



## Year end ASPE update for private enterprises

December 2019



# Agriculture



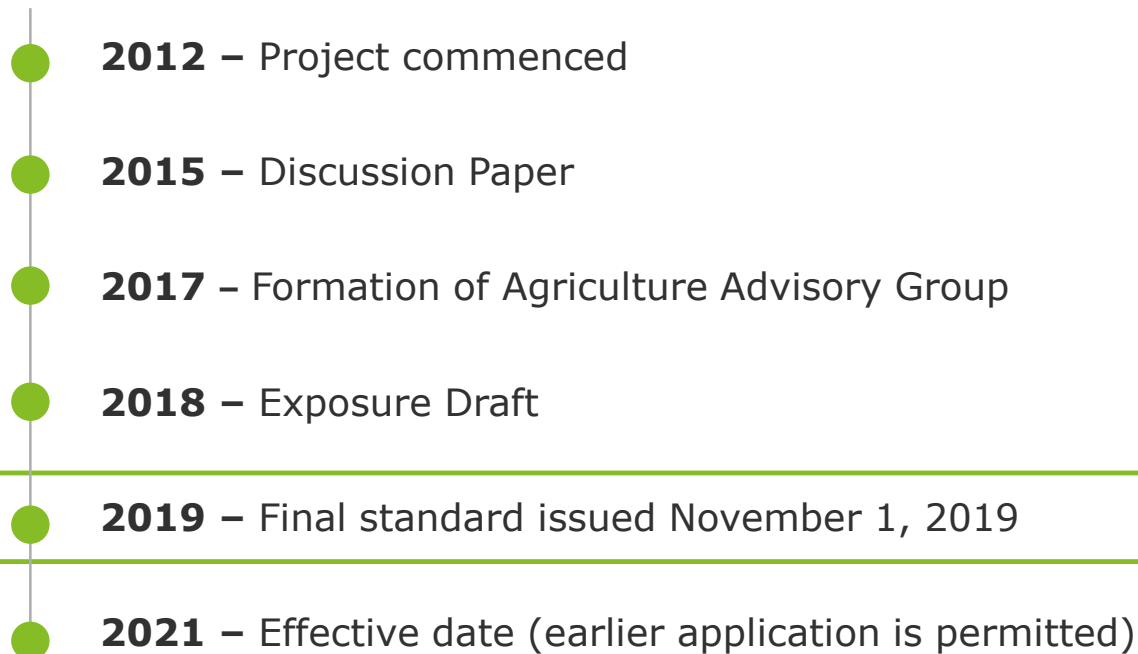


# Agriculture

## Objective:

To address the diversity in practice regarding the accounting for biological assets (i.e., living plants and animals) by agricultural producers.

