

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 22 – 23 October 2012

Agenda ref 2

TOPIC	IAS 41 <i>Agriculture</i> : Agenda Proposal on Bearer Biological assets
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This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

Background

1. At its May 2012 meeting, the IASB decided to give priority to developing a proposal to amend IAS 41 *Agriculture* for bearer biological assets. This was in response to comments received on the IASB's Agenda Consultation. Most respondents who mentioned agriculture, especially those in the plantation industry, asked the IASB to undertake a limited-scope project to address concerns they have in relation to bearer biological assets. The plan to develop a proposal to amend IAS 41 was communicated to the IFRS Advisory Council at its meeting in June 2012.
2. Consequently, at the September 2012 IASB meeting, IASB staff presented a proposal recommending that the IASB should add a limited-scope project on bearer biological assets to its agenda. All IASB members supported undertaking such a project.

Papers presented at the September 2012 IASB meeting

3. Two papers were presented at the September IASB meeting:
 - (a) **Paper 13A, Agenda Proposal.** This paper presents the IASB staff proposal that the IASB should add a limited-scope project on IAS 41 for bearer biological assets to its technical agenda.

- (b) **Paper 13B, AOSSG Issues Paper.** This Issue Paper is produced by the Asian-Oceanian Standard-Setters Group (AOSSG) Working Group on Agriculture. It requests the IASB to consider amending IAS 41 by adding a definition for bearer biological assets and including bearer biological assets within the scope of IAS 16 *Property, Plant and Equipment*. Paper 13B was included for reference only at the September IASB meeting

The agenda proposal (paper 13A for the IASB meeting) has been attached for your review as Agenda Paper 2a for this meeting.

Estimated timetable of the project

4. IASB staff recommend that the initial objective of the project is to produce an Exposure Draft. IASB staff believe the research already undertaken by the AOSSG, primarily by the Malaysian Accounting Standards Board, provides the IASB with sufficient information to make an informed decision about adding the project to its agenda.

5. The estimated timetable for the project has been updated since the agenda proposal was presented at the September IASB meeting and is now as follows:

September 2012	IASB staff presented agenda proposal.
December 2012 to March 2013	The IASB deliberates main issues.
June 2013	The IASB develops and approves an Exposure Draft (ED) of proposals. Comment period 120 days.
September 2013	Comment deadline.
Fourth quarter 2013	The staff analyse responses to the ED and prepare recommendations to the IASB on possible amendments.
Fourth quarter 2013	The IASB deliberates amendments to proposals in the ED and agrees on final revisions (expected to need two meetings, eg November and December 2013).
First quarter 2014	The IASB publishes final revisions to IAS 41.
2015	Effective date of revisions.

Results of the discussions at the September 2012 IASB meeting

6. The IASB was asked if it agrees that a limited-scope project on IAS 41 for bearer biological assets should be added to its technical agenda. All IASB members supported undertaking such a project.
7. The IASB was also provided with a staff analysis of the main issues that will need to be addressed by the project, including the preference expressed by respondents to the Agenda Consultation that mature 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.

Questions for the Advisory Council

- 1) We would like to ask whether you have any comments or advice on:
 - (a) The IASB decision to add a limited-scope project on IAS 41 to the IASB's technical agenda for bearer biological assets.
 - (b) The staff recommendation that the initial objective of the project should be to produce an Exposure Draft.
- 2) Have you any queries on the agenda proposal or any other comments to make on the issues raised in the agenda proposal?

Next steps

8. IASB staff will incorporate your advice into their project plan and their analysis of the key issues under this project. This will be presented to the IASB at its December 2012 meeting.