



IFRS Core Tools

Good Group (International) Limited – Agriculture

Supplement to illustrative
consolidated financial statements for
the year ended 31 December 2019

International GAAP®

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Abbreviations and key

The following styles of abbreviation are used in this set of International GAAP® Illustrative Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 4.6	IFRS Interpretations Committee (formerly IFRIC) Interpretation No. 4, paragraph 6
IFRS 9.IG.G.2	International Financial Reporting Standard No. 9 – Guidance on Implementing IFRS 9 Section G: Other, paragraph G.2
IAS 32.AG3	International Accounting Standard No. 32 – Appendix A – Application Guidance, paragraph AG3
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
GAAP	Generally Accepted Accounting Principles/Practice
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
SIC	Standing Interpretations Committee

Introduction

This publication is a supplement to *Good Group (International) Limited - Illustrative consolidated financial statements for the year ended 31 December 2019 (Good Group (International) Limited (December 2019 edition))* and contains extracts from an illustrative set of consolidated financial statements for Good Group (International) Limited (the parent) and its subsidiaries (the Group) that is prepared in accordance with International Financial Reporting Standards (IFRS). The Group is a fictitious, large publicly listed manufacturing company. The parent is incorporated in a fictitious country within Europe. The presentation currency of the Group is the euro (€).

Good Group (International) Limited (the parent) and its subsidiaries (the Group) are not involved in agricultural activities and, therefore, do not have biological assets. This supplement was created to illustrate disclosures for biological assets, including bearer plants, and agricultural produce as required by IFRS 13 *Fair Value Measurement*, IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*.

This illustration considers the management of vineyards, located in South Australia and the South Island of New Zealand, to grow grapes that are used in the production of wine. For the purpose of this supplement, Good Group (International) Limited does not have any leased assets relating to the agricultural activity.

This supplement does not comprise the full disclosures for entities preparing financial statements under International Financial Reporting Standards (IFRS); only a selection of notes relating to biological assets, including bearer plants, have been included. This supplement does not illustrate other disclosures that might be relevant to entities in the agriculture sector or the wine industry, such as government grants within the scope of IAS 41, revenue recognition (IFRS 15 *Revenue from Contracts with Customers*), replanting obligations (IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*), impairment of assets (IAS 36 *Impairment of Assets*), inventory and wine production (IAS 2 *Inventories*), leases and disclosures on the transition to the new leases standard (IFRS 16 *Leases*), amongst others. This supplement should be read in conjunction with the full illustrative financial statements, [Good Group \(International\) Limited \(December 2019 edition\)](#).

Objective

This supplement to *Good Group (International) Limited (December 2019 edition)* is prepared by EY to assist you in preparing your own financial statements. While illustrated in relation to the management of vineyards, the illustrative disclosures in this supplement are intended to reflect transactions, events and circumstances that we consider to be common for a broad range of companies involved in agricultural activity. Certain disclosures are included in these financial statements merely for illustrative purposes, even though they may be regarded as items or transactions that are not material for the Group.

How to use this supplement to prepare entity-specific disclosures

Users of this supplement are encouraged to prepare entity-specific disclosures. Transactions and arrangements other than those applicable to the Group may require additional disclosures. It should be noted that the illustrative disclosures of the Group are not designed to satisfy any stock market or country-specific regulatory requirements, nor is this publication intended to reflect disclosure requirements that apply mainly to regulated or specialised industries.

Notations shown in the right-hand margin of each page are references to IFRS paragraphs that describe the specific disclosure requirements. Commentaries are provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements, please refer to EY's [Online International GAAP® Disclosure Checklist](#). If questions arise as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

Illustrative financial statements

We provide a number of industry-specific illustrative financial statements and illustrative financial statements addressing specific circumstances that you may consider. A complete list is included in *Good Group (International) Limited (December 2019 edition)*.

International Financial Reporting Standards

The abbreviation IFRS is defined in paragraph 5 of the *Preface to International Financial Reporting Standards* to include "standards and interpretations approved by the IASB, and International Accounting Standards (IASs) and Standing Interpretations Committee interpretations issued under previous Constitutions". This is also noted in paragraph 7 of IAS 1 *Presentation of Financial Statements* and paragraph 5 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Thus, when financial statements are described as complying with IFRS, it means that they comply with the entire body of pronouncements sanctioned by the IASB. This includes the IAS, IFRS and Interpretations originated by the IFRS Interpretations Committee (formerly the SIC).

International Accounting Standards Board (IASB)

The IASB is the independent standard-setting body of the IFRS Foundation (an independent not-for-profit private sector organisation working in the public interest). The IASB members are responsible for the development and publication of IFRSs, including *International Financial Reporting Standard for Small and Medium-sized Entities* (IFRS for SMEs), and for approving Interpretations of IFRS as developed by the IFRS Interpretations Committee.

In fulfilling its standard-setting duties, the IASB follows a due process, of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component.

The IFRS Interpretations Committee (Interpretations Committee)

The Interpretations Committee is a committee appointed by the IFRS Foundation Trustees that assists the IASB in establishing and improving standards in financial accounting and reporting for the benefit of users, preparers and auditors of financial statements.

The Interpretations Committee addresses issues of reasonably widespread importance, rather than issues of concern to only a small set of entities. These include any identified financial reporting issues not addressed in IFRS. The Interpretations Committee also advises the IASB on issues to be considered in the annual improvements to IFRS project.

IFRS as at 30 June 2019

As a general approach, these illustrative financial statements do not early adopt standards, amendments or interpretations before their effective date.

The standards applied in these illustrative financial statements are those that were in issue as at 30 June 2019 and effective for annual periods beginning on or after 1 January 2019. It is important to note that these illustrative financial statements will require continual updating as standards are issued and/or revised.

