

IASB issues proposals on bearer plants

The International Accounting Standards Board (IASB) today published for public comment an Exposure Draft of proposals to include bearer plants within the scope of IAS 16 *Property, Plant and Equipment*.

Bearer plants are a class of biological assets that, once mature, are held by an entity solely to grow produce over their productive life. Examples include grape vines, rubber trees and oil palms.

IAS 41 *Agriculture* requires all biological assets that are related to agricultural activity, including bearer plants, to be measured at fair value less costs to sell. This requirement is based on the principle that biological transformation is best reflected by fair value measurement.

However, once mature, bearer plants no longer undergo significant biological transformation. Furthermore, their operation is similar to that of manufacturing. Consequently, the Exposure Draft proposes that bearer plants are accounted for by IAS 16 instead of IAS 41, thus permitting the use of either a cost model or a revaluation model. The produce growing on the bearer plants would remain under the fair value model in IAS 41.

The proposals are [open for comment](#) until 28 October 2013.

Commenting on the publication of the Exposure Draft, Hans Hoogervorst, Chairman of the IASB said:

“This is an important amendment for those jurisdictions with large agriculture industries and responds to feedback received from the IASB’s agenda consultation as well as its Emerging Economies consultative group.”

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Notes to editors

About the International Accounting Standards Board

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting Standards that provide high quality, transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 16 full-time members drawn from 13 countries and a variety of professional backgrounds. Board members are appointed by, and accountable to, the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.