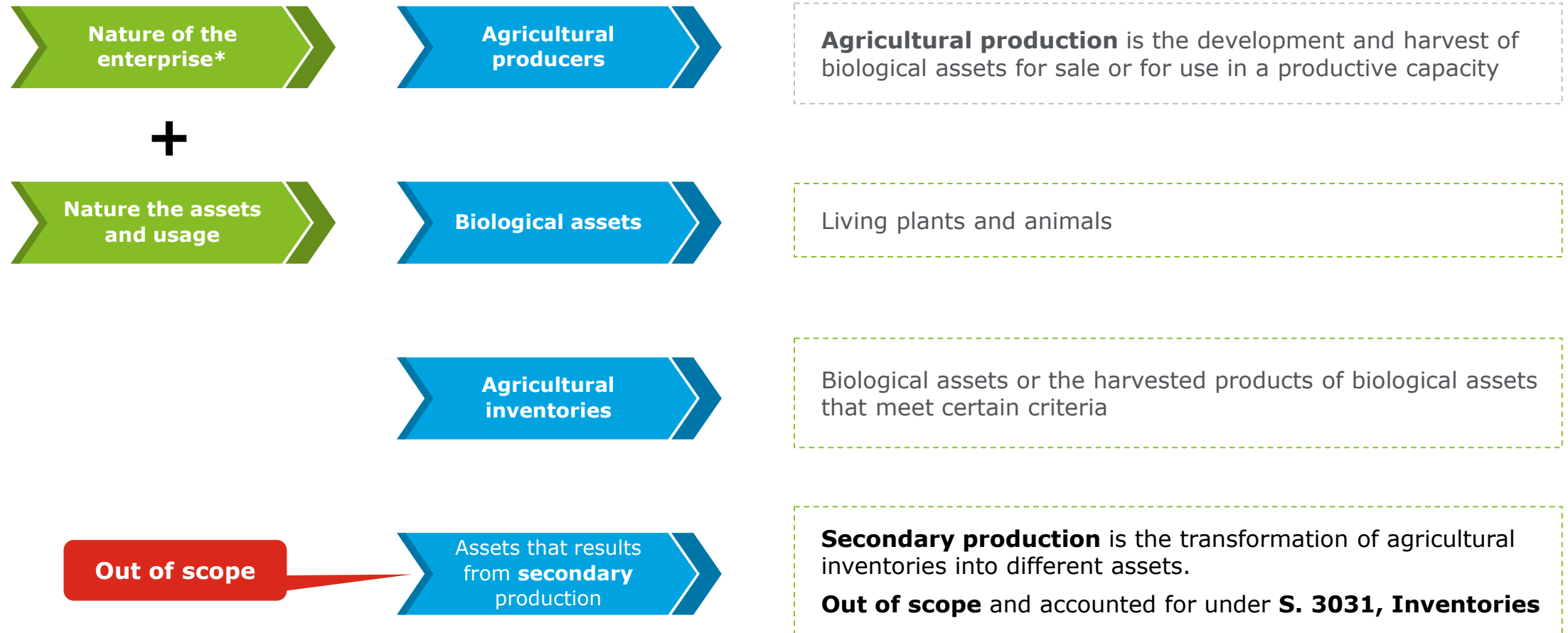
## Timeline:

- 
- A vertical timeline with green circular markers for each year. The 2019 entry is highlighted with a green rectangular box.
- **2012** – Project commenced
  - **2015** – Discussion Paper
  - **2017** – Formation of Agriculture Advisory Group
  - **2018** – Exposure Draft
  - **2019** – Final standard issued November 1, 2019
  - **2021** – Effective date (earlier application is permitted)



# Agriculture

## Scope of Section 3041



\* Forestry is excluded from the scope of the standard.



# Agriculture

## Scope of Section 3041

Out of scope

Biological Assets	Agricultural inventories	Assets that results from secondary production
Sheep	Wool	Yarn, carpet
Wheat	Harvested wheat	Flour
Dairy cattle	Milk	Cheese
Sow	Weaner	Sausages, cured hams
Sturgeon	Roe	Caviar
Grape vines	Picked grapes	Wine
Fruit trees	Picked fruit	Jam
Beef cattle	Beef	Ground beef

Biological assets can be classified as **productive biological assets** or **agricultural inventories**, depending on their use in the business.



