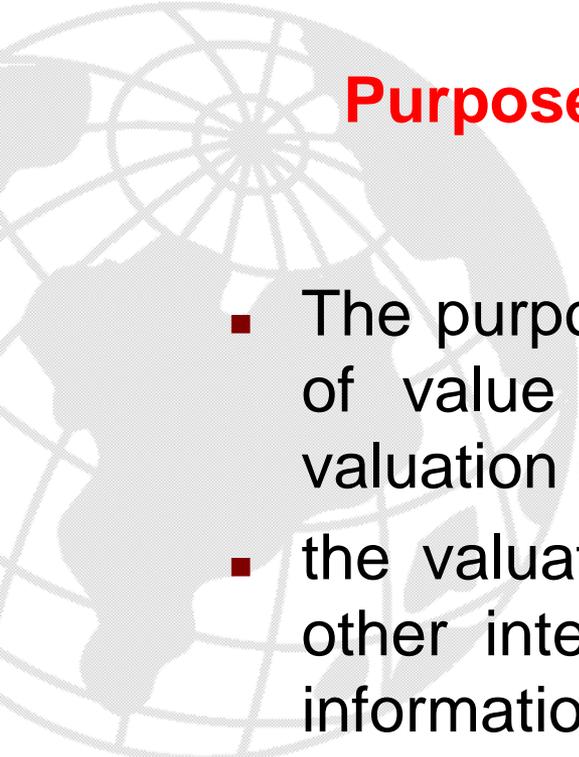




Session 11

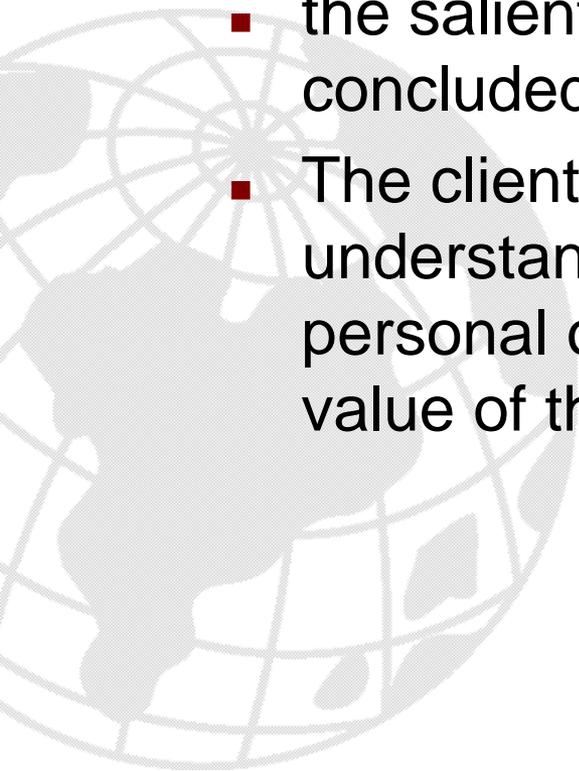
Valuation Report

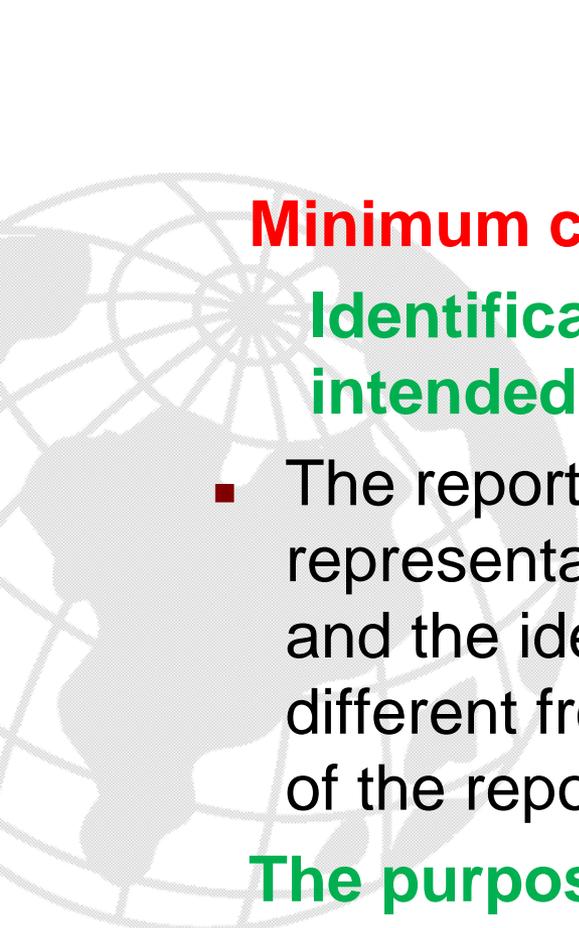


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Purpose and Use of Valuation Reports

