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**International  
Accounting Standards  
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**Board Meeting:** 21 June 2007, London

**Project:** Annual Improvements

**Subject:** IAS 41 – Examples of Agricultural Produce  
(Agenda paper 12M)

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1. The staff has identified that the following issue would be most appropriately resolved via the annual improvements process.

*Issue:* Should IAS 41, *Agriculture*, be amended to identify 'felled trees' as an example of agricultural produce rather than 'logs'?

### **Staff recommendation**

2. The staff recommends that the Board:
  - should add this issue to the annual improvements project; and
  - should amend IAS 41 as proposed in paragraph 9 of this paper.

## **Background**

3. The staff has received a letter highlighting an issue on which IAS 41 could be made more clear. It relates to the examples given in the standard for agricultural produce.

## **Examples of Agricultural Produce**

4. Paragraph 4 of IAS 41 provides examples of biological assets, and the respective agricultural produce that come from them and examples of the products that are the result of processing the agricultural produce after harvest.
5. One of the examples of biological assets given is trees in a plantation forest. The agricultural produce given for this example is logs and the example given as the post-processing product is lumber. A constituent has pointed out that the agricultural produce from trees in a plantation forest is felled trees because logs are felled trees that have been processed further.
6. The staff agrees that this is a correct observation and an amendment to address this issue is proposed in paragraph 9 of this paper.

## **Staff recommendation**

7. The staff recommends that IAS 41 be amended as proposed in paragraph 9.
8. **Does the Board agree?**

## Drafting

9. The staff recommends that IAS 41 should be amended as follows:

### Scope

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...

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

<b>Biological assets</b>	<b>Agricultural produce</b>	<b>Products that are the result of processing after harvest</b>
Sheep	Wool	Yarn, carpet
Trees in a plantation forest	<del>Logs</del> Felled trees	<del>Logs,</del> lumber
Plants	Cotton	Thread, clothing
	Harvested cane	Sugar
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Bushes	Leaf	Tea, cured tobacco
Vines	Grapes	Wine
Fruit trees	Picked fruit	Processed fruit

## **Basis for Conclusions on Proposed Amendments to IAS 41 Agriculture**

*This Basis for Conclusions accompanies, but is not part of, the draft amendments.*

### **Reclassification**

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- BC1 The Board has identified that one of the examples of agricultural produce is an example of produce that has been processed rather than an example of unprocessed produce.
- BC2 The Board has decided to address this issue by amending this example of agricultural produce.