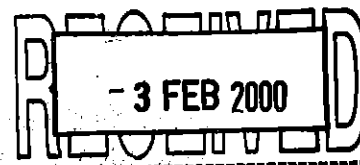


The Secretary-General  
INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE  
166 Fleet Street  
LONDON  
EC4A 2DY

CL 3 9

3 February 2000



Dear Sir

**Exposure Draft: Agriculture**

Thank you for the opportunity to respond to this exposure draft.

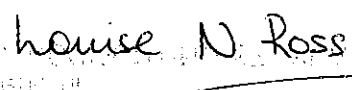
CIMA feels that it cannot support the proposals in ED 65, for the following reasons:

We are most concerned about the proposal for annual revaluations of biological assets at fair value. For many organisations (including those which are not 100% agribusinesses), this would represent a considerable amount of work. We question whether the cost of carrying out these revaluations could be justified. Different period ends would prejudice meaningful comparisons between different organisations and there are many biological assets for which accurate fair values are simply not available due to thin markets, quality variations, long lives, or variations in freight costs or tariffs.

"Marking to market" is not the normal method of valuing inventory, and we consider this approach to be setting an undesirable precedent. Market values fluctuate, and revaluation exaggerates the effect of these fluctuations in the accounts - not only the stock ready for sale would be revalued, but also the "work-in-progress" - the crops or livestock in the field. We do not consider that biological assets are sufficiently different from other types of asset to justify this unique approach, particularly when there are also many practical difficulties in relating market values (which are quoted in a standard form) to immature crops or livestock. Our preference would be to treat biological assets as any other assets, and value according to the established principle, the lower of cost or realisable value.

We would prefer to avoid "special cases" for particular industries, and feel that accounting should be based as far as possible on consistent general principles.

Yours sincerely,

  
Louise N Ross

Louise N Ross  
Secretary to CIMA Accounting Practices Group