- The purpose of a valuation is to convey an opinion of value of a specific property as of a given valuation date.
- the valuation report should provide the client and other intended users of the report with sufficient information to allow them to understand the scope of work that the appraiser used in the valuation process ,the methods employed in arriving at a value conclusion,

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- the salient factors that might have impacted the concluded value.
 - The client and intended users should be able to understand the findings and to make an informed personal or business decision as it relates to the value of the subject property valuation.



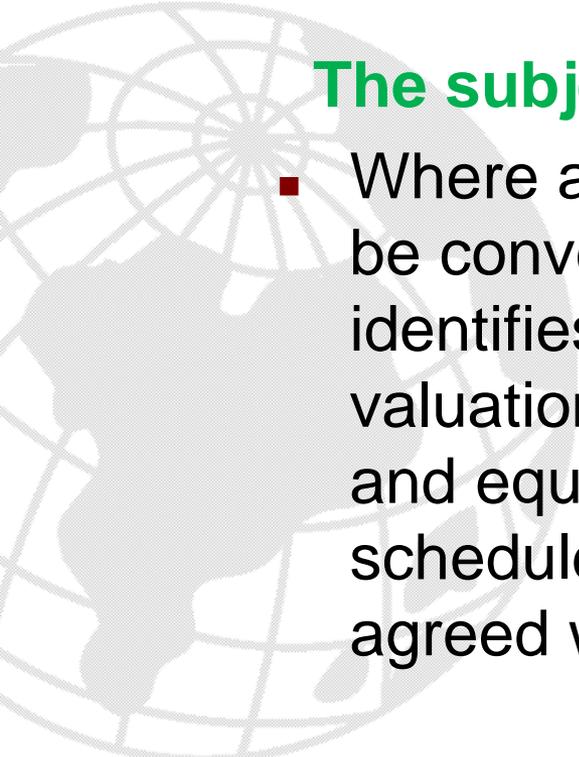
Minimum content of valuation reports (RICS)

Identification of the client and any other intended users;

- The report must be addressed to the client or its representatives. The source of the instructions and the identity of the client must be stated, if different from the addressee. Other known users of the report are to be named .

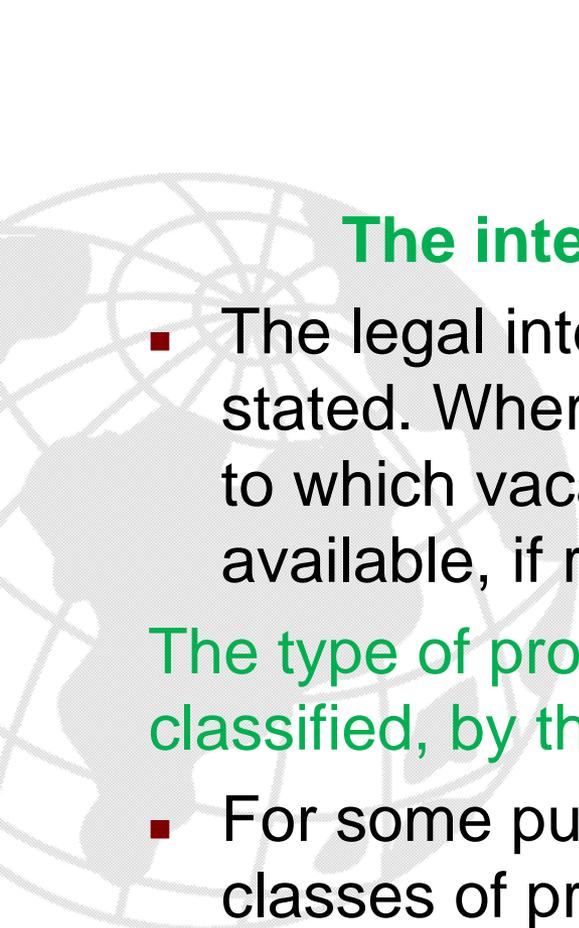
The purpose of the valuation;

- The purpose of the valuation must be stated clearly and unambiguously. Where the purpose is not disclosed the report must include an appropriate statement.



