

# Call in for a Coffee

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Accounting Updates



## Call in for a Coffee – Accounting News

### Exposure Draft

### Thai Accounting Standards No. 57, “Agriculture”

The Federation of Accounting Profession (FAP) has issued the exposure draft on Thai Accounting Standard No. 57, “**Agriculture**” (TAS 57). The exposure draft follows, with no differences, the International Accounting Standard IAS 41, “**Agriculture**”.

The exposure draft on TAS 57 is to be applied to biological assets, agricultural produce at the point of harvest, and government grants. “Biological assets” is defined as a living animal or plant, while “Agricultural produce” is the harvested product of the enterprise’s biological assets. Examples of biological assets are sheep, trees in a plantation forest, and dairy cattle. The agricultural produces of such assets are wool, logs, and milk. Products that are the result of processing after harvest are not covered by TAS 57.

A biological asset is suggested to be recognized initially and at each balance sheet date at its fair value less estimated point-of-sale costs. Agricultural produce is suggested to be measured at its fair value less estimated point-of-sale costs at the point of harvest. If an active market exists, the quoted price in that market is suggested to be used to measure the fair value and if an active market does not exist, the fair value is suggested to be consecutively determined by the most recent market transaction price, market prices for similar assets, and sector benchmarks.

There is a presumption that fair value is measurable for a biological asset. If the market-determined price for the asset is not available, the present value of expected cash flow discounted at a current market-determined pre-tax rate is suggested to be used to estimate the fair value. However, if the cash flow estimation is unreliable, the asset is suggested to be measured by its cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measured, the asset should be measured at fair value less estimated point-of-sale costs.

At each balance sheet date, a gain or loss arising on initial recognition of biological asset at fair value less estimated point-of-sale costs is suggested to be recognized to the profit and loss for the period. A loss may arise on initial recognition because of the deduction of the estimated point-of-sale costs. A change in fair value of biological asset is also suggested to be recognised as gain or loss for the period.

The carrying amount of its biological assets is suggested to be separately presented on the face of the balance sheet.

The hearing on the exposure draft of TAS 57 was due on August 25, 2006, however no suggestion on the effective date has been provided.

**Dr Parporn Akathaporn**  
Parpatr-Dhurakijpundit Institute

## RSM Nelson Wheeler Corporate Asia Group

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The RSM Thai Office service line leaders are:

Corporate Advisory

[Gareth.Hughes@rsmthailand.com](mailto:Gareth.Hughes@rsmthailand.com)

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[Mark.Butters@rsmthailand.com](mailto:Mark.Butters@rsmthailand.com)

Executive Recruitment

[Mike.Holloway@rsmthailand.com](mailto:Mike.Holloway@rsmthailand.com)

Business Services & Legal

[Pardorn.Suchiva@rsmthailand.com](mailto:Pardorn.Suchiva@rsmthailand.com)

Audit & Assurance

[Prawit.Wipusirikup@rsmthailand.com](mailto:Prawit.Wipusirikup@rsmthailand.com)

Taxation Consulting

[Steven.Herring@rsmthailand.com](mailto:Steven.Herring@rsmthailand.com)

Audit & Assurance

[Surachai.Damnoenwong@rsmthailand.com](mailto:Surachai.Damnoenwong@rsmthailand.com)

We welcome your comments and feedback. Please feel free to contact us on the details below:

RSM Nelson Wheeler (Thailand) Limited  
26th Floor, Sathorn City Tower  
175 South Sathorn Road  
Bangkok 10120  
Thailand

T: +66 (0) 2670-9002-6

F: +66 (0) 2670 9027-8

E: [askus.bangkok@rsmthailand.com](mailto:askus.bangkok@rsmthailand.com)

W: [www.rsmthailand.com](http://www.rsmthailand.com)