

DEFINITIONS

- **Active Market** - Exists when; the items traded are homogenous, willing buyers and sellers can be found normally at any time and prices are available to the public.
- **Agricultural Activity** - The management of the transformation of a biological asset for sale or distribution at no/nominal charge into agricultural produce or other biological asset.
- **Biological Asset** - A living animal or plant.
- **Agricultural produce** - Is the harvested product of the entity's biological assets.
- **Biological transformation** - The process of growth, degeneration, production, and procreation that cause an increase in the value or quantity of the biological asset.
- **Harvest** - The process of detaching produce from a biological asset or cessation of its life.

TIER 2 RDR REPORTERS

RDR Reporters are granted certain disclosure exemptions within the standard.

SCOPE

Included:

- Biological Assets.
- Agricultural produce at the point of harvest.

Excluded from scope:

- Land related to agricultural activity - covered by PBE IPSAS 17 - *Property, Plant and Equipment* and PBE IPSAS 16 - *Investment Property*.
- Intangible assets related to agricultural activity - covered by PBE IPSAS 31 - *Intangible Assets*.
- Biological assets held for the provision or supply of services (e.g. Police dogs and horses).

RECOGNITION AND INITIAL MEASUREMENT

- Biological assets or agricultural produce are recognised when:
 - Entity controls the asset as a result of a past event.
 - Probable that future economic benefit or service potential will flow to the entity; and
 - Fair value or cost of the asset can be measurement reliably.
- Initial measurement (including when a biological asset is acquired through a non-exchange transaction) is:
 - At fair value less costs to sell (except where fair value cannot be estimated reliably).
 - If no reliable measurement of fair value, biological assets are stated at cost.

SUBSEQUENT MEASUREMENT

Agricultural Produce

- Produce harvested from biological assets is measured at fair value less costs to sell at the point of harvest.
- Such measurement is the cost at the date when applying PBE IPSAS 12 - *Inventories* or another applicable PBE Standard.

Biological Asset

- Subsequently:
 - At fair value less costs to sell (except where fair value cannot be estimated reliably).
 - If no reliable measurement of fair value, biological assets are stated at cost less accumulated depreciation and accumulated impairment losses.

FAIR VALUE GAINS AND LOSSES

Agricultural Produce

- The gain or loss on initial recognition is included in surplus or deficit in the period in which it arises.

Biological Asset

- The gain or loss on initial recognition is included in surplus or deficit in the period in which it arises.
- Subsequent change in fair value is included in surplus or deficit in the period it arises.

INABILITY TO MEASURE FAIR VALUE

- Once the fair value of the biological asset becomes reliably measurable, the fair value must be used to measure the biological asset.
- Once a non-current biological asset meets the criteria to be defined as held for sale (or as part of a disposal group classified as held for sale) then it is presumed fair value can be measured reliably.