The subject of the valuation;

- Where a number of properties are valued it may be convenient to list them in a schedule that identifies each unit of valuation. Where the valuation includes a separate valuation for plant and equipment this may also be included in a schedule, which should identify the items as agreed with the client.



The interest to be valued;

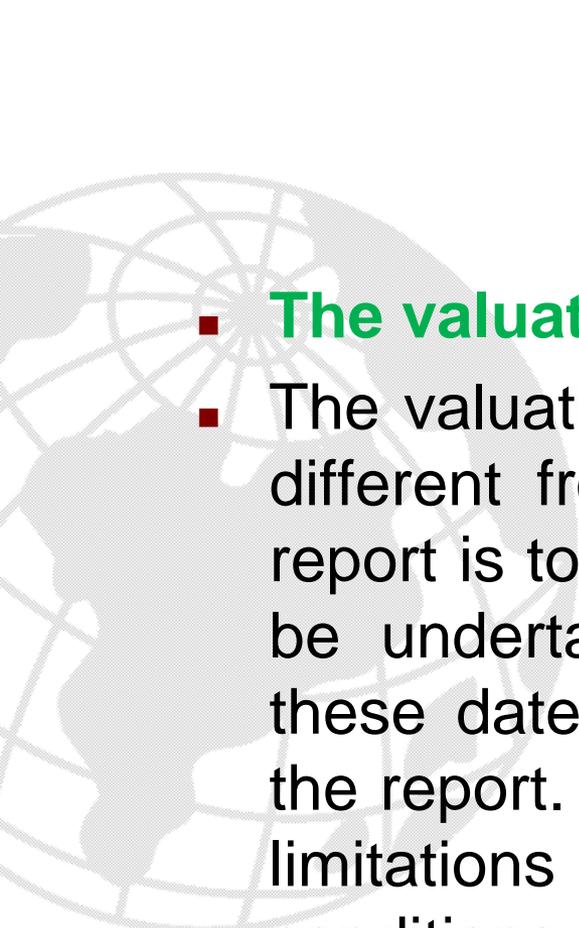
- The legal interest in each property should be stated. Where the asset is a property, the extent to which vacant possession is, or may be, available, if required, should also be noted .

The type of property and how it is used, or classified, by the client;

- For some purposes the uses, categories or classes of property will have been agreed with the client. Where formal agreement is not required it is recommended that the report contain a brief description of these matters.

The basis, or bases, of value;

- The basis, or bases, of value must be stated and the definition must be provided in full. Where the basis of value is fair value, care must be taken to set out the correct definition from the two available (i.e., from IVS and IFRS). A depreciated replacement cost valuation for inclusion in a financial statement must be expressed as being subject to the test of adequate profitability (for private sector), or continuing viability or occupation (for public sector,). Where the report includes a valuation using depreciated replacement cost or where the value for an alternative use on cessation of the business is materially different, a statement to this effect must be included in the report.



- **The valuation date;**

- The valuation date must be stated. This may be different from the date on which the valuation report is to be issued or the investigations are to be undertaken or completed. Where relevant, these dates need to be clearly distinguished in the report. Where a valuation is prospective, any limitations on use of the valuation and the conditions and assumptions that applied in developing the opinion must be clearly set out.