Users of this publication are cautioned to check that there has been no change in requirements of IFRS between 30 June 2019 and the date on which their financial statements are authorised for issue. In accordance with paragraph 30 of IAS 8, specific disclosure requirements apply for standards and interpretations issued but not yet effective (see Note 36 of *Good Group (International) Limited* (December 2019 edition)). Furthermore, if the financial year of an entity is other than the calendar year, new and revised standards applied in these illustrative financial statements may not be applicable. For example, the Group has adopted IFRS 16 *Leases* in its 2019 illustrative financial statements. An entity with a financial year that commences from, for example, 1 October and ends on 30 September would have to adopt the standard in its annual financial statements beginning on 1 October 2019. Therefore, the standard would not have been applicable in the financial statements of an entity with a year-end of 30 September 2019, unless it voluntarily chose to early adopt the standard.

For an overview of the upcoming changes in standards and interpretations, please refer to our quarterly [IFRS Update](#) publication.

Accounting policy choices

Accounting policies are broadly defined in IAS 8 and include not just the explicit elections provided for in some standards, but also other conventions and practices that are adopted in applying principle-based standards.

In some cases, IFRS permits more than one accounting treatment for a transaction or event. Preparers of financial statements should select the treatment that is most relevant to their business and circumstances as their accounting policy.

IAS 8 requires an entity to select and apply its accounting policies consistently for similar transactions, events and/or conditions, unless an IFRS specifically requires or permits categorisation of items for which different policies may be appropriate. Where an IFRS requires or permits such categorisation, an appropriate accounting policy is selected and applied consistently to each category. Therefore, once a choice of one of the alternative treatments has been made, it becomes an accounting policy and must be applied consistently. Changes in accounting policies should only be made if required by a standard or interpretation, or if the change results in the financial statements providing reliable and more relevant information.

In this publication, when a choice is permitted by IFRS, the Group has adopted one of the treatments as appropriate to the circumstances of the Group. In these cases, the commentary provides details of which policy has been selected, and the reasons for this policy selection.

Financial review by management

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although paragraph 13 of IAS 1 gives a brief outline of what may be included in an annual report. IFRS Practice Statement 1, *Management Commentary* provides a non-binding framework for the presentation of a management commentary that relates to financial statements prepared in accordance with IFRS. If a company decides to follow the guidance in the Practice Statement, management is encouraged to explain the extent to which the Practice Statement has been followed. A statement of compliance with the Practice Statement is only permitted if it is followed in its entirety. The content of a financial review by management is often determined by local market requirements or issues specific to a particular jurisdiction.

No financial review by management has been included for the Group.

Changes in the 2019 edition of *Good Group (International) Limited* annual financial statements

The standards and interpretations listed below have become effective since 1 July 2018 for annual periods beginning on 1 January 2019. While the list of new standards is provided below, not all of these new standards will have an impact on these illustrative financial statements.

Changes to IFRS

The following new standards and amendments became effective as at 1 January 2019:

- ▶ IFRS 16 *Leases*
- ▶ IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
- ▶ Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- ▶ Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*
- ▶ Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*
- ▶ Annual IFRS Improvement Process
 - ▶ IFRS 3 *Business Combinations - Previously held Interests in a joint operation*
 - ▶ IFRS 11 *Joint Arrangements - Previously held Interests in a joint operation*
 - ▶ IAS 12 *Income Taxes - Income tax consequences of payments on financial instruments classified as equity*
 - ▶ IAS 23 *Borrowing Costs - Borrowing costs eligible for capitalisation*

Supplement to Good Group (International) Limited - Agriculture

Consolidated Financial Statements

31 December 2019

Commentary

Good Group (International) Limited is a limited company incorporated and domiciled in Euroland and whose shares are publicly traded. Financial statements of that category of entity are usually subject to mandatory audit either under International Standards on Auditing (ISA) or local audit standards and the auditor's report should be disclosed together with the annual financial statements. However, this publication is not intended to provide guidance on the application of ISA 700 (Revised) *Forming an Opinion and Reporting on Financial Statements* or the specific requirements of individual jurisdictions. Hence, an illustrative auditor's report on the consolidated financial statements of Good Group (International) Limited has not been included.

Consolidated statement of financial position (extract)

as at 31 December 2019

		2019	2018	As at 1 January 2018	
		€000	€000	€000	
	Notes		Restated* (note 2.4)	Restated*	
Assets					
Non-current assets					
Property, plant and equipment	17	74,799	61,499	...	IAS 1.10(a) IAS 1.10(f) IAS 1.51(c) IAS 1.51(d),(e)
...					
Current assets					
Biological assets - grapes growing on the vine	38	8,770	7,240	...	IAS 1.54(a) IAS 1.54(f)
...					

Commentary

...

IAS 1.54 requires biological assets (which includes produce growing on a bearer plant) and property, plant and equipment (which includes bearer plants) to be presented separately on the face of an entity's statement of financial position. Agricultural produce after the point of harvest is typically accounted for under IAS 2. That standard does not require such inventories to be disclosed separately on the face of the statement of financial position.

In accordance with IAS 1.55, the carrying amount disaggregated for each major class of property, plant and equipment is either be presented in the notes or on the face of the statement of financial position, if such presentation is relevant to an understanding of the entity's financial position.

In accordance with IAS 1.60, the Group has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. The group has classified its grapes growing on the vine as a current asset and bearer plants (included within property, plant and equipment) as non-current.

