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INSIGHTS

ACCOUNTING & TECHNOLOGY

IAS 41 agriculture in Cambodia: biological assets and bearer plants

How CIFRS IAS 41 and CIFRS for SMEs Section 34 measure biological assets and agricultural produce at fair value less costs to sell, when bearer plants move to IAS 16, and how Cambodian tax and audits treat the difference.



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HOW DOES A CAMBODIAN AGRICULTURAL COMPANY ACCOUNT FOR BIOLOGICAL ASSETS UNDER IAS 41?

Under CIFRS (IAS 41 Agriculture) a biological asset is measured at fair value less costs to sell at initial recognition and at each reporting date, with changes recognised in profit or loss; agricultural produce is measured at fair value less costs to sell at the point of harvest, after which IAS 2 applies. Bearer plants used to bear produce for more than one period are accounted for under IAS 16, while the produce on them remains within IAS 41. CIFRS for SMEs Section 34 applies a fair value model where fair value is readily determinable without undue cost or effort and a cost model otherwise, so confirm the edition adopted by the National Accounting Council.

IN SHORT

- A biological asset is a living plant or animal; agricultural produce is the harvested product; a bearer plant is a living plant used to bear produce for more than one period.
- IAS 41 measures biological assets and produce at harvest at fair value less costs to sell; changes go to profit or loss.
- Bearer plants are accounted for under IAS 16, not IAS 41; the produce on them remains within IAS 41.
- CIFRS for SMEs Section 34 uses a fair value model only where fair value is readily determinable without undue cost or effort, and a cost model otherwise.
- The Cambodian tax result follows Tax on Income and the GDT rules, not the IAS 41 fair value movement; the difference is a book-to-tax and deferred tax question.

Biological assets, bearer plants and agricultural produce

IAS 41 applies to biological assets — living plants and animals — and to agricultural produce at the point of harvest. A biological asset is measured at fair value less costs to sell from initial recognition and at each reporting date. Agricultural produce harvested from a biological asset is measured at fair value less costs to sell at the point of harvest; after harvest it is inventory under IAS 2.

Bearer plants are living plants used in the production or supply of agricultural produce, expected to bear produce for more than one period, and not held for sale in the ordinary course. They are accounted for under IAS 16 as property, plant and equipment, because they are used repeatedly rather than consumed. The produce growing on a bearer plant remains a biological asset within IAS 41 until harvest.

The classification is facts-specific. A rubber plantation, an oil palm plantation or a mature fruit orchard is normally a bearer plant. A rice crop, a cassava crop, a vegetable crop or a tree grown for lumber is not a bearer plant; the plant itself is the biological asset or, at harvest, the produce. Livestock and aquaculture are biological assets; the harvested fish or meat is produce.

WHICH STANDARD APPLIES TO A CAMBODIAN AGRICULTURAL ASSET?

Asset	Standard	Measurement
Growing rice, cassava or vegetables	IAS 41 / Section 34	Fair value less costs to sell (SME: fair value if readily determinable)
Rubber, oil palm or fruit trees	IAS 16 / Section 17 (bearer plants)	Cost less depreciation and impairment
Produce on a bearer plant	IAS 41 / Section 34	Fair value less costs to sell at harvest
Harvested produce	IAS 2 / Section 13	Lower of cost and net realisable value
Livestock and aquaculture	IAS 41 / Section 34	Fair value less costs to sell
Land and buildings	IAS 16 / IAS 40 / Section 17 or 16	Depends on use: owner-occupied, investment or inventory

Fair value less costs to sell

Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Costs to sell are the incremental costs directly attributable to the disposal, excluding finance costs and income taxes. The fair value of a biological asset reflects its current condition and location; a growing crop is not valued as if it were already harvested.

The best evidence of fair value is a quoted market price in an active market. Where there is no active market, the entity uses recent transactions, sector benchmarks, the present value of expected net cash flows or other valuation techniques. The valuation should reflect the biological transformation, the yield, the remaining growing period, the price at harvest and the risks specific to the asset. A valuation prepared for a bank or an insurer is not automatically suitable for IFRS reporting.

IAS 41 contains a rebuttable presumption that fair value can be measured reliably for a biological asset. The presumption can be rebutted only on initial recognition, and only where market-determined prices or values are not available and alternative estimates are clearly unreliable. In that case the asset is measured at cost less accumulated depreciation and impairment. The CIFRS for SMEs Section 34 cost model is broader: it applies where fair value is not readily determinable without undue cost or effort.

A plantation valuation is not a yield forecast

The fair value of a bearer plant is not the same as the fair value of its future produce. Separate the bearer plant (IAS 16) from the produce on it (IAS 41), and make sure the valuation does not double count the same cash flows.

