

STAFF PAPER

February 2013

IASB Meeting

Project	IAS 41 <i>Agriculture: Bearer Biological Assets (BBAs)</i>		
Paper topic	Cover memo		
CONTACT(S)	Michelle Fisher	mfisher@ifrs.org	+44 (0)20 7246 6918

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Objective of this meeting

1. The purpose of this meeting is for the International Accounting Standards Board (IASB) to discuss the remaining issues in the limited scope project on bearer biological assets (BBAs).
2. Once the IASB has reached decisions on these outstanding issues, the next step will be for the IASB staff to prepare an Exposure Draft of proposed amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* for BBAs.

Summary of papers for this meeting

3. The staff have prepared the following papers:
 - **IASB Agenda Paper 4 Cover Memo** (this paper). This paper states the objective for the February 2013 meeting, lists the papers prepared for the meeting, summarises the IASB discussions so far on this project and provides an estimated timetable for the project.
 - **IASB Agenda Paper 4A Accounting for bearer biological assets (remaining issues)**. Agenda Paper 4A covers the remaining issues in the limited scope project on BBAs. Most of these issues were included in Appendix A of Agenda Paper 8B for the December 2012 IASB meeting.

Summary of discussions to date

4. 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. The project was discussed at the October 2012 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.
5. At the December 2012 IASB meeting the IASB tentatively decided the scope of the project should be restricted to plants. The IASB tentatively decided that plants would be defined as BBAs if they have no consumable attributes. This means they can only be used in the production of agricultural produce (ie they have no alternative use other than as bearer assets). Other plants would be classified as consumable biological assets (CBAs) and remain under the fair value model in IAS 41. All livestock will remain under the fair value model in IAS 41.
6. At the December 2012 IASB meeting, the IASB also decided to develop a cost-based model for BBAs within the scope of this project. The IASB tentatively decided:
 - (a) Before being placed into production (ie before they reach maturity and bear fruit), BBAs should be measured at accumulated cost. This approach is similar to the accounting treatment for a self-constructed item of machinery before it is placed into production.
 - (b) The produce growing on BBAs (eg fruit growing on a tree) should be measured at fair value less costs to sell with changes recognised in profit and loss as the produce grows. This method would ensure that produce growing in the ground (eg carrots) and produce growing on a BBA (eg apples) are accounted for consistently.

Draft project plan

7. The estimated timetable for the project is set out below:

September 2012	IASB staff presented agenda proposal.
December 2012- February 2013	The IASB deliberates main issues.
Second quarter 2013	The IASB develops and approves an Exposure Draft (ED) of proposals. Comment period 120 days.
Third 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 16 and IAS 41.
2015	Effective date of revisions.