The classification of agricultural produce is usually consistent with an entity's assessment for its inventories, i.e., typically classified as a current asset because it will be sold, consumed or realised as part of the normal operating cycle. The classification of biological assets (including produce growing on a bearer plant) typically varies based on the nature of the biological asset and the time it takes to mature. For consumable biological assets that only have one harvest, classification will depend on when the asset will be harvested and sold. For example, livestock held for slaughter would likely be realised within 12 months after the end of the reporting period or as part of the normal operating cycle, and, therefore, would be classified as a current asset. In contrast, pine trees in a forest usually take more than 20 years to mature and are, therefore, usually classified as non-current.

IAS 1 does not require a specific order of the two classifications. The Group has elected to present non-current assets and liabilities before current assets and liabilities. IAS 1 requires entities to present assets and liabilities in order of liquidity when this presentation is reliable and more relevant.

This supplement does not illustrate changes that may be needed to the statement of profit or loss and comprehensive income or to the statement of changes in equity. While an entity may elect to present additional line items in profit or loss, the additional line items have been presented by the Group in the notes to the financial statements. No additional line items were needed in the statement of changes in equity. Refer to *Good Group (International) Limited* (December 2019 edition) for the full financial statements and notes to the financial statements, including an illustrative presentation of expenses by nature in the appendices.

*This heading has been included to be consistent with *Good Group (International) Limited* (December 2019 edition). Restated information relates to the adoption of IFRS 16 and IFRIC 23 and does not affect the additional line items included in this supplement.

Consolidated statement of cash flows (extract)

for the year ended 31 December 2019

	2019	2018	
Notes	€000	€000	Restated*
Operating activities			
...			
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation vineyard improvements	<u>17</u>	750	700
Depreciation mature grape vines	<u>17</u>	1,100	900
(Increase) decrease in fair value of grapes growing on the vine	<u>38</u>	(10,050)	(8,940)
Investing activities			
...			
Development of new vineyards	<u>17</u>	5,500	500
Additions to vineyard improvements	<u>17</u>	1,000	-

IAS 1.49
IAS 1.51(c)
IAS 1.10(d)
IAS 1.51(d),(e)
IAS 7.10,
IAS 7.18(b)

IAS 7.20(b)

IAS 7.20(a)

IAS 7.20(a)

Commentary

...

A number of costs, such as fertilising, pruning and thinning are incurred after maturity and can improve the quality of the produce or extend the productive life of a bearer plant. Entities need to use judgement to determine whether these costs are maintenance costs or are considered to be improvements. In addition, after maturity, many costs are incurred to benefit both the bearer plant and the produce growing on the bearer plant. Entities need to carefully consider the basis on which to allocate costs between a bearer plant and the produce growing on a bearer plant when the costs are incurred in relation to both assets (e.g., fertilising costs).

An entity's policy in respect of such costs will impact the presentation of the statement of cash flows, as cash flows relating to maintenance costs will ordinarily be presented within operating activities and cash flows in respect of costs capitalised as part of bearer plants will ordinarily be presented within investing activities.

*This heading has been included to be consistent with *Good Group (International) Limited* (December 2019 edition). Restated information relates to the adoption of IFRS 16 and IFRIC 23 and does not affect the additional line items included in this supplement.

Notes to the consolidated financial statements (extract)

2. Significant accounting policies (extract)

2.3 Summary of significant accounting policies (extract)

IAS 1.112
IAS 1.117(b)

(k) Property, plant and equipment (extract)

...

Grape vines are stated at cost, net of accumulated depreciation and accumulated impairment losses. Immature vines are stated at accumulated cost. Capitalisation of costs ceases when the vines reach maturity, which is when the grapes can be commercially harvested. Refer to significant accounting judgements, estimates and assumptions for further information ([Note 3](#)).

IAS 16.73(a)
IAS 16.30
IAS 16.15
IAS 16.16
IAS 41.43

Vineyard improvements are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the vineyard improvements and borrowing costs for long-term construction projects if the recognition criteria are met.

...

Commentary

Under IAS 16, an entity has a policy choice in respect of the measurement of property, plant and equipment after initial recognition. An entity may choose either the cost model or the revaluation model for entire classes of property, plant and equipment. The Group has elected to apply the cost model for all classes of property, plant and equipment, including bearer plants.

If an entity elects the revaluation model to its bearer plants, valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. In accordance with IAS 16.39, a revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, in accordance with IAS 16.40, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. In accordance with IAS 16.41, an entity would recognise an annual transfer from the asset revaluation surplus to retained earnings for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings. Refer to *Good Group (International) Limited* (December 2019 edition) for illustrative disclosures for revaluations and for decommissioning liabilities that may be related to property plant and equipment.

IAS 16.16(b) requires an entity to cease capitalising costs as part of the initial cost of a bearer plant when it reaches maturity (i.e., when it is in the 'location and condition necessary for it to be capable of operating in the manner intended by management'). The Group has determined that its vines are mature when the growing grapes can be commercially harvested.

Depreciation commences when the grape vines are considered mature, which is when they produce their first commercially viable crop.

IAS 16.73(b)
IAS 16.73(c)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

...

- ▶ Mature grape vines 20 to 25 years
- ▶ Vineyard improvements 15 to 20 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

IAS 16.67
IAS 16.68
IAS 16.71

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

IAS 16.51

Notes to the consolidated financial statements (extract)

2.3 Summary of significant accounting policies (extract) continued

Commentary

On disposal of property, plant and equipment (including bearer plants):

- ▶ The date of disposal of the asset is the date the recipient obtains control of the asset in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15 (IAS 16.69).
- ▶ The amount of consideration to be included in the gain or loss arising from the derecognition is determined in accordance with the requirements for determining the transaction price in IFRS 15. Subsequent changes to the estimated amount of the consideration included in the gain or loss shall be accounted for in accordance with the requirements for changes in transaction price in IFRS 15 (IAS 16.72).

The above requirements also apply to disposals of investment properties (IAS 40.67 and IAS 40.70) and intangible assets (IAS 38.114 and IAS 38.116).

