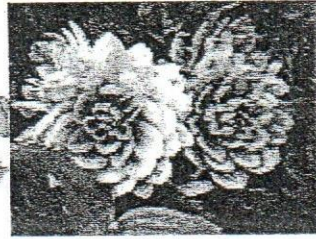
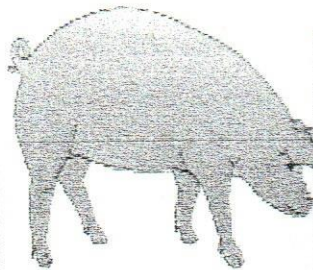
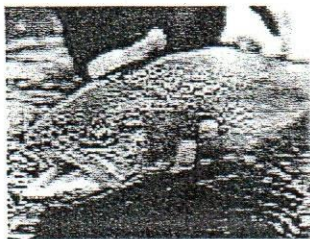




## ZIMBABWE PARKS AND WILDLIFE MANAGEMENT AUTHORITY



## BIOLOGICAL ASSETS POLICY AND PROCEDURES MANUAL

## TABLE OF CONTENTS

	PAGE
1. Policy Statement	3
2. Objectives	3
3. Scope	3
4. Responsibility	3
5. Procedures	4
5.1 Fish	4
5.2 Piggery	6
5.3 Flowers	7
5.4 Poultry	9
5.6 Timber	10
5.7 Garden products	11

## 1. Policy Statement

Parks and Wildlife Management Authority rears fish, chicken, pigs and flowers for sale as part of its efforts to boost its revenue base. The recognition and accounting treatment generally follows the principles of the International Accounting Standard 41, that describes biological assets as living plants or animals. The standard recognizes biological assets to become so only when an entity has direct control of the particular living assets. As a corollary to the foregoing guideline and condition, the Authority shall exclude any other animals not listed above as it has no direct control of them. For example, elephants and buffaloes move across borders and as such will not be treated as biological assets for accounting purposes.

Parks and Wildlife Management Authority recognizes that fish reared under captivity, chicken, pigs and flowers qualify to be categorized as biological assets according to international accounting standard 41.

The aim of this policy is to give guidelines of the accounting treatment and presentation of the biological assets stock at any given time, in order to avoid overstatements and/or understatements in the balance sheet, as well as the treatment of the resultant revenues.

## 2. Objectives

- a. To ensure that all biological assets stocks are appropriately valued at the end of an accounting period.
- b. To ensure a consistent valuation and presentation throughout the Authority and reporting periods.
- c. To enhance proper accountability of deaths/wilts, births/horizontal growths and sales

## 3. Scope

This policy applies to all Parks and Wildlife Management Authority assets qualifying as Biological assets according to IAS 41, namely fish, pigs, flowers, and chicken, Plantation and vegetables.

Fair value has been adopted as opposed to historical cost because there is a ready market for the products above.

In comparison with IAS 2 on *Inventories*, The approach assumes that net realizable value adopted will always be the most prudent approach since it represents what future economic

benefits can accrue to the organization in no uncertain terms if the items of inventory are disposed of at that particular point in time.

#### 4. Responsibility

4.a The responsibility of managing this policy rests with the Director General.

4.b The Director Finance, Administration and Human Resources is responsible for ensuring that management and staff adhere to the policy.

4.c Finance Managers, Regional Managers, Accountants, Area Managers and Heads of Stations are responsible for the effective operation of the policy and procedures.

#### 5.0 Procedures

##### 5.1. FISH

##### 5.1(a) Valuation-Eggs

Eggs take an average of 19 days to hatch. Eggs stock is valued at cost. All costs related to egg maintenance and production are added together in order to determine the value of eggs. The value to be presented in the Statement of Financial Position will be determined as follows:

##### i. Number of eggs in the laboratory (units)

Opening balance	x
Additions to inventory	x
Less: hatched eggs	(x)
Less: egg losses	(x)
Stock adjustment	+/-
Closing balance	x

##### ii. Value of eggs in stock (USS)

Opening balance	x
Additions to inventory	x
Add upkeep cost	x



Less: hatched eggs	(x)
Less: egg losses	(x)
Stock adjustment	+/-
Closing balance	x

**5.1 (b) Fry-Valuation**

Eggs hatchlings are called *Fry*. This stage takes 4 months.  
 Cost includes feed and chemicals. Valuation will be determined as follows:

**i. Number of Fry (units)**

Opening balance	x
Additions to inventory	x
Less: graduated to Fingerlings	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

**ii. Number of Fry USS**

Fry are valued at cost.