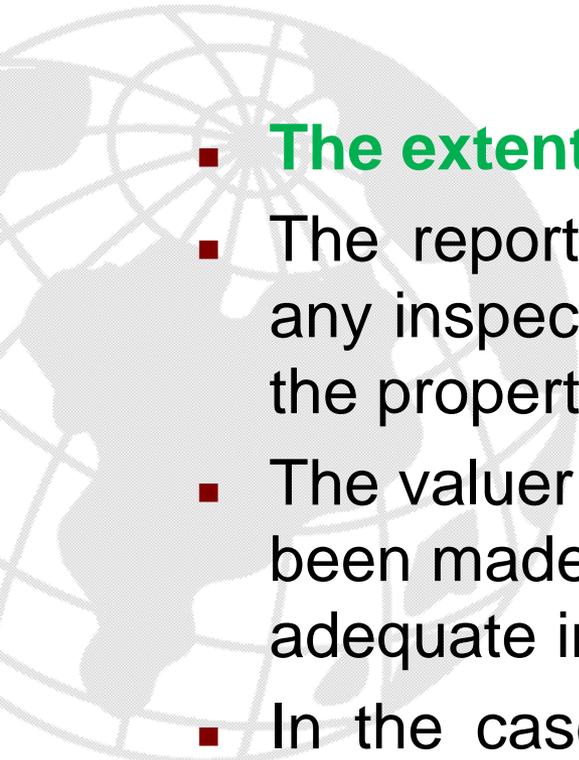


Disclosure of any material involvement, or a statement that there has not been any previous material involvement; or statement on level 3 hierarchy of inputs for IFRS.

- Any disclosures or statement made in accordance with IVS and IFRS 13 must be repeated in the report.
- **The identity of the valuer** responsible for the valuation and, if required, a statement of the status of the valuer;

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- **Where appropriate, the currency that has been adopted;**
 - If some valuations have been translated into a currency other than that of the country in which the property is located, the exchange rate adopted and its source is to be noted.
 - **Any assumptions, special assumptions, reservations, special instructions or departures;**

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- **Any assumptions, special assumptions, reservations, special instructions or departures;**
 - All assumptions made must be stated, together with any reservations that may be required. Where the assumptions vary in different states the report must make this clear. Special assumptions must also be clearly stated.



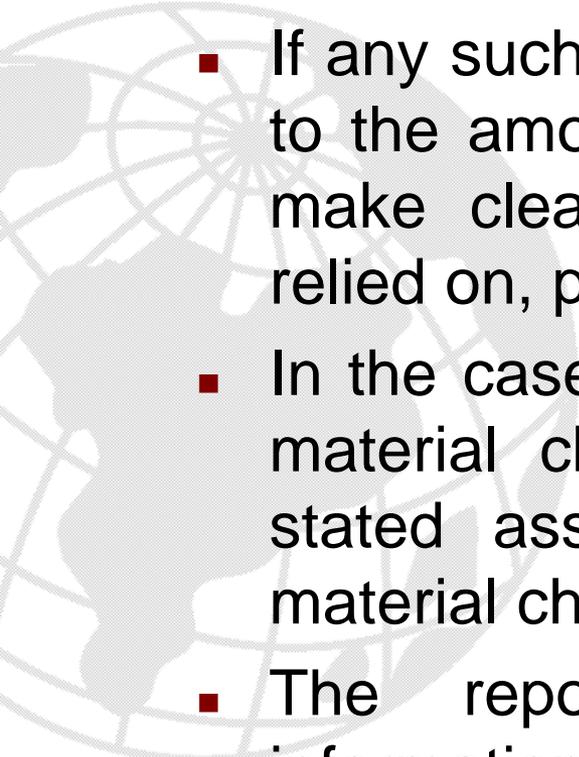
- **The extent of the valuer's investigations;**

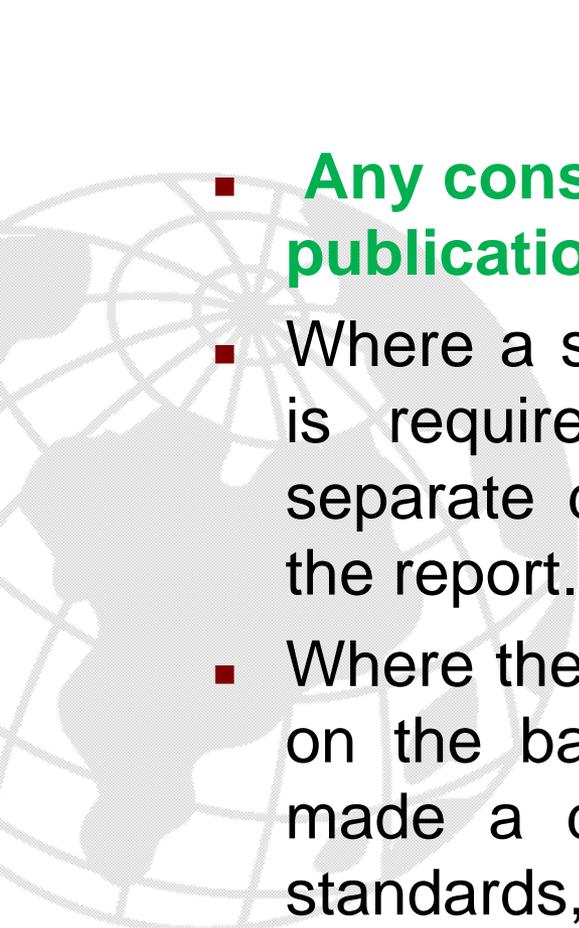
- The report must record the date and extent of any inspection, including reference to any part of the property to which access was not possible.
- The valuer must make it clear if the valuation has been made without an opportunity to carry out an adequate inspection.
- In the case of a revaluation, the report should refer to any agreement that
 - further inspections are unnecessary.
 - Where a substantial number of properties are being valued, a generalized statement of these aspects is acceptable, provided that it is not misleading.

