

STAFF PAPER

December 2012

IASB Meeting

Project	IAS 41 <i>Agriculture: Bearer Biological Assets (BBAs)</i>		
Paper topic	Cover memo		
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Objective of this meeting

1. The purpose of this meeting is for the IASB to discuss three issues identified by staff as fundamental to the IASB's initial discussion on the limited scope project on bearer biological assets (BBAs). After discussing these three issues, the IASB will be able to have a more focussed discussion on whether accounting for BBAs under IAS 16 *Property, Plant and Equipment* would provide more decision-useful information than the current requirements under IAS 41 *Agriculture*.

Summary of papers for this meeting

2. The staff have prepared the following papers for discussion at the December 2012 IASB meeting:
 - **IASB Agenda Paper 8 Cover Memo (this paper).** This paper lists the objective of this December meeting, provides a list of papers prepared for the meeting, and provides a summary of discussions to date.
 - **IASB Agenda Paper 8A PowerPoint presentation—Setting the scope of the project.** This presentation has been prepared to facilitate discussion on Issue 1 in Agenda Paper 8B.
 - **IASB Agenda Paper 8B Accounting for bearer biological assets.** This paper presents the three main issues identified by staff as

fundamental to the IASB's initial discussion on the limited scope project. It also presents the staff recommendation for accounting for BBAs.

- **IASB Agenda Paper 8C Feedback from users of financial statements of companies with bearer biological assets.** This paper summarises the feedback received from investors and analysts who follow companies with BBAs.

Summary of discussions to date

3. At the September 2012 IASB meeting, the staff presented a proposal recommending that the IASB should add a limited-scope project on BBAs to its agenda. All IASB members supported undertaking such a project.
4. The agenda paper for that meeting contained a staff analysis of the main issues that will need to be addressed by the project. It also outlined the preference expressed by respondents to the Agenda Consultation that bearer biological assets should be accounted for in accordance with the requirements in IAS 16 rather than IAS 41. The IASB noted the analysis but did not make any decisions.
5. The proposal and the IASB's tentative decision to undertake the project were discussed at the October meeting of the IFRS Advisory Council. There was strong support at that meeting for the IASB to commence the project with the initial objective of developing an Exposure Draft.