This supplement does not illustrate disclosures related to impairment of non-financial assets, such as property, plant and equipment. Refer to *Good Group (International) Limited* (December 2019 edition).

(ab) Biological assets

Grapes growing on vines are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Changes in fair value of growing grapes are recognised in profit or loss as part of cost of sales. Costs related to growing the grapes and harvesting the grapes are expensed as incurred.

IAS 41.12

IAS 41.26

IAS 1.117-124

Harvesting of the grape crop is ordinarily performed in late March or early April. Costs incurred in growing the grapes, including any applicable harvest costs, are recognised as part of cost of sales. At the time of harvest, grapes are measured at fair value less costs to sell and transferred to inventories.

IAS 41.13

Methods used to measure fair value less costs to sell are provided in [Note 3](#). Key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in [Note 38](#).

Commentary

The Group has elected as an accounting policy to expense subsequent expenditure as incurred, rather than capitalise them. IAS 41 does not specify the accounting requirements for subsequent expenditure on biological assets. The Interpretations Committee concluded in September 2019 that an entity may either capitalise subsequent expenditure or recognise it as an expense when incurred. Therefore, an entity applies IAS 8.13 to determine its accounting policy for subsequent expenditure consistently to each group of biological assets. An entity discloses the selected accounting policy in accordance with IAS 1.117-124 if that disclosure would assist users of financial statements in understanding how those transactions are reflected in reported financial performance. See [Note 13](#) for presentation and disclosure considerations.

The processing of agricultural produce *after* the point of harvest is not within the scope of IAS 41. For example, the processing of grapes into wine is not included within the definition of agricultural activity in the standard. Instead, IAS 2 (or another applicable standard) is applied. If IAS 2 applies to the agricultural produce after the point of harvest, the agricultural produce is initially recognised as inventory at its fair value less costs to sell (measured in accordance with IAS 41), which becomes its cost for IAS 2 purposes.

This supplement does not illustrate disclosures that may be relevant for agricultural produce after the point of harvest. Refer to *Good Group (International) Limited* (December 2019 edition) for disclosures of inventories.

Under IAS 41, there is a presumption that the fair value of all biological assets (including produce growing on a bearer plant) can be measured reliably. This presumption can only be rebutted on initial recognition for a biological asset (not agricultural produce). See [Note 3](#) for further discussion. If an entity rebuts the presumption and demonstrates that the fair value cannot be measured reliably, it applies the cost model to the biological asset until fair value becomes reliably measurable. If an entity applies the cost model, the biological asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. When determining cost, accumulated depreciation and accumulated impairment losses, an entity needs to consider the requirements of IAS 2, IAS 16 and IAS 36 (IAS 41.33). The Group does not hold any biological assets for which fair value could not be reliably measured.

An entity that previously measured a biological asset at its fair value less costs to sell cannot revert to a cost-based measurement in a later period, even if a fair value can no longer be measured reliably (IAS 41.31). If it becomes possible at a later date to measure the fair value of a biological asset reliably, the entity is required to apply the fair value model to that asset from that date onwards (IAS 41.30).

Notes to the consolidated financial statements (extract)

3. Significant accounting judgements, estimates and assumptions (extract)

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities together with the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- ▶ Capital management Note 6
- ▶ Financial instruments risk management and policies Note 21.5
- ▶ Sensitivity analyses disclosures Notes [17](#), [18](#), [20](#), [21.4](#), [21.5](#), [32](#) and [38](#).

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

IAS 1.122

...

Distinction between immature and mature vines

The Group has determined that its vines are mature when the growing grapes can be commercially harvested, which is when the vineyards have produced approximately 50-60% of expected yield at full production. This normally takes approximately three years after planting the vines. This represents the point at which the Group ceases capitalisation of costs and the vines are reclassified as mature vines.

IAS 16.16(b)

Allocation of cost between immature vines and grapes growing on them

Costs incurred in growing the grapes and maintaining the vines may benefit both the vines and the grapes. While the vines are immature, costs of pruning and approximately 70-80% of other viticulture costs (e.g., fertiliser) are capitalised as part of the cost of the vines. Such costs are expensed as incurred after the vines reach maturity. Any costs allocable to the grapes growing on the vines are expensed as incurred.

Commentary

IAS 16.16(b) requires an entity to determine when a bearer plant reaches maturity, that is, when it is in the "location and condition necessary for it to be capable of operating in the manner intended by management". This determination is important because it is when an entity must cease capitalising costs as part of the initial cost of the asset and begin depreciating the bearer plant.

The life cycles of plants can vary widely. Therefore, determining at what stage during biological transformation a bearer plant could be considered mature may require judgement. Alternatives could include, but are not limited to: when the bearer plant is capable of producing its first crop; when the produce is expected to be of sufficient quality to be sold; or when the growth phase of biological transformation is complete for the bearer plant (and is thereafter expected to degenerate or for its productive capacity to decline).

While IAS 16.31-42 provides guidance that entities need to consider for bearer plants, there are differences between traditional plant and equipment and biological assets. As such, entities need to apply judgement in determining which costs can be capitalised. For example, as a plant is growing, an entity will incur costs related to water, fertiliser, greenhouses, etc. An entity needs to assess whether these costs are directly attributable to the bearer plant reaching maturity.

Costs incurred after maturity may benefit both the bearer plant and the produce growing on the bearer plant. The basis for allocation of costs between the bearer plant and the produce needs to be carefully considered by an entity.