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- The nature and source of information to be relied on by the valuer;

- The valuer must make it clear if the valuation has been carried out without the information normally available.
- The valuer must indicate in the report if verification (where practicable) is needed of any information or assumptions on which the valuation is based, or if any information considered material has not been provided.

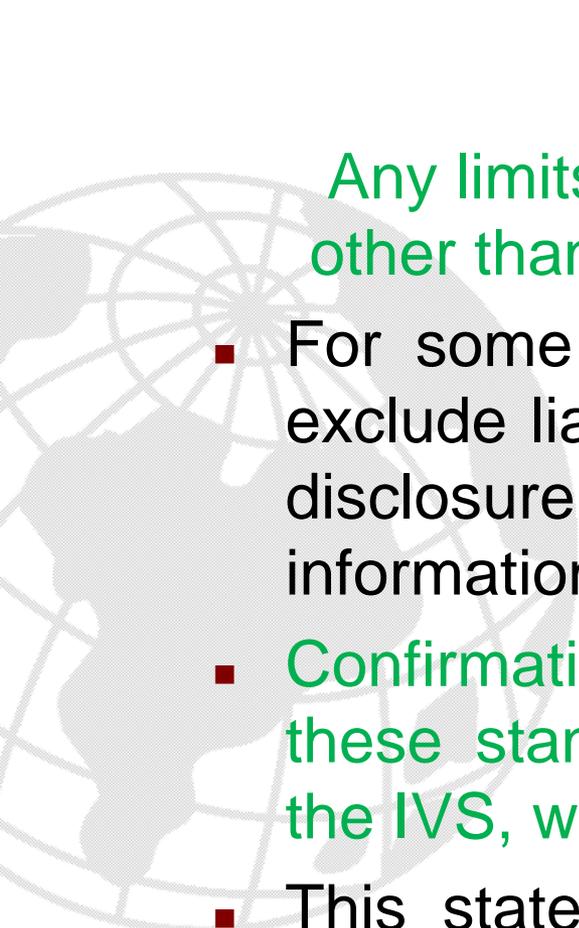
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- If any such information or assumption is material to the amount of the valuation, the valuer must make clear that the valuation should not be relied on, pending verification.
 - In the case of a revaluation, a statement of any material changes advised by the client, or a stated assumption that there have been no material changes, should be included.
 - The report should state any additional information that has been available to, or established by, the valuer, and is believed to be crucial to the client's ability to understand and benefit from the valuation, with regard to the purpose for which it has been prepared



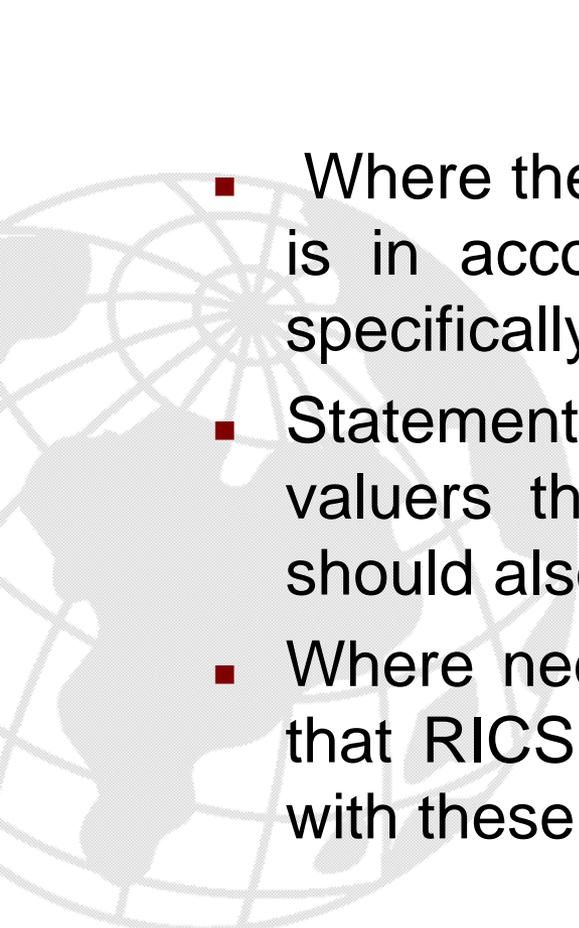
- **Any consent to, or restrictions on, publication;**

