

**Agriculture**  
Illustrative Examples

This Guidance is applicable for annual reporting period beginning on  
1 January 2026.

## Illustrative examples

*These examples accompany, but are not part of, SB-FRS 41. They have been updated to take account of the changes made by SB-FRS 1 Presentation of Financial Statements (as revised in 2008) and Improvements to SB-FRSs issued in 2008.*

- A1 Example 1 illustrates how the disclosure requirements of this Standard might be put into practice for a dairy farming entity. This Standard encourages the separation of the change in fair value less costs to sell of an entity's biological assets into physical change and price change. That separation is reflected in Example 1. Example 2 illustrates how to separate physical change and price change.
- A2 The financial statements in Example 1 do not conform to all of the disclosure and presentation requirements of other Standards. Other approaches to presentation and disclosure may also be appropriate.

## Example 1 XYZ Dairy Ltd

### Statement of financial position

XYZ Dairy Ltd Statement of financial position	Notes	31 December 20X1	31 December 20X0
<b>ASSETS</b>			
<b>Non-current assets</b>			
Dairy livestock – immature <sup>1</sup>		52,060	47,730
Dairy livestock – mature <sup>2</sup>		372,990	411,840
Subtotal – biological assets	3	425,050	459,570
Property, plant and equipment		1,462,650	1,409,800
<b>Total non-current assets</b>		<b>1,887,700</b>	<b>1,869,370</b>
<b>Current assets</b>			
Inventories		82,950	70,650
Trade and other receivables		88,000	65,000
Cash		10,000	10,000
<b>Total current assets</b>		<b>180,950</b>	<b>145,650</b>
<b>Total assets</b>		<b>2,068,650</b>	<b>2,015,020</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		1,000,000	1,000,000
Retained earnings		902,828	865,000
<b>Total equity</b>		<b>1,902,828</b>	<b>1,865,000</b>
<b>Current liabilities</b>			
Trade and other payables		165,822	150,020
<b>Total current liabilities</b>		<b>165,822</b>	<b>150,020</b>
<b>Total equity and liabilities</b>		<b>2,068,650</b>	<b>2,015,020</b>

<sup>1</sup> An entity is encouraged, but not required, to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assets, as appropriate. An entity discloses the basis for making any such distinctions.

<sup>2</sup> An entity is encouraged, but not required, to provide a quantified description of each group of biological assets, distinguishing between consumable and bearer biological assets or between mature and immature biological assets, as appropriate. An entity discloses the basis for making any such distinctions.

## Statement of comprehensive income<sup>3</sup>

XYZ Dairy Ltd Statement of comprehensive income	Notes	Year ended 31 December 20X1
Fair value of milk produced		518,240
Gains arising from changes in fair value less costs to sell of dairy livestock	3	<u>39,930</u>
		<b>558,170</b>
Inventories used		(137,523)
Staff costs		(127,283)
Depreciation expense		(15,250)
Other operating expenses		<u>(197,092)</u>
		<b>(477,148)</b>
<b>Profit from operations</b>		<b>81,022</b>
Income tax expense		<u>(43,194)</u>
<b>Profit/comprehensive income for the year</b>		<b><u>37,828</u></b>

<sup>3</sup> This statement of comprehensive income presents an analysis of expenses using a classification based on the nature of expenses. SB-FRS 1 *Presentation of Financial Statements* requires that an entity present, either in the statement of comprehensive income or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity. SB-FRS 1 encourages presentation of an analysis of expenses in the statement of comprehensive income.