# Agriculture

## Classification and measurement

### Productive biological assets

**Similar to Section 3061 Property, plant and equipment**

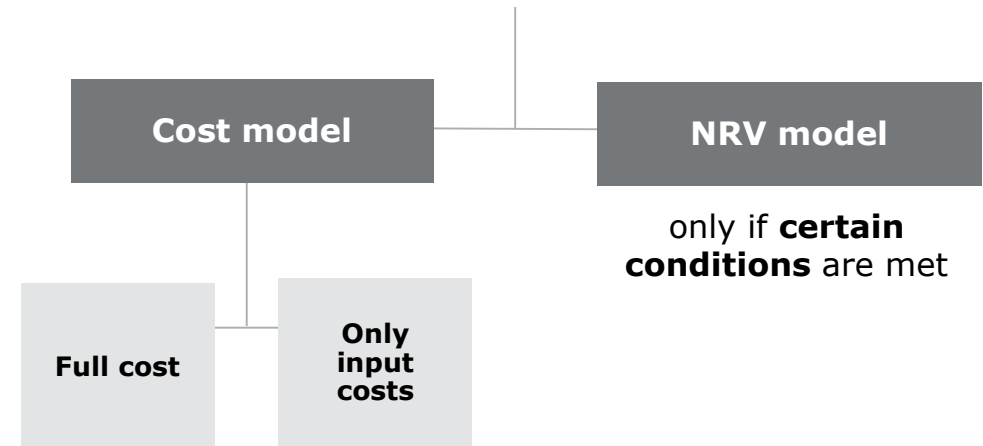
**Measurement – No policy choices**

**Cost less accumulated depreciation and impairment losses if any.**

### Agricultural inventories

**Similar to Section 3031 Inventories**

**Measurement – Accounting policy choice\***

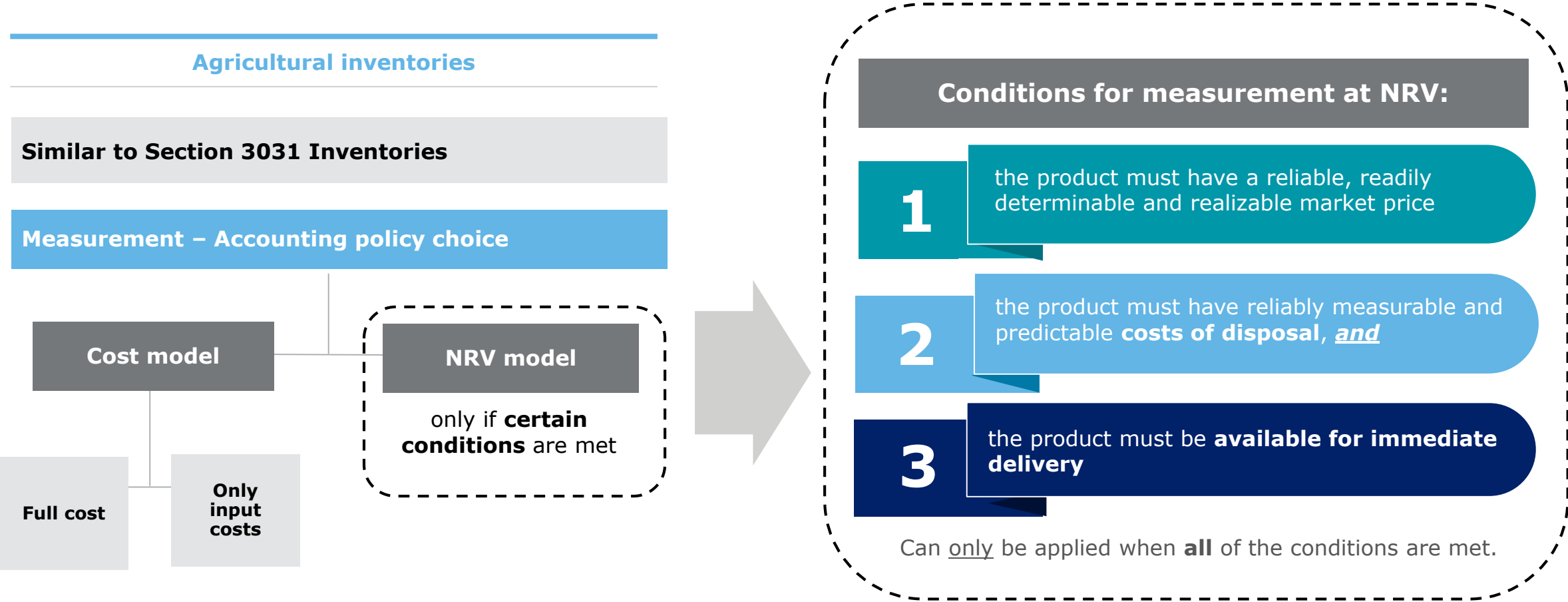


\* The accounting policy choice must be applied consistently to all agricultural inventories having similar nature and use.



