | 150   |       |
| 1 × (120 – 111)   | 9     |       |
| 1 × (80 – 72)   | 8     |       |
| 1 × 70  | 70    | 237   |
| Fair value less costs to sell of herd at <u>December 31 December 20X1+20X8</u>  |       |       |
| 11 × 120  | 1,320 |       |
| 1 × 80  | 80    | 1,400 |

### Comparison with IAS 41

IPSAS XX (ED 36), “Agriculture” is drawn primarily from IAS 41, “Agriculture” (2001). The main differences between IPSAS XX (ED 36) and IAS 41 are as follows:

- The definition of “agricultural activity” includes transactions for the sale of biological assets in non-exchange transactions. IAS 41 does not deal with transactions for the sale of biological assets in non-exchange transactions.‡
- The scope section clarifies that biological assets held for the supply of services are not addressed in the Standard. IAS 41 does not include such a clarification.‡
- IAS 41 includes requirements for government grants relating to biological assets measured at fair value less costs to sell. IPSAS XX (ED 36) does not include requirements and guidance for government grants, because IPSAS 23, “Revenue from Non-Exchange Transactions” provides requirements and guidance related to government grants provided in non-exchange transactions.
- ~~IPSAS XX (ED 36) contains detailed transitional provisions. IAS 41 does not establish any specific transitional provisions.~~
- IPSAS XX (ED 36) uses different terminology, in certain instances, from IAS 41. The most significant examples are the use of the terms entity, future economic benefits and service potential, surplus or deficit, statement of financial performance in IPSAS XX (ED 36). The equivalent terms in IAS 41 are enterprise, future economic benefits, profit or loss, revenue statement.