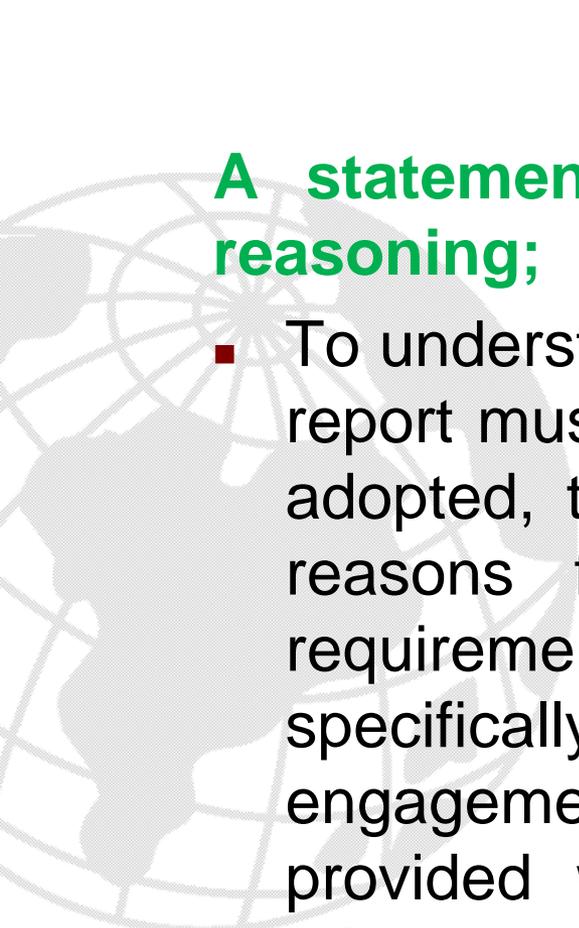
- Where a statement for inclusion in a publication is required, this should be provided as a separate document, which may be annexed to the report.
- Where the valuer has either provided a valuation on the basis of a special assumption, or has made a departure from any of the valuation standards, a statement must be included that no reference is to be made to the report in any published document without an adequate contemporaneous reference to the special assumption or departure.



Any limits or exclusion of liability to parties other than the client;

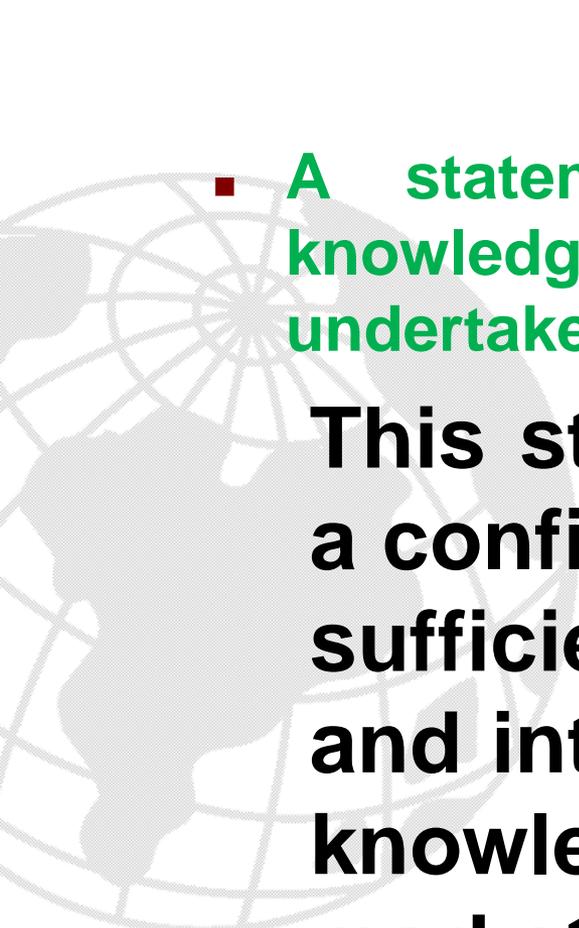
- For some purposes valuers may be unable to exclude liability to third parties. Any limitation on disclosure of a valuation based on restricted information or instructions should be included
- Confirmation that the valuation accords with these standards and that it also complies with the IVS, where appropriate;
- This statement must be unequivocal, but may include a cross-reference to any agreed departures referred to under item (k).
- This confirmation will include any statement required.

