

Notes to the **Financial Statements**

As at 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Summary of significant accounting policies (cont'd.)****(f) Foreign currencies (cont'd.)****(iii) Foreign operations (cont'd.)**

The results and financial position of foreign operations that have a functional currency different from the presentation currency, RM of the consolidated financial statements are translated into RM as follows: (cont'd.)

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(g) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful life and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Land held on long lease is held on a lease with an unexpired period of 50 years or more. Mature plantations are depreciated on a straight line basis and over its estimated useful life of 25 years, upon commencement of commercial production.