



## **Federación Argentina de Consejos Profesionales de Ciencias Económicas**

CL 37

### **E65 “PROPOSED INTERNATIONAL ACCOUNTING STANDARD AGRICULTURE”**

#### **PROPOSED ANSWERS:**

##### **Question 1- Scope: further processing after harvest (paragraphs 4-7 and 36)**

We agree with the idea that the standard should not address the further processing of agricultural produce, and we believe that the guidance in pa. 4-7 is the proper one.

##### **Question 2: Biological Assets: Measure at “Fair Valued”: (paragraphs 21 at the 36)**

We sustain the option that all biological assets should be measured at balance sheet date at fair value, and all agricultural produce measured at fair value at the point of harvest. We also think that is necessary to remark that, in cases which little biological transformation has taken place, and the risks involved during the period between balance sheet date and the harvest is high, cost could be a reliable measure of the asset, as an approximation to fair value. We suggest fair value for agricultural produce after the harvest too, when its probable destination is to be sold, but disclosing maintenance gains or losses separated from production changes (till harvest)

##### **Question 3 – Reliability of fair value measurement (paragraphs 21-31)**

We agree that reliable estimate of fair value can be determined for both biological assets and agricultural produce, with the exception mentioned in answer 2.

##### **Question 4 – Fair value change in net profit or loss (paragraph 22)**

We support the option (also supported by the G4+1 group) that, all the changes in equity not related with transactions with the owners, must be included in the income statement. Consistently with this opinion we agree with option (a) i.e. to report all the changes in net profit or loss of the period.



## **Federación Argentina de Consejos Profesionales de Ciencias Económicas**

### **Question 5 – Definition of fair value (paragraph 24)**

We agree with option (a) with the additional condition that the market value at the balance sheet date could be considerate stable and not reflecting exceptional situations related to the climate or the economy of the place.

### **Question 6 – Agricultural land: follow IAS 16 (paragraph 38)**

Our accounting standards don't allow the option of revaluation of land, except in special cases, (for example Acquisitions). According with this, we support the option (e).

### **Question 7 – Government grants (paragraphs 41-44)**

We agree with option (a), but requiring appropriate disclosure of the origin and including the amount in the non-operative group. (Other gains and losses)

### **Question 8 – Components of biological assets (paragraph 46-47)**

We support the idea that disclosure have to include not only the description of the nature and stage of production of each group of biological assets, but the carrying amounts required in pa. 47 (a) and (b).

### **Question 9 – Components of change in fair value (paragraphs 52-58)**

We support option (b)

### **Question 10 – Guidance on components of change in fair value (paragraphs 56-58)**

The question is not applicable as we choice option (b)

Otherwise, we observed that In the text of pa. 56 and 57, the reference is made only in relationship with carrying amounts at the beginning of the period, and has to include proper reference to increases due to purchases and decreases due to sales. The examples in pa. 57 include purchases but not sales.



## **Federación Argentina de Consejos Profesionales de Ciencias Económicas**

### **Question 11 – Analysis of expenses (paragraphs 59-60)**

We don't think that the option is needed. In our country we disclose the expenses classified by both options, (nature and function) using a matrix with nature in the lines and functions in the columns. We encourage the IASC to suggest this option, based on our experience.

### **Question 12 – Disclosures in general (paragraphs 44-67)**

We think that the disclosure required by pa. 63 (d) and (e) is excessive. We suggest the separate disclosure of maintenance and producing differences. (See answer 2)

### **Question 13 – Present value sensitivity disclosure (paragraph 64(c))**

We think that sensitivity disclosure should not be required. An option could be to encourage such disclosure.

### **Question 14 – Transition: Follow IAS 8 (paragraph 69)**

We agree with option (a)

### **Question 15 – Matters not covered by a specific question**

We suggest another income statement reflecting our previous opinions and re ordering the concepts as follows:



## Federación Argentina de Consejos Profesionales de Ciencias Económicas

<b>INCOME STATEMENT</b>	
Revenue from sales	
Costs of sales (Appendix A)	( )
Production of biological assets and agr. Produce	
Costs or production (Appendix B)	( )
Changes in fair value after the harvest	
Sales expenses (Appendix B)	
Administrative expenses (Appendix B)	
Net Profit of operating activities	
Net Financing Costs	
Net Profit of ordinary activities	
Income Tax expense	
Net Profit	

<b>APPENDIX A: COST OF SALES</b>	
Inventory at the beginning of the period	
Inventory purchased during the period	
Agricultural Produce of the period	
Changes in fair values after the harvest	
Inventory at the end of the period	
Cost of sales	

<b>APPENDIX B: EXPENSES</b>				
Concepts	Production	Sales	Administrative	Total
Wages				
Salaries				
Taxes				
Depreciation				
Transport costs				
Advertising costs				
Fees				
Material consumed				
Various				
<b>TOTAL</b>				