Opening balance	x
Additions to inventory	x
Add upkeep cost	x
Less: graduated to Fingerlings	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

**5.1.(c) Fingerlings-Valuation**

Fingerlings graduate from Fry stage at the age of 4 months.  
 The numbers and value are determined as below:

**i. Fingerlings valuation-Units**

Opening balance	x
-----------------	---

Additions to inventory	x
Less: graduated to Yearlings	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

ii. **Fingerlings valuation-USS**

Fingerlings are valued at cost

Opening balance	x
Additions to inventory	x
Add upkeep cost	x
Less: graduated to Yearlings	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

5.1(d) **Yearlings valuation (units)**

Fingerlings graduate into Yearlings at the age of 4 months.

i. Number in stock is determined as follows:

Opening balance	x
Additions to inventory	x
Less: Sales	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

ii. **Yearlings valuation- USS**

Yearlings are valued at fair value, less cost to sell. Fair value is determined by the latest unit sales value:

Opening balance	x
Additions to inventory	x
Add upkeep cost	x

Less: cost to sell	(x)
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

Cost to sell includes all expenses to be incurred in the process of selling the fish, for example delivery, storage, and packaging.

*Fair value is compared to the sitting cost of yearlings and a positive or negative adjustment is done as appropriate.*

## 5.2 PIGGERY

### 5.2(a) Valuation-Piglets

Piglets age category is up to 4 months.

A separate ledger account will be opened where valuation will be determined as below:

<b>i. Valuation Piglets - (units)</b>	
Opening balance	x
Additions to inventory (new borns/purchases)	x
Less: losses/mortalities	(x)
Less transfer to porker	(x)
Stock adjustment	+/-
Closing balance	x
<b>ii. Valuation - Piglets (US\$)</b>	
Opening balance	x
Additions to inventory (new borns/purchases)	x
Add upkeep costs, eg feed	x
Less: losses/mortalities/sales	(x)
Less transfer to porker	(x)
Stock adjustment	+/-
Closing balance	x

The value of a piglet shall be pegged at US\$20 if it is born within the Authority.

5.2. (b) Valuation-Porker

Piglets become Porkers from 5 months to 18 kilogrammes.

i. Valuation – (Units)

Opening balance	x
Additions to inventory (ex porker/purchases)	x
Less: losses/mortalities/sales	(x)
Less transfer to sow/boar	(x)
Stock adjustment	+/-
Closing balance	x

ii. Valuation - Porker (USS)

Opening balance	x
Additions to inventory/purchases)	x
Add upkeep costs, eg feed	x
Less: losses/mortalities/sales	(x)
Less transfer to sow/boar	(x)
Stock adjustment	+/-
Closing balance	x

