

Tutorial 5

LKAS 41: Agriculture

Exercise 1

What particular attributes of biological assets differentiate them from other assets? **Explain.**

Exercise 2

ABC Vineyard PLC grows grapes and sells to local wine producers. At 31.03.2015, ABC Vineyard PLC's grape vines had a net market value of Rs. 600,000. During the year ended 31.03.2016, Rs. 40,000 was spent on fertilizer. Grapes with a market value of Rs. 320,000 were harvested at a cost of Rs. 48,000. The grapes would have to be packaged and delivered at a cost of Rs. 16,000 before they could be sold. At 31.03.2016, net market value of ABC Vineyard PLC's grape vines had a net market value of Rs. 620,000.

Required:

1. **Prepare** the journal entries to account for the agricultural assets ABC Vineyard PLC for the year-ended 31.03.2016.
2. **Provide** the extract of the financial statements

Exercise 3

In 2009, XYZ PLC established and commenced operation of a mango farm. The trees were planted in 2011 and began producing saleable mangoes in 2015. On 31.03.2015, 90% of the mangoes were sold, one week after they were picked, for a sale price of Rs. 210,000. Selling prices were Rs.3,000. The remaining 10% of the picked mangoes are recognized as inventories at the end of the reporting period. The fair value less costs of sale of the mango trees at 31.03.2015 and 31.03.2016, was Rs.480,000 and Rs.550,000 respectively. During the reporting period ending 31.03.2016, employee expenses, fertilizers, lease expenses and other expenses amounted Rs.50,000. The fair value less costs of sale of the mangoes immediately after picking and packing amounted to Rs.220,000. Picking and packing costs amounted to Rs.15,000.

Required:

1. **Prepare** the journal entries to record:
 - (a) The harvesting of the agricultural produce from the biological asset
 - (b) The sale of the agricultural produce
 - (c) The changes in the fair value of the biological assets between ends of the two reporting periods
2. **Provide** the extract of the financial statements