national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 27 – Agriculture

Effective 1 April 2021

DEFINITIONS

Active market exists when the items traded are homogenous, willing buyers and sellers can normally be found at any time and prices are available to the public
Agricultural activity is the management of the transformation and harvest of biological assets for sale; distribution at no charge or nominal charge; or conversion into agricultural produce or additional biological assets for sale or distribution at no charge or nominal charge
Biological asset is a living animal or plant
Biological transformation is the process of growth, degeneration, production, and procreation that can cause qualitative or quantitative changes in a biological asset
Harvest is the detachment of produce from a biological asset or the cessation of a biological asset's life processes

RECOGNITION

Biological assets or agricultural produce are recognised when:
- The entity controls the asset as a result of past events
- It is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- The fair value or cost of the asset can be measured reliably

MEASUREMENT – BIOLOGICAL ASSETS

- At fair value less costs to sell (including assets received in a non-exchange transaction)
- When fair value cannot be measured reliably, the biological assets are stated at cost less accumulated depreciated and any accumulated impairment loss (until the fair value of such biological assets can be measured reliably)

MEASUREMENT – AGRICULTURE PRODUCE

- Agricultural produce harvested from biological assets is measured at fair value less costs to sell
- Such measurement is the cost at the date when applying the Standard of GRAP on Inventories

FAIR VALUE GAINS AND LOSSES

The gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in surplus or deficit for the period in which it arises

Once the fair value of the biological asset becomes reliably measurable, the fair value less costs to sell must be used to measure the biological asset

The gain or loss on initial recognition of agricultural produce at fair value less costs to sell shall be included in surplus or deficit for the period in which it arises