Recognition, harvest and government grants

A biological asset or agricultural produce is recognised when the entity controls it as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost can be measured reliably. Control can arise from ownership, a lease, a land concession or a contract; the legal form of the land right does not replace the control analysis.

At harvest, the produce is measured at fair value less costs to sell, and that amount becomes the cost of the inventory under IAS 2. The difference between the fair value at harvest and the carrying amount of the biological asset is recognised in profit or loss. After harvest, the inventory is measured at the lower of cost and net realisable value.

Government grants related to biological assets are accounted for under IAS 20 / Section 24: recognise income when there is reasonable assurance the conditions will be met and the grant will be received, and defer a grant with performance conditions. A tax holiday or QIP tax incentive is not a government grant; it is an income tax benefit under IAS 12 / Section 29. The IAS 20 article on this site explains the distinction.

CIFRS for SMEs Section 34

CIFRS for SMEs Section 34 Specialised Activities covers agriculture. Under the 2025 edition, an entity uses the fair value model for biological assets for which fair value is readily determinable without undue cost or effort, and the cost model for all other biological assets. Bearer plants that can be measured separately from the produce without undue cost or effort are accounted for under Section 17 Property, Plant and Equipment; the produce on them remains within Section 34.

The cost model measures the biological asset at cost less accumulated depreciation and accumulated impairment losses. That is a significant difference from full IAS 41, which presumes fair value. The National Accounting Council's adoption determines the edition in Cambodia; confirm the edition with the auditor before choosing a policy, and apply the policy consistently to each class of biological asset.

Cambodian tax and audit

The IAS 41 fair value movement is an accounting result, not automatically the Tax on Income result. The GDT assesses the profit of the enterprise under the Law on Taxation (2023); agricultural income, QIP incentives and any sector-specific treatment should be confirmed for the specific activity and entity. A fair value gain on growing produce may not be taxable until the produce is sold, and a fair value loss may not be deductible; the book-to-tax reconciliation and IAS 12 / Section 29 should show the difference.

The auditor will test the classification (biological asset, bearer plant or produce), the valuation, the harvest cut-off and the existence of the assets. Under CISA, ISA 540 applies to the fair value estimate and ISA 620 applies when the auditor uses a valuer; a site visit and a biological count are often necessary. The valuation report should identify the asset, the valuation date, the method and the key assumptions.

For a plantation, the audit evidence includes land title or concession documents, the planting schedule, the age and yield profile, the valuation, the harvest records and the inventory count. A valuation that assumes a mature yield for immature trees, or that ignores disease or weather risk, is a red flag.

- Land title, lease or concession documents and the control analysis.
- Planting, age, yield and harvest records for each class of biological asset.
- The valuation report, method, assumptions and the valuer's qualifications.
- The harvest cut-off and the transfer to inventory at fair value.
- The tax reconciliation and the deferred tax calculation.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Is a rubber plantation a bearer plant?

A rubber plantation is normally a bearer plant if it is used to produce latex for more than one period, is not held for sale in the ordinary course, and can be measured separately from the produce. It is then accounted for under IAS 16, while the latex on the trees is agricultural produce under IAS 41 until harvest.

Is harvested rice inventory?

Yes. At the point of harvest, the rice is agricultural produce measured at fair value less costs to sell under IAS 41. After harvest, it becomes inventory under IAS 2 and is measured at the lower of cost (the fair value at harvest) and net realisable value.

Can an agricultural company use the cost model under CIFRS?

Under full IAS 41, fair value is presumed to be measurable reliably; the presumption can be rebutted only on initial recognition where market prices are unavailable and alternative estimates are clearly

unreliable. Under CIFRS for SMEs Section 34, the cost model is available where fair value is not readily determinable without undue cost or effort, depending on the edition.

Are government grants for agriculture government grants under IAS 20?

A grant related to a biological asset is accounted for under IAS 20 / Section 24 if it is a transfer of resources in return for conditions. A tax holiday, investment tax credit or reduced tax rate is an income tax benefit under IAS 12 / Section 29, not a government grant.

SOURCES

Where the rules come from

01 IAS 41 Agriculture (https://www.ifrs.org/issued-standards/list-of-standards/ias-41-agriculture/) — IFRS Foundation

02 IFRS for SMEs Accounting Standard, Section 34 Specialised Activities (agriculture) (https://www.ifrs.org/issued-standards/ifrs-for-smes/) — IFRS Foundation

03 IAS 16 Property, Plant and Equipment (bearer plants) and IAS 2 Inventories — IFRS Foundation

04 Cambodian International Financial Reporting Standards (CIFRS and CIFRS for SMEs) — National Accounting Council / ACAR, Ministry of Economy and Finance

05 Law on Taxation (Royal Kram NS/RKM/0523/004, 16 May 2023) and GDT guidance (https://www.tax.gov.kh) — Kingdom of Cambodia / General Department of Taxation