Under IAS 41, there is a presumption that the fair value of all biological assets (including produce growing on a bearer plant) can be measured reliably. This presumption can only be rebutted on initial recognition for a biological asset (not agricultural produce). Rebutting the presumption that fair value can be reliably measured is a judgement that may require significant judgement. To do so, IAS 41.30 requires an entity to demonstrate both of the following:

- ▶ quoted market prices for the biological asset (including produce growing on a bearer plant) are not available
- ▶ alternative fair value measurements for the biological asset are determined to be clearly unreliable.

IAS 41 presumes that the fair value of a non-current biological asset that meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* can always be measured reliably.

If an entity rebuts the presumption and demonstrates that the fair value cannot be measured reliably, it applies the cost model to the biological asset until fair value becomes reliably measurable (IAS 41.3). If an entity applies the cost model, the biological asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. An entity that previously measured a biological asset at its fair value less costs to sell cannot revert to a cost-based measurement in a later period, even if a fair value can no longer be measured reliably (IAS 41.31).

The Group does not hold any biological assets for which fair value could not be reliably measured.

Notes to the consolidated financial statements (extract)

3. Significant accounting judgements, estimates and assumptions (extract) continued

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

IAS 1.125

...

Fair value of biological assets

The Group carries its biological assets (grapes growing on vines) and grapes at the time of harvest (recorded in inventories immediately after harvest) at fair value less costs to sell.

The fair value of grapes growing on the vines is determined by reference to market prices for grapes for that local area for each variety of grape grown, adjusted for expected costs to reach maturity, which is typically three to four months after the end of the reporting period. Significant estimates include the expected grape yields and quality, costs to incur until harvest and the expected market price for the harvested grapes.

The key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in [Note 38](#).

The fair value of grapes at the point of harvest is determined by reference to the market prices for each variety of grape grown in the local area and the market price paid to independent grape growers. Any gains or losses on remeasuring fair value are included within in profit or loss as part of cost of sales.

Commentary

This supplement does not illustrate disclosures of judgements and estimates that may be relevant for bearer plants for which an entity applies the revaluation model under IAS 16 or impairment under IAS 36. Refer to *Good Group (International) Limited* (December 2019 edition) for disclosures on impairment.

If an entity elects to apply the revaluation model to bearer plants, it would also need to consider which cash inflows are attributable to the bearer plant, rather than any produce currently growing on the bearer plant. Since IFRS 13 requires an entity to measure fair value consistent with its unit of account, an entity could not measure fair value for the bearer plant and produce growing on the bearer plant on a combined basis. Significant judgement and estimation may, therefore, be needed to measure the fair value of bearer plants.

IAS 1 requires an entity to disclose significant judgements applied in preparing the financial statements (IAS 1.122) and significant estimates that involve a high degree of estimation uncertainty (IAS 1.125). The disclosure requirements go beyond the requirements that exist in some other IFRS, such as IAS 37.

These disclosures represent a very important source of information in the financial statements because they highlight the areas in the financial statements that are most prone to change in the foreseeable future. Therefore, any information given should be sufficiently detailed to help readers of the financial statements understand the impact of possible significant changes.

The Group has, for illustrative purposes, included disclosures about significant judgements and estimates beyond what is normally required, and potentially also beyond what is decision-useful. Under IAS 1, it is only those judgements that have the most significant effect on the amounts recognised in the financial statements and those estimates that have a significant risk of resulting in material adjustments in respect of assets and liabilities within the next financial year that should be addressed in this section.

It is important that entities carefully assess which judgements and estimates are most significant as required by IAS 1 and make the disclosures accordingly, to allow the users of the financial statements to appreciate the impact of the judgements and estimation uncertainties. Disclosures of judgements and estimation uncertainties that do not have a significant risk of resulting in material adjustments may clutter the financial statements in a way that reduces the users' ability to identify the key judgements and estimation uncertainties.

Notes to the consolidated financial statements (extract)

12. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2019:

IFRS 13.91(a)

IFRS 13.93(a)

IFRS 13.93(b)

IFRS 13.97

Date of valuation	Fair value measurement using			
	Total	Quoted	Significant	Significant
		prices	observable	unobservable
€000	in active	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	€000	€000	€000	€000

Assets measured at fair value:

...					
Biological Assets (Note 38)					
Grapes growing on the vines	31 December 2019	8,770	-	-	8,770

There were no transfers between Level 1 and Level 2 during 2019.

Fair value measurement hierarchy for assets as at 31 December 2018:

Date of valuation	Fair value measurement using			
	Total	Quoted	Significant	Significant
		prices	observable	unobservable
€000	in active	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	€000	€000	€000	€000

Assets measured at fair value:

...					
Biological Assets (Note 38)					
Grapes growing on the vines	31 December 2019	7,240	-	-	7,240

There were no transfers between Level 1 and Level 2 during 2018.

Commentary

IFRS 13.94 requires appropriate determination of classes of assets and liabilities on the basis of:

- ▶ The nature, characteristics and risks of the asset or liability; and
- ▶ The level of the fair value hierarchy within which the fair value measurement is categorised

The Group has applied the factors and disclosed the quantitative information under IFRS 13 based on the classes of assets and liabilities determined as per IFRS 13.94. As judgement is required to determine the classes of properties, other criteria and aggregation levels for classes of assets may also be appropriate, provided they are based on the risk profile of the assets (e.g., the risk profile of properties in an emerging market may differ from that of properties in a mature market).

Inputs used in a valuation technique may fall into different levels of the fair value hierarchy. However, for disclosure purposes, the fair value measurement must be categorised in its entirety (i.e., depending on the unit of account) within the hierarchy. That categorisation may not be so obvious when there are multiple inputs used. IFRS 13.73 clarifies that the hierarchy categorisation of a fair value measurement, in its entirety, is determined based on the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement and consideration of factors specific to the asset or liability (or group of assets and/or liabilities) being measured and any adjustments made to the significant inputs in arriving at the fair value. These considerations have a follow-on impact on the disclosures of valuation techniques, processes and significant inputs and entities should tailor their disclosures to the specific facts and circumstances.

