

Agriculture: Bearer Plants **(Amendments to MFRS 116 and MFRS 141)**

This Addendum sets out the amendments to MFRS 116 Property, Plant and Equipment. An entity shall apply the amendments in this Addendum for annual periods beginning on or after 1 January 2016. Early application is permitted.

In the Introduction, paragraph IN5 is amended and paragraph IN1A is added. New text is underlined.

Introduction

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IN1A The IASB amended the scope of IAS 16 in 2014 to include bearer plants related to agricultural activity.

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Scope

IN5 This Standard clarifies that an entity is required to apply the principles of this Standard to items of property, plant and equipment used to develop or maintain (a) biological assets and (b) mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources. *Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)*, issued in June 2014, amended the scope of this Standard to include bearer plants related to agricultural activity.

Paragraphs 3, 6 and 37 are amended and paragraphs 22A, 80B-80C and 81K are added. New text is underlined and deleted text is struck through.

Scope

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3 This Standard does not apply to:

- (a) property, plant and equipment classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- (b) biological assets related to agricultural activity other than bearer plants (see MFRS 141 *Agriculture*). This Standard applies to bearer plants but it does not apply to the produce on bearer plants.
- (c) the recognition and measurement of exploration and evaluation assets (see MFRS 6 *Exploration for and Evaluation of Mineral Resources*); ~~or~~
- (d) ...

Definitions

6 The following terms are used in this Standard with the meanings specified:

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;**
- (b) is expected to bear produce for more than one period; and**
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.**

(Paragraphs 5A–5B of MFRS 141 elaborate on this definition of a bearer plant.)

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

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Elements of cost

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22A Bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. Consequently, references to ‘construction’ in this Standard should be read as covering

activities that are necessary to cultivate the bearer plants before they are in the location and condition necessary to be capable of operating in the manner intended by management.

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Revaluation model

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37 A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. The following are examples of separate classes:

- (a) ...
- (g) furniture and fixtures; ~~and~~
- (h) office equipment; and
- (i) bearer plants.

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Transitional provisions

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80B In the reporting period when *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141) is first applied an entity need not disclose the quantitative information required by paragraph 28(f) of MFRS 108 for the current period. However, an entity shall present the quantitative information required by paragraph 28(f) of MFRS 108 for each prior period presented.

80C An entity may elect to measure an item of bearer plants at its fair value at the beginning of the earliest period presented in the financial statements for the reporting period in which the entity first applies *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141) and use that fair value as its deemed cost at that date. Any difference between the previous carrying amount and fair value shall be recognised in opening retained earnings at the beginning of the earliest period presented.

Effective date

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81K *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141) [*Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41) issued by IASB in June 2014] amended paragraphs 3, 6 and 37 and added paragraphs 22A and 80B–80C. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. An entity shall apply those amendments retrospectively, in accordance with MFRS 108, except as specified in paragraph 80C.