



Theoretical and practical aspects referring to the application of IAS 41 – Agriculture

MIHALCIUC Camelia, SOCOLIUC M. - Universitatea "Stefan cel Mare" Suceava

The agriculture international standard does not apply to issues regarding agricultural crop lands and intangible agricultural assets, aspects that are included in the IAS 16 (or IAS 40), respectively IFRS. The integrated companies apply the IAS 41 Standard first, when operating with agricultural activities as basic activity, and with industrial activities as secondary activity. This particular standard describes the accounting procedures referring to biological assets and agricultural harvest produce; the accounting treatment and the governmental subsidies are all described in the IAS 41 Standard. Financial analysis and interpretation IAS 41, as with any value standard, users should pay particular attention to the disclosure of key assumptions used to determine fair value and the consistency of those assumptions from year to year. At the annual accounts or at the beginning of the year, the biological assets must be evaluated at their fair value minus point-of-sale expenses. Although, if on the initial estimation, the fair value cannot be estimated realistically, the biological asset must be estimated at its costs, minus collected amortization and any depreciation collected loss. Once the fair value becomes realistic, the asset must be estimated at its fair value, minus the point-of-sale costs. If there is an active market for a certain asset or agricultural produce, the quote on that market is actually an appropriate basis for estimating the assets' fair value. If there is no such market, the following criteria are used for the fair value estimation: - the most recent market transaction price; - market prices of similar assets; - sector standards.