# Agriculture

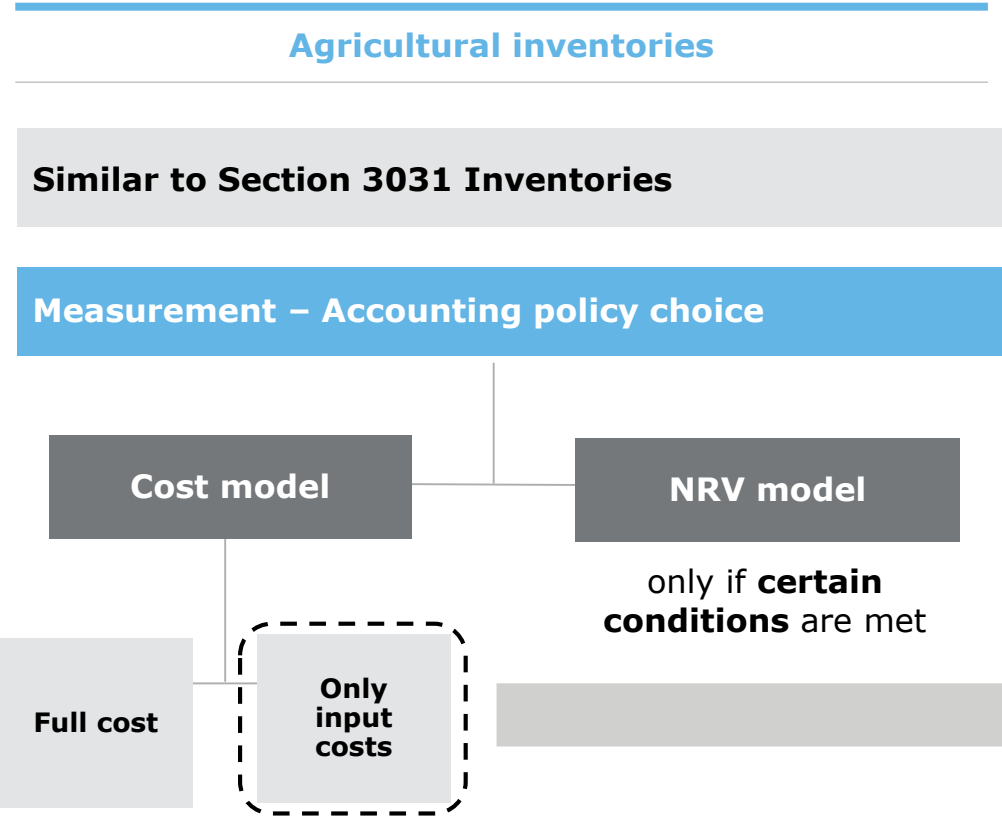
## Classification and measurement (cont'd)