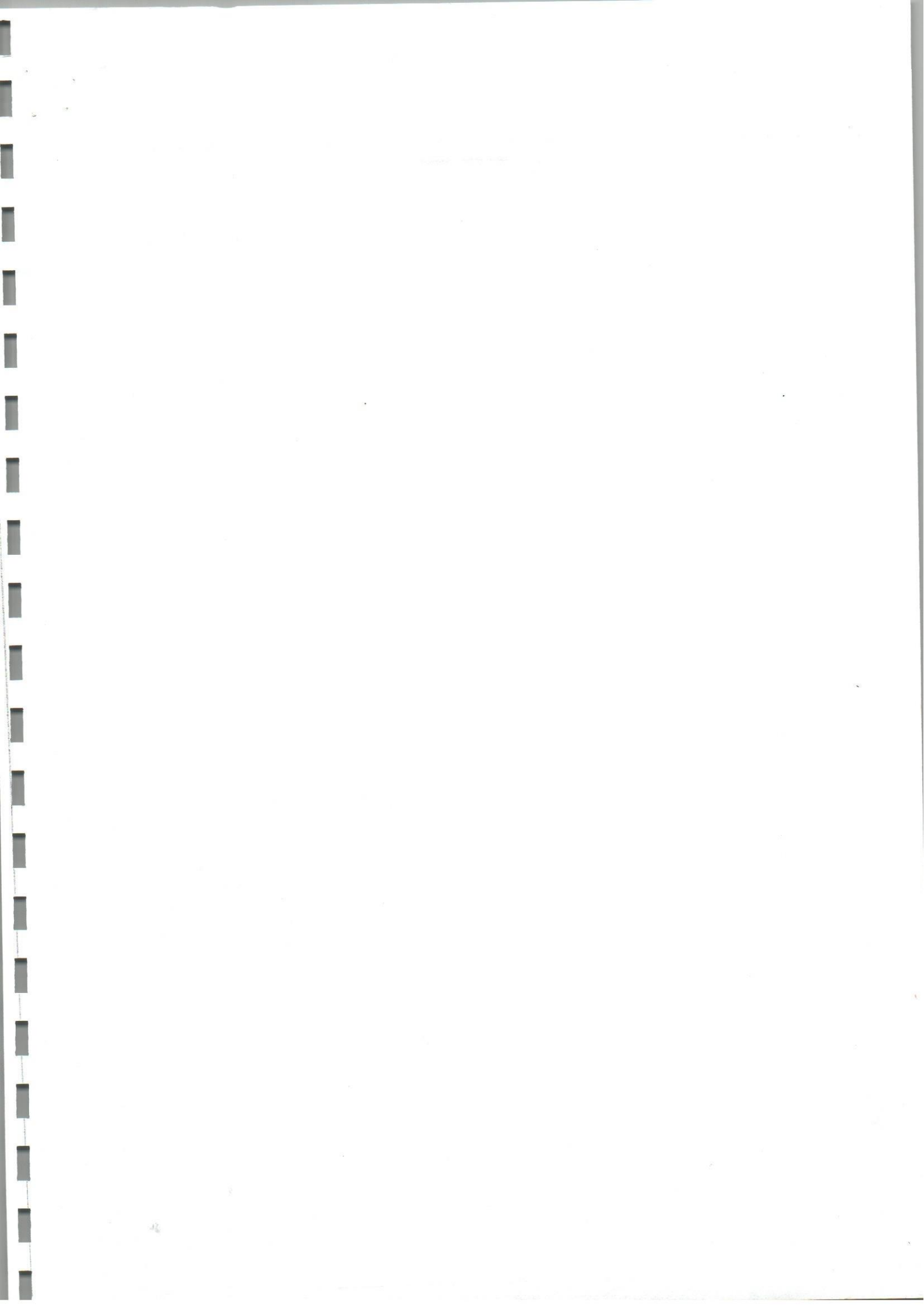
5.2.(c) Valuation - Sow/boar

At 18 kilogrammes, Porkers graduate into Bows and sowers. Valuation is as below:

i. Units

Opening balance	x
Additions to inventory (ex porker/purchases)	x
Less: losses/mortalities/sales	(x)
Stock adjustment	+/-
Closing balance	x





## ii. Valuation-Sow/Boar – USS

Valuation is at fair value, less cost to sale.

A stock adjustment is effected to adjust the sitting cost and the fair value, to bring the cost to fair value.

### 5.3.1 FLOWERS

Flowers are valued at fair value less cost to sale. The inventory value is determined by the unit price of each flower.

The latest sales amount is used to value the particular species.

## 5.4 POULTRY

### i. Chicks-Valuation (Units)

Chicks are between the age of 0 to four weeks. Their valuation is as follows:

Opening balance	x
Additions to inventory (purchases)	x
Less: losses/mortalities	(x)
Less transfers to chickens	(x)
Stock adjustment	+/-
Closing balance	x

### ii. Chicks-Valuation (USS)

Opening balance	x
Additions to inventory	x
Add: upkeep costs(feed,chemicals,etc)	x
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

### 5.4.2 Chickens Valuation (units)

Chickens are classified as aged between 4 weeks and above). Their unit balance is determined as below:

Opening balance	x
Additions to inventory (ex chicks)	x
Less: losses/mortalities	(x)
Stock adjustment	+/-
Closing balance	x

Chickens United States of America value is determined by fair value less cost to sale. Cost to sale shall include feed applicable to take them to saleable condition. It shall also include transport and distribution costs.

### 5.4.3 LAYERS

The Authority keeps layers that lay eggs for sale.

- i. Layers chicks are reared from layers chicks and later on graduated to layers. Layers chicks are valued as per 5.4.i and ii above.
- ii. Layers are valued in USD as per chickens , but they are sedately physically maintained and have their own separate records.
- iii. Eggs stock is valued at fair value less cost to sell.

### 5.6 TIMBER

IAS 41 beginning 1<sup>st</sup> January 2003 introduced fair value accounting for standing timber, as it did for all biological assets. The application of fair value accounting to standing timber requires considerable judgment.

The standard does not prescribe a particular valuation method; hence each entity must determine the accounting treatment and valuation approach which is most representative for its own forest assets. It rather gives an entity the choice to adopt the particular method that is most appropriate for its operations.

#### 5.6.1 Valuation of existing timber

Valuation challenges in this area are caused by absence of active standing timber markets in the region, and the forests have naturally grown and unmanaged to that stage.

The existing plantations are naturally grown and have substantially reached harvestable stage. Valuation of these shall be done after every 10 years, by a Forestry Commission expert. The valuation shall be deemed to be similar to the costs to date. Changes in value shall be recognized in the statement of comprehensive income as a plus or minus. The balance shall be reduced by subsequent sales.

#### 5.6.2 Valuation of newly planted timber

The Authority may plant timber in areas that have been fully harvested or damaged by natural disasters. Such timber shall be valued at cost, that is to say all costs related to the plantation and management of such timber shall be deemed to be the inventory value, on a historical cost bases. The unit cost shall be determined by dividing the total costs by the number of trees at any given period, with wilts being written off during the period.

### 5.7 GARDEN PRODUCTS

Garden products include, among others, green mealies, onions, carrots, peas and tomatoes. These are grown for internal and external customers.

#### 5.6.3 Accounting treatment

Each batch of a particular crop shall be assigned a unique number for inventory and accounting purposes.

All direct expenses incurred in connection with the particular type and batch of crop will be taken as the value of that particular batch.