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- Where the valuation is for financial reporting and is in accordance with IFRS 13, this must be specifically stated.
 - Statements concerning valuations by other valuers that have been included in the report should also be referred.
 - Where necessary, a statement should be made that RICS considers that a valuation complying with these standards also complies with the IVS.

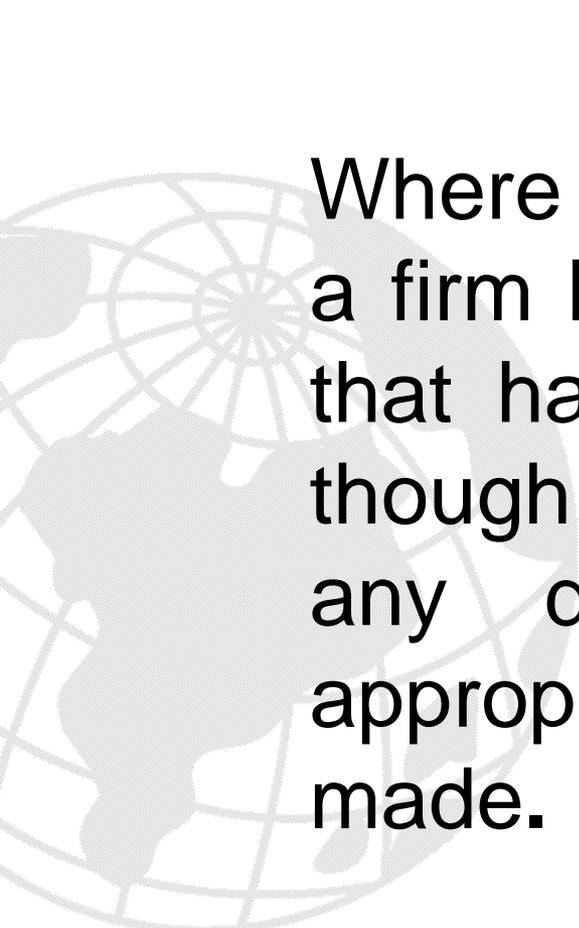


A statement of the valuation approach and reasoning;

- To understand the valuation figure in context, the report must make reference to the approach(es) adopted, the key inputs used and the principal reasons for the conclusions reached. This requirement does not apply if it has been specifically agreed and recorded in the terms of engagement that a valuation report will be provided without reasons or other supporting information

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- A statement that the valuer has the knowledge, skills and understanding to undertake the valuation competently

This statement may be limited to a confirmation that the valuer has sufficient current local, national and international (as appropriate) knowledge of the particular market, and the skills and understanding to undertake the valuation competently. Where more than one valuer within a firm has contributed,



Where more than one valuer within a firm has contributed, confirmation that has been satisfied is needed, though it is not necessary to provide any details. If it is not, an appropriate disclosure must be made.

The opinions of value in figures and words;

- In the main body of the report the opinion of value is required in words, as well as in figures.
- Where the valuation instruction includes a number of properties falling into different categories, it would normally be inappropriate to produce an aggregate valuation of the whole, although this will depend upon the purpose for which the valuation is required.
- If the identification of individual properties and their values is consigned to a schedule(s) appended to the report, a summary of values must be included within the body of the report.
- 'Negative values' must be stated separately and not set off against the positive values of assets.

Signature and date of the report

- The report must be signed by the person who accepts responsibility for it. A valuation is the responsibility of an individual valuer.