For assets and liabilities held at the end of the reporting period measured at fair value on a recurring basis, IFRS 13.93(c) requires disclosure of the amounts of transfers between Level 1 and Level 2 of the hierarchy, the reasons for those transfers and the entity's policy for determining when the transfers are deemed to have occurred. Transfers into each level must be disclosed and discussed separately from transfers out of each level.

Although IAS 41 requires agricultural produce at the point of harvest to also be measured at fair value, such produce is typically not on hand at the end of the reporting period as it would be transferred to inventory immediately after harvest and accounted for in accordance with IAS 2. Harvesting of the grape crop is ordinarily performed in late March or early April. Therefore, the Group did not have agricultural produce at the point of harvest on hand.

Notes to the consolidated financial statements (extract)

13. Other income/expenses (extract)

...

13.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories

	2019	2018	
	€000	€000	IAS 1.104
Included in cost of sales:			
Depreciation mature grape vines (Note 17)	900	1,100	
Depreciation vineyard improvements (Note 17)	750	700	
Depreciation other	3,802	3,063	
Viticulture and harvest costs	5,200	5,000	IAS 1.99
Gain/(loss) from changes in fair value of grapes growing on the vine (Note 38)	305	194	IAS 1.99, IAS 41.40

...

Commentary

IAS 1 is silent on the presentation of gains and losses on biological assets (including produce growing on a bearer plant) and agricultural produce in the income statement. IAS 41.40 requires that an entity disclose “the aggregate gain or loss arising during the current period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets”. IAS 41 only requires disclosure of the aggregate gain or loss; it does not require or encourage disaggregating the gain or loss. IAS 41 illustrates presentation of gains on biological assets and agricultural produce near the top of the income statement in Example 1 of the Illustrative Examples to the standard, although it is not entirely clear from the example whether losses on biological assets should be presented in the same position or elsewhere in the income statement.

IAS 41 does not specify how gains should be presented in the income statement. However, IAS 1.32 prohibits offsetting of income and expenses in the income statement. If the sale of biological assets or agricultural produce meets the definition of revenue under Appendix A of IFRS 15 *Revenue from Contracts with Customers* (i.e., “income arising from the ordinary activities of the entity”), it is presented on a gross basis in the income statement. Furthermore, if the sale of biological assets results from a contract with a customer and is within the scope of IFRS 15, it would be presented as revenue from contracts with customers. However, if sales of non-current biological assets are incidental to the main revenue-generating activities of the entity they should be presented on a net basis in accordance with IAS 1.34. However, the gross margin on biological assets or agricultural produce sold shortly after harvest may be negligible, as the produce may have been previously carried at a valuation near to its sales price.

Whether an entity elects to present expenses by nature or by function will impact whether the depreciation expense for bearer plants is disclosed in the primary financial statements or in the notes. Likewise, an entity’s policy regarding whether to apply the revaluation model under IAS 16 to measure bearer plants will affect presentation within comprehensive income. The Group has not elected to apply the revaluation model to its bearer plants.

An entity’s policy to either capitalise or expense costs related to the biological transformation (subsequent expenditure) for biological assets measured at fair value less costs to sell is also relevant to presentation within profit or loss. The Interpretations Committee concluded in September 2019 that, in relation to a biological asset accounted for at fair value less costs to sell under IAS 41, an entity may either capitalise subsequent expenditure or recognise it as an expense when incurred. In assessing how to present such subsequent expenditure in the statement of profit or loss, an entity applies the requirements in IAS 1.81-105. In particular:

- ▶ In accordance with IAS 1.85, an entity may need to “present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity’s financial performance”; and
- ▶ In accordance with IAS 1.99, in the statement(s) presenting profit or loss and other comprehensive income or in the notes, an entity would present an analysis of expenses recognised in profit or loss using a classification that is based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.

The Group elected to expense subsequent expenditure and includes such amounts within cost of sales. For the purpose of this supplement, these expenses are included in the notes to the financial statements.

Notes to the consolidated financial statements (extract)

13. Other income/expenses (extract) *continued*

13.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories *continued*

Commentary *continued*

The Group has presented expenses by function, rather than nature. Grapes growing on the vine have a short maturation cycle (less than 12 months) and the Group intends to sell the grapes as soon as they are harvested. Therefore, the Group's costs directly related to growing and harvesting the grapes have been included within cost of sales.

Judgement may be needed to determine the appropriate classification of expenses. Factors that will affect classification include the nature of related biological assets and/or agricultural produce, including the relevant maturation cycle, and whether an entity presents expenses by nature or by function.

IAS 41 illustrates the presentation of expenses by nature, rather than function. The level of disaggregation may require judgement. For illustrative purposes, presenting such expenses by nature may have resulted in the following additional line items within the consolidated statement of profit or loss with expenses disclosed by nature (refer to Appendix 3 of *Good Group (International) Limited* (December 2019 edition) for an illustration of the complete consolidated statement of profit or loss with expenses disclosed by nature). For the purpose of this illustration, depreciation and amortisation includes depreciation of mature grape vines and vineyard improvements. Alternatively, an entity may have disclosed this information within the notes to the financial statements.

	Notes	2019 €000	2018 €000	
Continuing operations			Restated*	IAS 8.28
...		...	(Note 2.4)	IAS 1.51(d)(e) IAS 1.81A
Depreciation and amortisation	17 ,19,31	5,647	4,682	IAS 1.99, IAS 1.102
Viticulture and harvest costs		5,200	5,000	IAS 1.99
Gain/(loss) from changes in fair value of grapes growing on the vine	38	305	194	IAS 1.99, IAS 41.40
...				