# Agriculture

## Classification and measurement (cont'd)



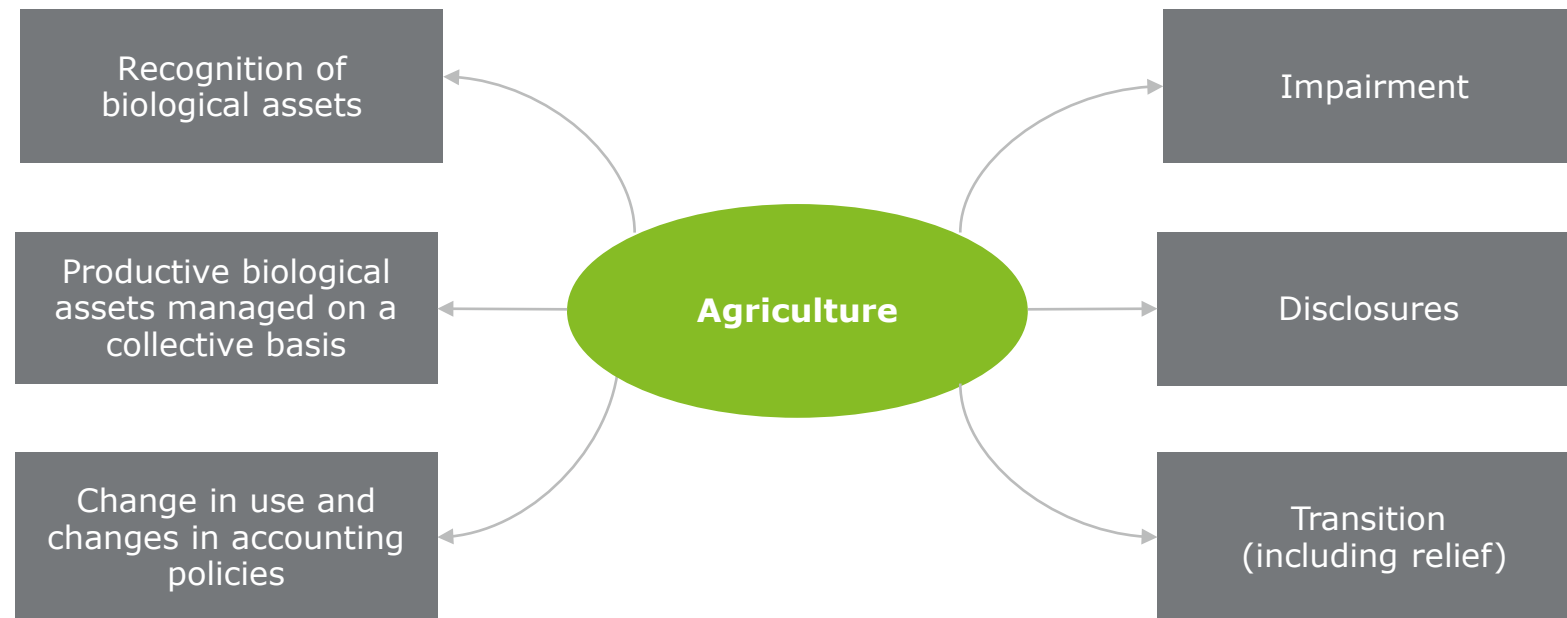
Only input costs		
Includes	Examples	
<b>Direct materials</b> including purchase price, import duties and other taxes, handling, transportation, etc.	<i>plants</i>	<i>animals</i>
	<ul style="list-style-type: none"><li>- seeds or seedlings</li><li>- fertilizer</li><li>- Pesticides</li></ul>	<ul style="list-style-type: none"><li>- cost of feed</li><li>- vaccinations</li><li>- other vet costs</li></ul>
<b>Direct labour</b> to the extent the cost of labour is readily determinable and is directly related to the items of agricultural inventories produced	<ul style="list-style-type: none"><li>- include direct labourer hired for harvest</li><li>- exclude family member when involved in multiple activities, salary not drawn and time not tracked</li></ul>	

- Disclosure must be provided of what is included in “only input costs”
- This accounting policy choice must be applied to all agricultural inventories using the cost model that have similar nature and use



# Agriculture

## Other items





## Resources



- Section 3041, *Agriculture*, issued November 1, 2019
- Agriculture, Section 3041 – Background information and Basis for Conclusions
- AcSB - A Podcast Series – AcSB in Conversation [Section 3041, Agriculture](#) (October 2019)
- CPA Canada Webinar - [ASPE Exposure Draft on Agriculture](#) (August 2018)
- <https://www.frascanada.ca/en/aspe/resources>





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