

Explanatory Statement

Accounting Standard AASB 2014-6

Amendments to Australian Accounting Standards – Agriculture: Bearer Plants

December 2014



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2014-6

AASB 2014-6 *Amendments to Amendments to Australian Accounting Standards – Agriculture: Bearer Plants* makes amendments to the following Standards:

- AASB 101 *Presentation of Financial Statements*;
- AASB 116 *Property, Plant and Equipment*;
- AASB 117 *Leases*;
- AASB 123 *Borrowing Costs*;
- AASB 136 *Impairment of Assets*;
- AASB 140 *Investment Property*; and
- AASB 141 *Agriculture*.

These amendments arise from the issuance of *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41) by the International Accounting Standards Board in June 2014, and to make editorial corrections.

Main Features of AASB 2014-6

Main Requirements

The amendments define a bearer plant and require bearer plants to be accounted for as property, plant and equipment and included within the scope of AASB 116 *Property, Plant and Equipment*, instead of AASB 141 *Agriculture*.

A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Plants such as tea bushes, grape vines, oil palms and rubber trees, would usually meet the definition of a bearer plant and would be within the scope of AASB 116.

The produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex would remain within the scope of AASB 141.

This Standard also makes various editorial corrections to Australian Accounting Standards.

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2016.

Consultation Prior to Issuing this Standard

The AASB issued Exposure Draft ED 245 *Agriculture: Bearer Plants* in July 2013 for comment by 1 October 2013.

Four submissions were received by the AASB in respect of the proposals in ED 245 and there was general support for adopting the proposals in Australian Accounting Standards. The AASB considered the comments it received in making its submission to the IASB and in finalising AASB 2014-6.

A Regulation Impact Statement (RIS) has not been prepared in connection with the issue of AASB 2014-6 as the amendments made are minor in nature.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011

Accounting Standard AASB 2014-6 ***Amendments to Australian Accounting Standards – Agriculture: Bearer Plants***

Overview of the Accounting Standard

The amendments in AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants* define a bearer plant and require bearer plants to be accounted for as property, plant and equipment and included within the scope of AASB 116, instead of AASB 141.

A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Plants such as tea bushes, grape vines, oil palms and rubber trees, would usually meet the definition of a bearer plant and would be within the scope of AASB 116.

The produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex would remain within the scope of AASB 141.

Human Rights Implications

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.

Conclusion

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.