

STAFF PAPER

March 2014

IASB Meeting

Project	Agriculture: Bearer Plants		
Paper topic	Cover memo		
CONTACT(S)	Michelle Fisher	mfisher@ifrs.org	+44 (0)20 7246 6918

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Objective of this meeting

1. The purpose of this meeting is for the International Accounting Standards Board (IASB) to consider the remaining issues raised by respondents to ED/2013/8 *Agriculture: Bearer Plants* (the ED).

Summary of papers for this meeting

2. The staff have prepared the following papers:
 - **IASB Agenda Paper 13 Cover Memo** (this paper). This paper states the objective for the March 2014 meeting, summarises the IASB discussions to date, and provides an estimated timetable for the project.
 - **IASB Agenda Paper 13A The remaining issues raised by respondents**. Agenda Paper 13A presents the remaining issues raised by respondents to the ED. It also presents the staff recommendations for addressing these issues.

Summary of discussions to date (post ED)

3. The IASB published the ED in June 2013 and received 72 comment letters.
4. At its January 2014 meeting the IASB discussed the feedback received on the ED. The meeting was educational and the IASB did not make any decisions.
5. At its February 2014 meeting the IASB commenced its redeliberations of the proposals in the ED by discussing the three main issues raised by respondents. The IASB made the following tentative decisions on those issues:
 - (a) *Scope of the amendments to IAS 16 and IAS 41.* No change to the scope of the ED except to replace criterion (c) in the definition of a bearer plant with:

“the likelihood of selling it [the bearer plant] as a living plant or harvesting it as agricultural produce, except for incidental scrap sales, is remote.”
 - (b) *Accounting for the produce growing on the bearer plants.* No change from the proposals in the ED. Therefore:
 - (i) Produce growing on bearer plants would be accounted for at fair value through profit or loss in accordance with IAS 41.
 - (ii) Specific guidance on measurement of the fair value of the produce would not be added to IAS 41 or IFRS 13 *Fair Value Measurement*.

- (c) *Guidance on applying IAS 16 to bearer plants.* No change from the proposals in the ED. Therefore:
- (i) Specific guidance on applying IAS 16.16(b) to bearer plants, ie guidance on when bearer plants are in the location and condition necessary for them to be capable of operating in the manner intended by management, would not be added to IAS 16.
 - (ii) Other guidance to address circumstances specific to bearer plants would not be added to IAS 16.
 - (iii) Bearer plants would be included in the scope of IAS 16.

Draft project plan

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

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