

STAFF PAPER

January 2014

IASB Meeting

Project	Agriculture: Bearer Plants		
Paper topic	Cover memo		
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Objective of this meeting

1. The purpose of this meeting is for the International Accounting Standards Board (IASB) to commence their redeliberations of the proposals in the Bearer Plants Project by discussing the feedback received on ED/2013/8 *Agriculture: Bearer Plants* (proposed amendments to IAS 16 and IAS 41) which was published for public comment in June 2013.
2. This is an educational meeting only and no decisions will be made.

Summary of papers for this meeting

3. The staff have prepared the following papers:
 - **IASB Agenda Paper 14 Cover Memo** (this paper). This paper states the objective for the January 2014 meeting, summarises the history of this project and provides an estimated timetable for the project.
 - **IASB Agenda Paper 14A Feedback from comment letters on the June 2013 Exposure Draft**. Agenda Paper 14A summarises the main feedback received from comment letters in response to ED/2013/8.

Summary of project to date

Aim of the project

4. The aim of this limited-scope project is to respond to concerns about the application of the fair value model in IAS 41 *Agriculture* for a subset of biological assets, known as bearer biological assets (BBAs). The project is not intended to revisit the fair value model in IAS 41 for other biological assets.

Work to date

5. Before the project was added to its work programme the IASB was monitoring work undertaken by the Asian-Oceanian Standard-Setters Group (AOSSG), primarily by the Malaysian Accounting Standards Board (MASB), on a proposal to amend IAS 41 for BBAs. The MASB's proposals and analysis have been discussed several times by national standard-setters and the IFRS Advisory Council.
6. At the September 2012 IASB meeting, the staff presented a proposal to add a limited-scope project on BBAs to the IASB's agenda. The staff proposal provided details of the research performed by the MASB and explained that this should provide the IASB with sufficient information to make a decision about adding the project to its agenda without the need for a Discussion Paper. All IASB members supported undertaking the project.
7. The project proposal 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. The IASB's progress on the project was reported to the Trustees and the Trustees' Due Process Oversight Committee (DPOC) at their October 2012 and January 2013 meetings as part of the update on the IASB's technical activities.
8. During September to November 2012 the staff asked investors and analysts who study companies with BBAs how they use the fair value information for BBAs. This outreach consisted of written correspondence and conference calls. The staff

findings were presented to the IASB in December 2012 (see Agenda Paper 8C for that meeting).

9. During its December 2012 and February 2013 meetings the IASB discussed all the issues under the project. The decisions made during these two meetings were included in IASB Updates for those meetings. During the December 2012 meeting the IASB tentatively decided the scope of the amendment to IAS 41 should be restricted to BBAs that are plants. The IASB observed use of a cost model is more complex for livestock and there is often an active market for livestock, meaning fair value measurement is likely to be more reliable and easier to apply than cost measurement. Furthermore, the IASB noted that concerns raised by respondents to the IASB's 2011 Agenda Consultation mainly relate to plants, not livestock. The title of the project was changed to Bearer Plants, rather than Bearer Biological Assets, to better describe the scope of the amendments.
10. In June 2013 the IASB published an Exposure Draft of proposed amendments to IAS 16 and IAS 41 to include bearer plants within the scope of IAS 16.

Draft project plan

11. The estimated timetable for the project is set out below (based on keeping the scope of the project unchanged):

June 2013	Exposure Draft issued.
28 October 2013	Comment deadline.
First quarter 2014	The IASB deliberates amendments to proposals in the ED and agrees on final revisions.
Second quarter 2014	The IASB publishes final revisions to IAS 16 and IAS 41.
1 January 2016	Effective date of revisions. Early adoption permitted.