*This heading has been included to be consistent with *Good Group (International) Limited* (December 2019 edition). Restated information relates to the adoption of IFRS 16 and IFRIC 23 and does not affect the additional line items included in this supplement.

Notes to the consolidated financial statements (extract)

17. Property, plant and equipment (extract)

	Immature grape vines	Mature grape vines	Vineyard improvements	Total	IAS 1.78(a) IAS 16.73(e)
	€000	€000	€000	€000	IAS 16.73(d)
Cost					
At 1 January 2018 (as restated*)	9,000	24,000	14,000	82,044	
Additions (as restated*)	500	-	-	8,285	
Acquisition of a subsidiary (Note 8)	-	-	-	1,280	
Disposals	-	-	-	(3,430)	
Exchange differences	-	-	-	36	
Transfer	(5,000)	5,000	-	-	IAS 16.35(b)
At 31 December 2018 (as restated*)	4,500	29,000	14,000	88,215	
Additions	5,500	-	1,000	17,205	
Acquisition of a subsidiary (Note 8)	-	-	-	7,042	
Disposals	-	-	-	(4,908)	
Assets held for sale (Note 14)	-	-	-	(8,124)	
Revaluation adjustments	-	-	-	846	IFRS13.93(e)(ii)
Transfer	(5,000)	5,000	-	(219)	IAS 16.35(b)
Exchange differences	-	-	-	109	
At 31 December 2019	5,000	34,000	15,000	100,166	
Depreciation and impairment					
At 1 January 2018 (as restated*)	-	730	8,000	24,834	
Depreciation charge for the year (as restated*)	-	900	700	4,682	
Impairment (Note 20)	-	-	-	301	
Disposals	-	-	-	(3,118)	
Exchange differences	-	-	-	17	
At 31 December 2018 (as restated*)	-	1,630	8,700	26,716	
Depreciation charge for the year	-	1,100	750	5,647	
Disposals	-	-	-	(3,450)	
Assets held for sale (Note 14)	-	-	-	(3,377)	
Transfer	-	-	-	(219)	
Exchange differences	-	-	-	50	
At 31 December 2019	-	2,730	9,450	25,367	
Net book value					
At 31 December 2019	5,000	31,270	5,550	74,799	
At 31 December 2018	4,500	27,370	5,300	61,499	

...

Commentary

This supplement does not illustrate all disclosures relevant to property, plant and equipment nor disclosures related to impairment of non-financial assets, such as bearer plants. Refer to *Good Group (International) Limited* (December 2019 edition) for disclosures related to impairment.

*This heading has been included to be consistent with *Good Group (International) Limited* (December 2019 edition). Restated information relates to the adoption of IFRS 16 and IFRIC 23 and does not affect the additional line items included in this supplement.

Notes to the consolidated financial statements (extract)

38. Biological assets

The Group's biological assets consist of growing grapes.

IAS 41.41

The Group grows grapes to use in the production of wine, as part of its normal operations. Vineyards are located in South Australia and in the South Island of New Zealand. Grapes are harvested between March and May each year.

IAS 41.46(a)

As at 31 December 2019, the Group had 1,300 hectares of grapevines with growing grapes (2018: 1,250). 1,133 hectares (2018: 910) were mature and 167 hectares (2018: 340) were immature.

IAS 41.46(b)(i)

During the year ended 31 December 2019, the Group harvested approximately 35,000 tonnes of grapes (2018: 31,000 tonnes) in New Zealand. The Group harvested approximately 11,050 tonnes of grapes in Australia (2018: 10,000 tonnes).

IAS 41.46(b)(ii)

	2019	2018	
	€000	€000	
Growing grapes			
Carrying amount at 1 January	7,240	6,500	IFRS 13.93(a)
Gain/(loss) from changes in fair value less costs to sell	10,050	8,940	IAS 41.50(a)
Transfer of harvested grapes to inventories	(8,520)	(8,200)	IAS 41.50(d)
Carrying amount at 31 December	<u>8,770</u>	<u>7,240</u>	IFRS 13.93(a)

Commentary

IAS 41.50 requires an entity to disclose a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period, which includes:

- ▶ the gain or loss arising from changes in fair value less costs to sell
- ▶ increases due to purchases
- ▶ decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- ▶ decreases due to harvest
- ▶ increases resulting from business combinations
- ▶ net exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity
- ▶ other changes

Under IAS 41, there is a presumption that the fair value of all biological assets (including produce growing on a bearer plant) can be measured reliably. This presumption can only be rebutted on initial recognition for a biological asset (not agricultural produce). If an entity rebuts the presumption and demonstrates that the fair value cannot be measured reliably, it applies the cost model to the biological asset until fair value becomes reliably measurable. If an entity applies the cost model, the biological asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The Group does not hold any biological assets for which fair value could not be reliably measured. Entities that do must provide additional disclosures.