## Statement of changes in equity

XYZ Dairy Ltd Statement of changes in equity	Year ended 31 December 20X1		
	Share capital	Retained earnings	Total
Balance at 1 January 20X1	1,000,000	865,000	1,865,000
Profit/comprehensive income for the year		37,828	37,828
<b>Balance at 31 December 20X1</b>	<b>1,000,000</b>	<b>902,828</b>	<b>1,902,828</b>

## Statement of cash flows<sup>4</sup>

XYZ Dairy Ltd Statement of cash flows	Notes	Year ended 31 December 20X1
<b>Cash flows from operating activities</b>		
Cash receipts from sales of milk		498,027
Cash receipts from sales of livestock		97,913
Cash paid for supplies and to employees		(460,831)
Cash paid for purchases of livestock		(23,815)
		<b>111,294</b>
Income taxes paid		(43,194)
<b>Net cash from operating activities</b>		<b>68,100</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		(68,100)
<b>Net cash used in investing activities</b>		<b>(68,100)</b>
<b>Net increase in cash</b>		<b>0</b>
<b>Cash at beginning of the year</b>		<b>10,000</b>
<b>Cash at end of the year</b>		<b>10,000</b>

<sup>4</sup> This statement of cash flows reports cash flows from operating activities using the direct method. SB-FRS 7 *Statement of Cash Flows* requires that an entity report cash flows from operating activities using either the direct method or the indirect method. SB-FRS 7 encourages use of the direct method.

## Notes

### 1 Operations and principal activities

XYZ Dairy Ltd ('the Company') is engaged in milk production for supply to various customers. At 31 December 20X1, the Company held 419 cows able to produce milk (mature assets) and 137 heifers being raised to produce milk in the future (immature assets). The Company produced 157,584kg of milk with a fair value less costs to sell of 518,240 (at the time of milking) in the year ended 31 December 20X1.

### 2 Accounting policies

#### Livestock and milk

Livestock are measured at their fair value less costs to sell. The fair value of livestock is based on quoted prices of livestock of similar age, breed, and genetic merit in the principal (or most advantageous) market for the livestock. Milk is initially measured at its fair value less costs to sell at the time of milking. The fair value of milk is based on quoted prices in the local area in the principal (or most advantageous) market for the milk.

### 3 Biological assets

<b>Reconciliation of carrying amounts of dairy livestock</b>	<b>20X1</b>
<b>Carrying amount at 1 January 20X1</b>	<b>459,570</b>
Increases due to purchases	26,250
Gain arising from changes in fair value less costs to sell attributable to physical changes <sup>5</sup>	15,350
Gain arising from changes in fair value less costs to sell attributable to price changes <sup>6</sup>	24,580
Decreases due to sales	(100,700)
<b>Carrying amount at 31 December 20X1</b>	<b><u>425,050</u></b>

### 4 Financial risk management strategies

The Company is exposed to financial risks arising from changes in milk prices. The Company does not anticipate that milk prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in milk prices. The Company reviews its outlook for milk prices regularly in considering the need for active financial risk management.

<sup>5</sup> Separating the increase in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

<sup>6</sup> Separating the increase in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

## Example 2 Physical change and price change

The following example illustrates how to separate physical change and price change. Separating the change in fair value less costs to sell between the portion attributable to physical changes and the portion attributable to price changes is encouraged but not required by this Standard.

A herd of 10 2 year old animals was held at 1 January 20X1. One animal aged 2.5 years was purchased on 1 July 20X1 for 108, and one animal was born on 1 July 20X1. No animals were sold or disposed of during the period. Per-unit fair values less costs to sell were as follows:

2 year old animal at 1 January 20X1	100	
Newborn animal at 1 July 20X1	70	
2.5 year old animal at 1 July 20X1	108	
Newborn animal at 31 December 20X1	72	
0.5 year old animal at 31 December 20X1	80	
2 year old animal at 31 December 20X1	105	
2.5 year old animal at 31 December 20X1	111	
3 year old animal at 31 December 20X1	120	
Fair value less costs to sell of herd at 1 January 20X1 (10 x 100)		1,000
Purchase on 1 July 20X1 (1 x 108)		108
Increase in fair value less costs to sell due to price change:		
10 x (105 – 100)	50	
1 x (111 – 108)	3	
1 x (72 – 70)	2	55
Increase in fair value less costs to sell due to physical change:		
10 x (120 – 105)	150	
1 x (120 – 111)	9	
1 x (80 – 72)	8	
1 x 70	70	237
Fair value less costs to sell of herd at 31 December 20X1		
11 x 120	1,320	
1 x 80	80	1,400