

A close-up, slightly blurred photograph of a person's hands holding a silver pen over a laptop keyboard. The person is wearing a dark blue or grey long-sleeved shirt. The background is a bright, out-of-focus white surface, possibly a desk or wall. The text 'IAS 41 AGRICULTURAL INCOME' is overlaid in a large, bold, black font across the lower half of the image.

IAS 41 AGRICULTURAL INCOME

IAS 41 AGRICULTURE INCOME

Effective date periods beginning on or after 1st January 2003

DEFINITIONS

<p>Agricultural Produce- The harvested produce of the entity's biological assets.</p>	<p>Agricultural activity- The management of the transformation of a biological asset for sale into agricultural produce or another biological asset.</p>	<p>Bearer plant-Is a living thing that- Is used in the production or supply of agricultural produce. Expected to bear produce for more than one period. Has a remote likelihood of being sold.</p>	<p>Harvest- The process of detaching produce from a biological asset or cessation of its life.</p>	<p>Biological Transformation-The process of growth, degeneration, production, creation that cause an increase in the value or quantity of the biological asset.</p>
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SCOPE

Agriculture income includes:
Living plants and animals relating to agriculture activity.
Agriculture produce at the point of harvest.
Government grant relating agriculture activity.
Does not include-
Land relating to agriculture activity.(AS 16 or AS 40)
Bearer plants

RECOGNITION

When control over such biological assets or agricultural produce exist.
Future economic benefits are expected.
Fair value can be measured reliably.

MEASUREMENT

Measurement of biological assets.
Fair value(**less**) cost to sell (expenses like transportation or selling expenses)

- If purchased then fair value is initial cost.
- If not purchased and created or produced then FV should be determined through P/L.

Subsequent recognition on balance sheet also at fair value

- If fair value cannot be determined reliably- Then measure at Cost (**less**) **Accumulated depreciation.**
- Gain or loss arising after subsequent recognition must be recognized in P/L

Measurement of agricultural produce at point of harvest-

- Should be recorded at fair value
- AS 2 shall apply on it on subsequent recognition.
- Gain or loss arising in initial recognition must be recognized in P/L in the period in which it arises.

Government Grant-

- Unconditional Grant- It will be charged in P/L when it become receivable.
- Conditional Grant- Initially treated as a liability when conditions are met then it must be taken to P/L.