IAS 41.54 requires all of the following information to be disclosed if the cost model is applied:

- ▶ a description of the biological assets
- ▶ an explanation of why fair value cannot be measured reliably
- ▶ if possible, the range of estimates within which fair value is highly likely to lie
- ▶ the depreciation method used
- ▶ the useful lives or the depreciation rates used
- ▶ the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period

If the entity held such assets at any point during the current period, IAS 41.55 requires the following:

- ▶ Disclosure of any gain or loss recognised on disposal of such biological assets
- ▶ The entity's reconciliation of biological assets required by IAS 41.50 must separately disclose amounts related to such biological assets and include the following amounts that were included in profit or loss related to those assets:
 - ▶ impairment losses
 - ▶ reversals of impairment losses
 - ▶ depreciation

If the entity held such assets and during the period their fair value became reliably measurable during the current period, the following must be disclosed in accordance with IAS 41.56:

- ▶ a description of the biological assets
- ▶ an explanation of why fair value has become reliably measurable
- ▶ the effect of the change

Notes to the consolidated financial statements (extract)

38. Biological assets continued

Valuation of biological assets

The fair value less costs to sell of growing grapes is determined based on estimates of yield, costs to incur until harvest, expected grape market prices at harvest and grape quality. In 2019, grape market prices ranged from €530 to €600 per tonne (2018: €595 to €650 per tonne), depending on the variety sold, current vintage and grade quality of grapes in each region. Significant unobservable inputs used in fair value measurements of grapes are the following:

IFRS 13.91(a)

	2019	2018	
Average annual yield per hectare of mature vineyards	6 tonnes	6 tonnes	IFRS 13.93(d)
Average viticulture and harvest costs per hectare of mature vines	€5,300	€5,400	

For the 2020 harvest, it was assumed that yields, grape prices, grape quality, viticulture and harvest costs will remain at current levels. The effect of discounting future cash flows is not material as the grapes will be harvested within 6 months of the reporting date.

Sensitivity analysis

Assuming all other unobservable inputs are held constant, the following changes in these above assumptions will cause an increase in the fair value of growing grapes: (i) an increase in average yields; (ii) increase in grape quality; (iii) increase in the market prices for grapes; and (iv) a reduction in viticulture and harvest costs and vice versa.

IFRS 13.93(h)(i)

Significant unobservable input	Variance	Estimated increase/ (decrease) in fair value		
		€000	€000	€000
Average annual yield per hectare of mature vineyards	+/- 1 tonne per hectare	1,111	9,631	7,410
Average viticulture and harvest costs per hectare of mature vines	+/- €100 per hectare	(113)	8,407	8,633
Grape market prices	+/- 10%	999	9,519	7,521

Valuation processes

The Group has a team within the External Reporting department that performs the valuation of biological assets. When considering the appropriate market prices for grapes to use, the team reviews available information, including: the quantity of grapes growing on the vines; relevant terroir; expected yield; current health of the grapes and vines on which they grow; current market prices for grapes; expected viticulture and harvest costs through to harvest; and the expected timing of harvest.

IFRS 13.93(g)

The valuation policies and procedures, as well as changes in the fair value measurements are reviewed by the chief financial officer (CFO) annually. The CFO is responsible for the Group's internal valuation team. The Group's internal valuation team comprises two employees, both of whom hold relevant internationally recognised professional qualifications and are experienced in valuations in the wine industry.

Commentary

If, for recurring and non-recurring fair value measurements, the highest and best use of a non-financial asset differs from its current use, an entity must disclose that fact and the reason why the asset is being used in a manner that differs from its highest and best use (IFRS 13.93(i)). The Group has assessed that the highest and best use of its properties does not differ from their current use.

In addition to the disclosure requirements in IFRS 13, IAS 1 requires disclosure of the significant judgements that management has made about the future and sources of estimation uncertainty. IAS 1.129(b) includes, as an example of such a disclosure, the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity. As such, information beyond that required by IFRS 13.93(h) may be needed in some circumstances.

IFRS 13.99 requires an entity to present the quantitative disclosures of IFRS 13 in a tabular format, unless another format is more appropriate. The Group included the quantitative disclosures in tabular format, above.

Notes to the consolidated financial statements (extract)

38. Biological assets *continued*

Other disclosures

Grapes were not pledged as security for any of the Group's loans or borrowings in 2019 (2018: None).

IAS 41.49(a)

At 31 December 2019, the Group had no commitments in relation to its growing grapes (2018: Nil).

IAS 41.49(b)

No government grants were received in relation to the Group's agricultural activities in 2019 (2018: Nil).

IAS 41.57

Financial risk management strategies

The Group is exposed to risks arising from environmental changes, changes in grape prices as well as the financial risk in respect of agricultural activity.

IAS 41.49(c)

- ▶ The Group manages environmental risks, such as droughts, floods and disease outbreak, by diversifying its vineyards across Australian and New Zealand regions. Frost protection is provided on all vineyards to protect against the risk of crop loss or damage. The measures taken by management also include consultation with experts on viticulture and frost protection.
- ▶ The Group's exposure to fluctuations in the grape prices and sales volume is managed by entering into long term supply contracts for wine with major customers.
- ▶ The primary financial risk associated with the Group's agricultural activity occurs due to the length of time between expending cash on the purchase, or planting and maintenance, of grape vines and on harvesting grapes and making the wine, and ultimately receiving cash from the sale of wine to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements. In addition, the Group maintains credit facilities at a level sufficient to fund its working capital during the period between cash expenditure and cash inflow. At 31 December 2019, the Group had unused credit facilities in the form of undrawn unsecured bank overdrafts of €882,000 (2018: €750,000).

IAS 41.53

No events occurred in the current and prior periods that give rise to material items of income or expense as a result of climate, disease or other natural risks.

Commentary

IAS 41.49 requires an entity to disclose the following information:

- ▶ the existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities;
- ▶ the amount of commitments for the development or acquisition of biological assets; and
- ▶ financial risk management strategies related to agricultural activity.

The Group does not have any government grants related to biological assets. If an entity receives government grants related to agricultural activity, IAS 41.57 requires the following to be disclosed:

- ▶ the nature and extent of government grants recognised
- ▶ unfulfilled conditions and other contingencies attached to the grants
- ▶ any significant decreases expected in the level of government grants

An entity should also consider the disclosure requirements of other standards that might apply to its agricultural activity, such as IAS 36 *Impairment of Assets* in relation to any impairment losses to bearer plants and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* should any contracts the entity might have entered into for the future sale of agricultural produce become onerous.

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