Commission Regulation (EU) 2015/2113 of 23 November 2015 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 16 and 41 (Text with EEA relevance)

COMMISSION REGULATION (EU) 2015/2113

of 23 November 2015

amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 16 and 41

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards[(1)], and in particular Article 3(1) thereof,

Whereas:

(1) By Commission Regulation (EC) No 1126/2008[(2)] certain international standards and interpretations that were in existence at 15 October 2008 were adopted.

(2) On 30 June 2014, the International Accounting Standards Board (IASB) issued amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* entitled *Agriculture: Bearer Plants*. The IASB decided that plants, which are used solely to grow produce over several periods, known as bearer plants, should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing.

(3) Amendments to IAS 16 and 41 imply by way of consequence amendments to IAS 1, 17, 23, 36 and 40 in order to ensure consistency between international accounting standards.

(4) The consultation with the European Financial Reporting Advisory Group confirms that the amendments to IAS 16 and IAS 41 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

(5) Regulation (EC) No 1126/2008 should therefore be amended accordingly.

(6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) 2015/2113. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Article 1

The Annex to Regulation (EC) No 1126/2008, is amended as follows:

(a) International Accounting Standard (IAS) 16 *Property, Plant and Equipment* is amended as set out in the Annex to this Regulation;

(b) IAS 41 *Agriculture* is amended as set out in the Annex to this Regulation;

(c) IAS 1 *Presentation of Financial Statements*, IAS 17 *Leases*, IAS 23 *Borrowing Costs*, IAS 36 *Impairment of Assets* and IAS 40 *Investment Property* are amended in accordance with the amendments to IAS 16 and IAS 41 as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments referred to in Article 1, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2016.

Article 3

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 23 November 2015.

For the Commission

The President

Jean-Claude JUNCKER

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ANNEX

Agriculture: Bearer Plants(Amendments to IAS 16 and IAS 41)
Amendments to IAS 16 *Property, Plant and Equipment*

Paragraphs 3, 6 and 37 are amended and paragraphs 22A and 81K–81M are added.
SCOPE

…

3. This Standard does not apply to:

(a) property, plant and equipment classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

(b) biological assets related to agricultural activity other than bearer plants (see IAS 41 *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 IFRS 6 *Exploration for and Evaluation of Mineral Resources*).

(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 IAS 41 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.**

…
Elements of cost

…

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.

…
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;

(h) office equipment; and

(i) bearer plants.

…

EFFECTIVE DATE AND TRANSITION

…

81K *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41), issued in June 2014, amended paragraphs 3, 6 and 37 and added paragraphs 22A and 81L–81M. 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 IAS 8, except as specified in paragraph 81M.

81L In the reporting period when *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41) is first applied an entity need not disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period. However, an entity shall present the quantitative information required by paragraph 28(f) of IAS 8 for each prior period presented.

81M 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 IAS 16 and IAS 41) 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.

Amendments to IAS 41 *Agriculture*

Paragraphs 1–5, 8, 24 and 44 are amended and paragraphs 5A–5C and 62–63 are added.

SCOPE

1. This Standard shall be applied to account for the following when they relate to agricultural activity:

(a) **biological assets, except for bearer plants;**

(b) **agricultural produce at the point of harvest; and**

(c) **government grants covered by paragraphs 34 and 35.**

2. This Standard does not apply to:

(a) land related to agricultural activity (see IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*).

(b) bearer plants related to agricultural activity (see IAS 16). However, this Standard applies to the produce on those bearer plants.

(c) government grants related to bearer plants (see IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*).

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(d) intangible assets related to agricultural activity (see IAS 38 *Intangible Assets*).

3. This Standard is applied to agricultural produce, which is the harvested produce of the entity's biological assets, at the point of harvest. Thereafter, IAS 2 *Inventories* or another applicable Standard is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

4. The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:

Biological assets	**Agricultural produce**	**Products that are the result of processing after harvest**
Sheep	Wool	Yarn, carpet
Trees in a timber plantation	Felled trees	Logs, lumber
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Cotton plants	Harvested cotton	Thread, clothing
Sugarcane	Harvested cane	Sugar
Tobacco plants	Picked leaves	Cured tobacco
Tea bushes	Picked leaves	Tea
Grape vines	Picked grapes	Wine
Fruit trees	Picked fruit	Processed fruit
Oil palms	Picked fruit	Palm oil
Rubber trees	Harvested latex	Rubber products
Some plants, for example, tea bushes, grape vines, oil palms and rubber trees, usually meet the definition of a bearer plant and are within the scope of IAS 16. However, the produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex, is within the scope of IAS 41.		

DEFINITIONS
Agriculture-related definitions

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

…

***Agricultural produce* is the harvested produce of the entity's biological assets.**

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**